



ABS-CBN CORPORATION

Procurement: Operating Policies and Procedures

General Information	
Project Title	Procurement Policies and Procedures
Project Owner	Procurement Department
Company/ Division	Logistics and Procurement Division
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PREAMBLE

It is the aspiration of ABS-CBN Corporation and its subsidiaries to comply with the procurement framework established by the United Nations on Sustainable Procurement. Sustainable Procurement (SP) is an approach that incorporates social, economic, and environmental impact considerations and sustainability. Its aim is to ensure that all products and services procured supports local economic development, with the least environmental and most positive social impact, with the best value for money.

For this reason, enhancement of existing procurement policy shall be the preliminary endeavor of this department and is geared towards:

- Placement of control aimed at minimizing risks and improving efficiency,
- Maintaining a transparent and competitive process for procuring goods, services, and infrastructure projects based on eligible purchase request, and
- Observance of the highest ethical and professional standards in establishing a mutually beneficial relationship with our supplier. Integrity, fairness, and respect will serve at the foundation of this relationship.

Section I: OBJECTIVES

- To minimize risks through controls and improve efficiency
- To maintain transparency and competitive procurement process
- To formalize standard policies and procedures to enforce compliance
- To comply* with the procurement framework established by the UN on Sustainable Procurement
 - Social,
 - Economic and,
 - Environmental impact

**-Aspiration of ABS-CBN Corporation and Subsidiaries*

Section II: SCOPE

This documentation covers the Generation (and approval) of Purchase Order:

- Preconditions
- Vendor Selection
- Bidding and Quotation
- Awarding Rules

**Note: This policy does not cover Vendor Accreditation and eAuction Policies and Procedures*

Section III: DEFINITION OF TERMS

Bidder – an organization willing to provide goods and services required as evidenced by a proposal or quotation submitted in response to a company solicitation.



Bidding – the act or process of making bids; an offer; a proposal of a price, as at an auction

CPA – Ceiling Price Acceptance

Contract – a formal written understanding with a vendor to provide goods and services in conformity with documented descriptions and terms.

Contract - a form of Outline Agreement for non-stock items

Expression of Interest (EOI) – is the process of seeking an indication of interest from potential vendor/supplier who are capable of undertaking specific work or provision of material items. A formal registration of interest in providing the company with goods and/or services.

Outline Agreement – a long-term purchasing agreement with a vendor concerning the supply of materials or services subject to specified conditions

- Scheduling Agreement – a form of Outline Agreement for stock items
- Contract – a form of Outline Agreement for non-stock items

PRPO Variance – the deficiency between the winning bid (PO) and the approved purchase request (PR) that requires supplemental budget from the requestor to proceed to the actual purchase of requirement.

Proposal/ Bid – refers to a signed offer submitted by a supplier, manufacturer, distributor, contractor or consultant in response to the Bidding Documents.

Purchase Requisition (PR) – a document created online by the requisitioning department to request purchase of non-stock or stock items.

Purchase Order (PO) - issued solely by the Procurement Department, in response to an approved Purchase Requisition (PR), committing the Company to a purchase transaction from a vendor as specified therein. The PO describes the items/services being ordered and incorporates appropriate terms and conditions governing the transaction.

Quotation – also known as **Proposal** or **Bid**. A statement of the current market price of a commodity or service, usually appearing on the vendor's letterhead and signed by the vendor

Repeat Order – a method of Procurement that involves a direct Procurement of Goods from the previous winning bidder, whenever there is a need to replenish Goods.

RFI – Request for information, is a common business process whose purpose is to collect written information about capabilities of various suppliers.

RFQ – Request for quotation, is a business document used in soliciting price and delivery quotations that meet minimum quality specifications for a specific quantity of specific goods and/or services.



RFP – Request for proposal, is a business document that announces and provides details about a project, as well as solicits bids from appropriate contractors. It is intended to request for the total service cost hence RFP is detailed than RFQs.

Scheduling Agreement – a form of Outline Agreement for stock items

SCAR – Supplier’s Cash Advance Request

Vendor Accreditation – this is a system for qualifying prospective vendors on the basis of a set of screening criteria, such as product/service quality, technical competence, adequacy of facilities/resources, financial stability and track record from existing clients

Section IV: AREA OF RESPONSIBILITIES

BUYER / PURCHASER

- Requests for quotations from prospective/accredited vendors
- Evaluates received quotations and negotiates with the vendors
- Prepares and submits comparative analysis report on prospective vendors
- Creates purchase orders
- Accomplishes SAP Scheduling Agreement / Contract for outline agreements and PR/PO variance form as necessary
- Issues bid documents and expression of interest for shortlisted vendors to participate in biddings
- Tabulates bids and schedules the opening of sealed bids, if applicable
- Creates tender reports for closed bid of major projects or construction, if applicable
- Requests for the revised proposal from the winning Vendor / Bidder
- Endorses failed bid to Bidding Committee
- Endorses new vendors to Vendor Management

PROCUREMENT DEPARTMENT HEAD

- Reviews and approves purchase orders and outline agreements (refer to the board approved approval matrix)

PROCUREMENT SECTION HEAD

- Reviews and approves purchase orders and outline agreements (refer to the board approved approval matrix)

PURCHASING COORDINATOR

- Prints and logs approved POs
- Prints and sends scheduling agreement / contract
- Print and sends delayed penalty agreement, when needed
- Generation of procurement performance report
- In-charge of revolving fund and release of funds to the buyer if necessary

LOGISTICS & PROCUREMENT HEAD

- Reviews and approves/disapproves SAP scheduling agreements / contracts, justification for emergency purchases, and outline agreements (refer to the board approved approval matrix)
- Decides whether to revoke accreditation of vendors if needed



- Performs offline negotiation together with the assigned Buyer in cases wherein bidder(s) decided not to join (through rejection ceiling price) the eAuction process.

FINANCE OFFICER / VENDOR MANAGEMENT

- Conducts assessment and evaluation of the vendor's capacity as needed for accreditation
- Triggers the review of the contracting capacity risk (NFCC)

PROJECT PROPONENT

- Ensures that approved P or signed budget memo and signed project brief are available
- Issues technical bid documents
- Conducts pre-bid and site visit, if applicable
- Discusses technical requirements with the vendor/supplier
- Evaluates technical requirements for closed bids of major projects / construction
- Issues technical evaluation result to Procurement
- Validates revised proposal of winning vendor based on the eAuction result

BIDDING COMMITTEE REPRESENTATIVES

- Participates in the opening of the sealed bids in the absence of assigned Bid Com.

BIDDING COMMITTEE

- Reviews and approves the selection of the winning bidder

QUANTITY SURVEYOR

- Assist the Project Proponent during project planning to come up with reliable cost reference/budget
- Assist the Project Proponent in the technical validation of revised proposal submitted by the winning eAuction vendor (>500K & Up), in needed

Section V: STATEMENT OF POLICIES

I. General Statement

1. Procurement of goods, services, and infrastructure projects shall be competitive and transparent and therefore shall ensure that all pertinent information and requirements are available, complete, and clear; prior to any procurement activity.
2. Anything beyond this policy shall require the approval of the authorized approvers. These authorized approvers shall be based on the board-approved PO approval matrix or designated approvers (refer to Annex C).
 - Those exemptions through approved justification memo includes, but is limited to the following:
 - Strong preference by the end-used due to the technical requirement
 - Urgency of Need
 - Emergency Purchases
 - Repeat order (within 3 months/framed contract)
 - Exclusive Distributor



II. Pre-Conditions (Purchase Requisition)

1. Procurement of goods, services and infrastructure projects shall be competitive and transparent and therefore shall ensure that all pertinent information and requirements are available, complete and clear; prior to any procurement activity.

The said requirements include but not limited to:

- Approved PR and/or budget memo,
 - Signed project brief/signed SOW (Capital Project)
 - Signed project documents (Non-Tech)
 - Signed memo (Technical)
 - For Construction projects, Project proponent shall seek the assistance of Quantity Surveyor (QS) during:
 1. Planning Stage
 2. Technical Evaluation
 3. Technical Validation (after eAuction result)
 - Quality Surveyor shall assist in the technical and commercial evaluation but not in the price negotiation
2. All disbursements shall be withdrawn from an approved budget and shall be subject to an approval prior to any spending. Any unbudgeted disbursements, beyond template or any deviation from policy shall go through the unbudgeted approval process before any spending takes place.
 3. Creation of Purchase Requisition (PR) in the sourcing system shall be done before the purchase to ensure that it is within approved budget. The approved PR shall trigger the Procurement Department to proceed with the quotation/bidding process.
 4. Recurring purchase requisitions for goods, such as stock items or other consumables/supplies, shall be covered by a contract (refer to Section VI: Procedures). As such, purchase orders within the agreed contract duration shall no longer require quotation and bidding.
 5. All purchase requirements shall be requested through a purchase requisition and, as such, shall undergo the standard purchase order procedures (refer to Section VI: Procedures 1, 2, 3, and 7) of the Procurement Department. In line with the objective to expedite the purchasing process, non-PO transactions are allowed following the guidelines below:
 - a. Purchase of recurring services (e.g., utilities, maintenance, housekeeping and janitorial services, rentals, etc.) and production-related expenses (e.g., catering services and equipment rentals, etc.) will be processed as a non-PO transaction.
 - b. Prior to engagement, vendors of non-PO transactions shall still be subject to accreditation and bidding/quotation policies, and shall be covered by a contract initiated /handled by Project Proponent.



III. Vendor Selection

- 1. Procurement Department shall source vendors from accredited suppliers only. Vendor accreditation process shall be handled by the Vendor Management.

IV. Bidding and Quotation

- 1. Purchase requisitions shall be executed as follows:

Procurement	Amount (in Philippine Peso) - Annual Estimated Transactions
Acquisition through accredited suppliers, no auction needed**	10,000 and below Non-Capex items and services (i.e., nails, miscellaneous items, etc.)
At least three (3) Request for Quotations (RFQ)	>Php 10,000 to < 500,000
eAuction	≥Php 500,000 to < Php 5 Million
	≥Php 5 million and above

For ABS-CBN Regional, purchases amounting to Php 50,000 and below are not required to follow the above minimum three-RFQ requirement. On the other hand, for purchases above Php 50,000 and getting at least three RFQs is not possible, the Station Manager shall prepare a justification memo subject to approval of the Regional Finance Officer and the Division Head.

Note: **In cases wherein cash payment is required by winning vendor, refer to Section VI: Procedures for Cash Purchase Process as well as the following guidelines:

- ABS-LOG-PR-2017-M10001_Procurement Revolving Fund Guidelines
- ABS-LOG-PR-2017-M10002_Purchase Card Policy

2. In cases where bidders are sourced/recommended by the project proponent through the Vendor Management, at least one additional (1) bidder shall be sourced by Procurement Department unless the vendor/s recommended by the proponent is/are the only vendor/s available to serve the requirement.

3. The following shall proceed directly with contract processing (i.e., exempted from the bidding process):

- Exclusively distributed products/services including spare parts/repairs/location
 - i. Supported by certification/clear statement of the unique performance factors of the product or supplier specified. Unique factors shall be verified by the following:
 - ii. Quantity Surveyor (QS) - for construction
 - iii. SME – for technical/ non-technical items/services
- Change order for the same vendor with the same scope/SOW provided that the original contract is already awarded to that vendor and project is already ongoing.



4. For purchases requiring quotation only, quotes shall be requested from at least three (3) accredited vendors except in the following instances:

- a. Number of vendors for items from foreign sources will depend on the available local distributors or dealers
- b. Professional / Technical services where the competencies are known and competition will not result in any price or performance advantage
- c. Repeat order for items within three (3) months from the date of the most recent request for quotation
- d. Emergency purchases

5. Bidding with variance shall be subject to the approval of the Division/Department Head and the respective Finance Officer and shall be applicable to the scenarios below:

Applicable to:	If PO Variance vs PR Amount is:	Then:
≥ Php 100,000	5% above the PR amount	Prepare PR/PO Variance Form
>Php 100,000	≥ Php 5,000	

Approval shall be documented through the use of PR/PO Variance Approval Form.

6. Failed or disqualified bids shall be endorsed by the Buyer to the Bidding Committee for further assessment.

V. Bidding through eAuction

1. Bidding through eAuction shall be approved based on the board-approved approval matrix (refer to Annex C).
2. For major projects, the Net Financial Contracting Capacity (NFCC) of the vendor shall be considered when awarding projects or contracts to a vendor to address the concentration capacity risk. The NFCC should at least be equal to the approved budget. The Vendor Management and the Procurement Finance Officer (FO) shall trigger the review of the contracting capacity risk. Refer to Annex D – for the contracting capacity formula.
3. A bid is disqualified for any of the following reasons:
 - a. Major non-compliance to specifications as recommended by technical reviewer or SME
 - b. Pricing error that have a major impact on the bid outcome, as notified by the Buyer.
 - c. Non-compliance to work instructions that have a major impact on the bid outcome.
 - d. Omission in statement of work as recommended by Project Proponent and SME
 - e. Incomplete and late bid submission
4. A bid is deemed failed when one of the following conditions is met:
 - a. Leakage or bid integrity is compromised
 - b. All bids have major non-conformance(s)



- c. All bids are 15% above the approved budget
- d. Only one (1) qualified EOI response

VI. Emergency Purchases

1. A justification memo shall be accomplished by the requestor for emergency purchases. An emergency purchase is defined as a purchase arising from an unexpected and immediate need that may result in significant financial loss or health and safety implications if not served. This memo shall be approved in accordance with the Unbudgeted Approval Matrix (refer to Section VII: Annex).
2. The vendor accreditation and bidding/quotation steps are suspended for emergency requirements. For new vendors serving emergency requirements, a post-facto accreditation shall be done, unless the purchase is assessed to be a one-time (non-recurring) purchase.
3. New vendors engaged during the emergency situation shall be endorsed to Vendor Management.

VII. Purchase Ordering

1. All purchase orders shall be duly approved before processing (See Annex B for the Approval Matrix).
2. PO price variance amounting to either 5% (for POs above Php 100,000) or Php 5,000 (for POs worth Php 100,000 and below) against the approved amount in the PR shall be subject to the approval of the Division/Department Head and the respective Finance Officer. Approval shall be documented through the PO Variance Approval Form.
3. Advance payment or down payments shall be avoided whenever possible. All Down payment shall be made after prior approval. (see annex B and C, PR/PO approval matrix) and shall not exceed to 30% of the contract price.
 - a. For the following services where requirement of down payment is a standard industry practice shall not exceed to 50% of the contract amount:
 - Hotel and restaurant services
 - Use of conference/seminar and exhibit area
 - Lease of office space
 - Membership dues
 - Supplier who offer substantial discounts
 - Supplier of medical supplies and
 - Supplier of personal protective equipment (PPE)
 - b. Procurement of goods required to address contingency arising from natural calamities in areas where a "State of Calamity" has been declared by appropriate authorities shall not exceed 15% of the contract price.

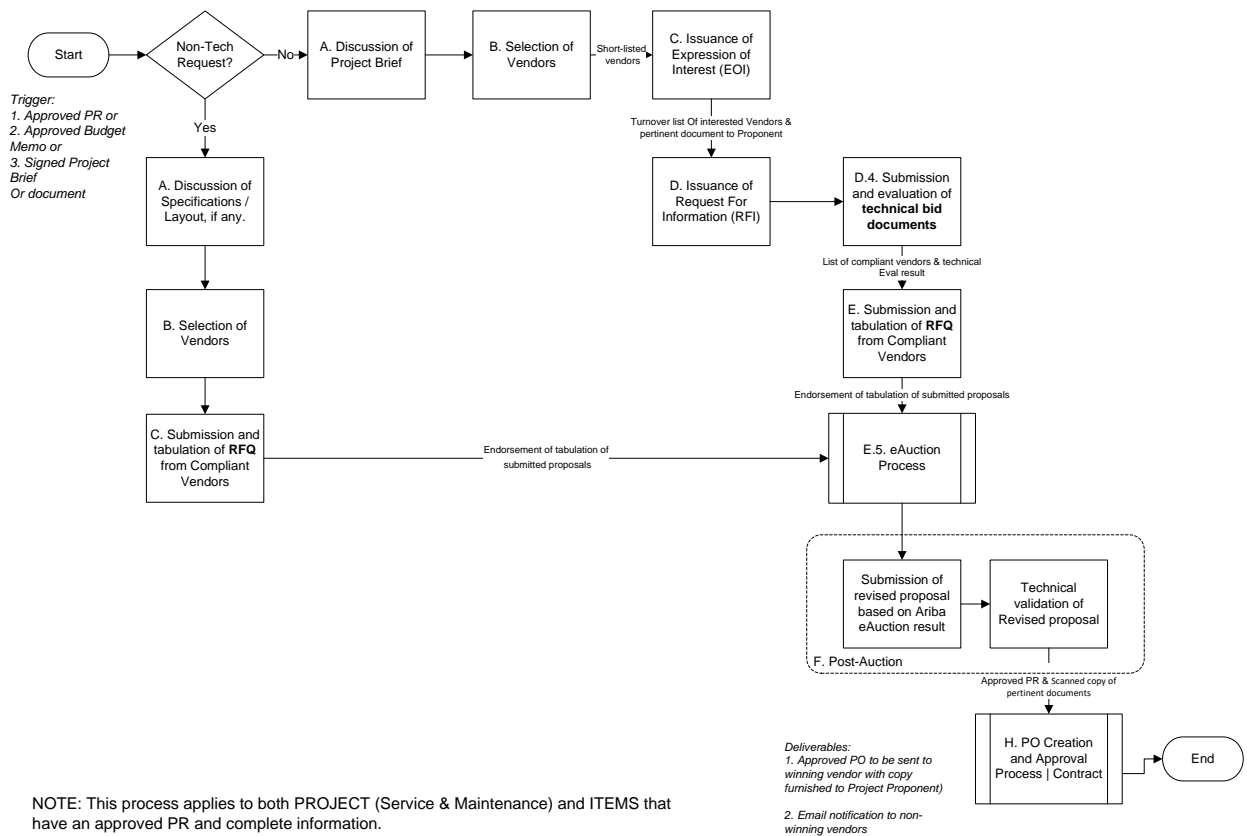
Exceeded amount from the down payment shall require the approval of Logistics and Procurement Head.



Section VI: PROCEDURES

1. Major/Minor Bidding through eAuction: High-Level Process for Projects/Items with Php500,000 & Above Budget.

High-Level Process for Projects/Items with Php500,000 & Above Budget

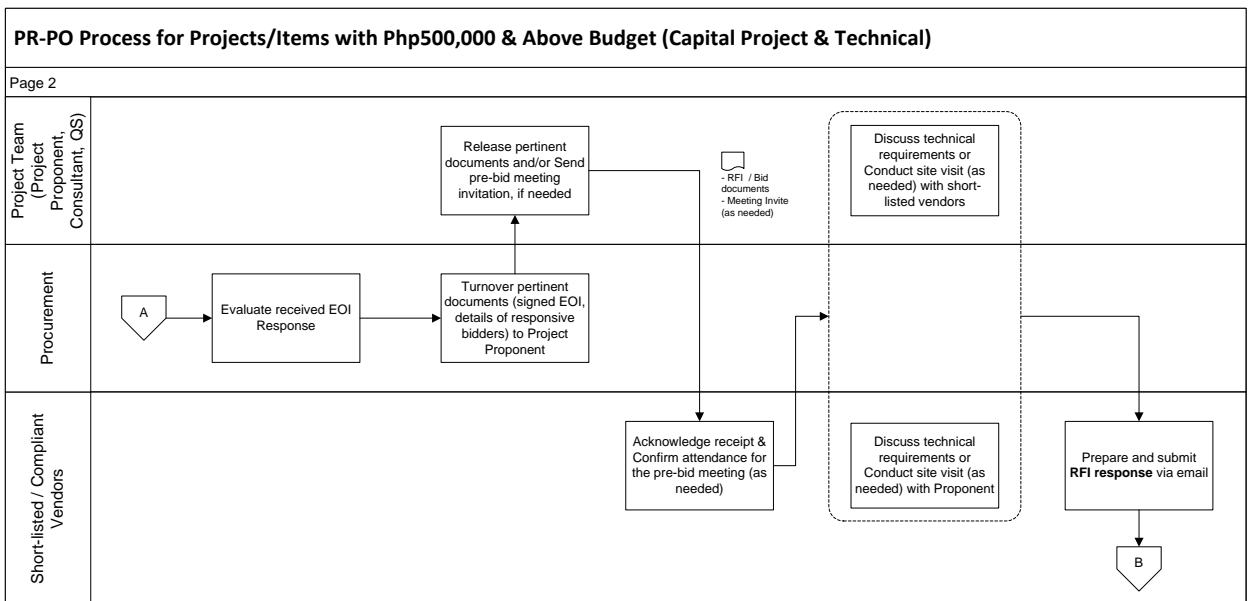
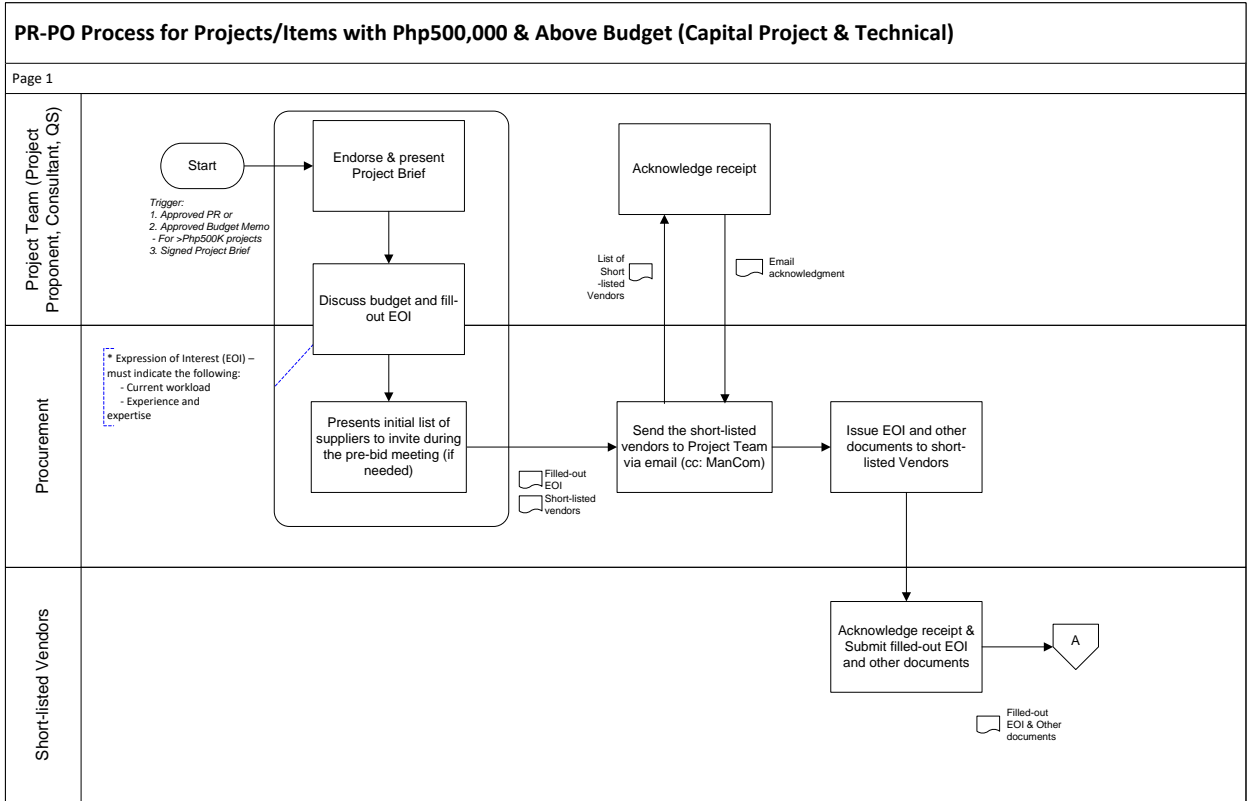


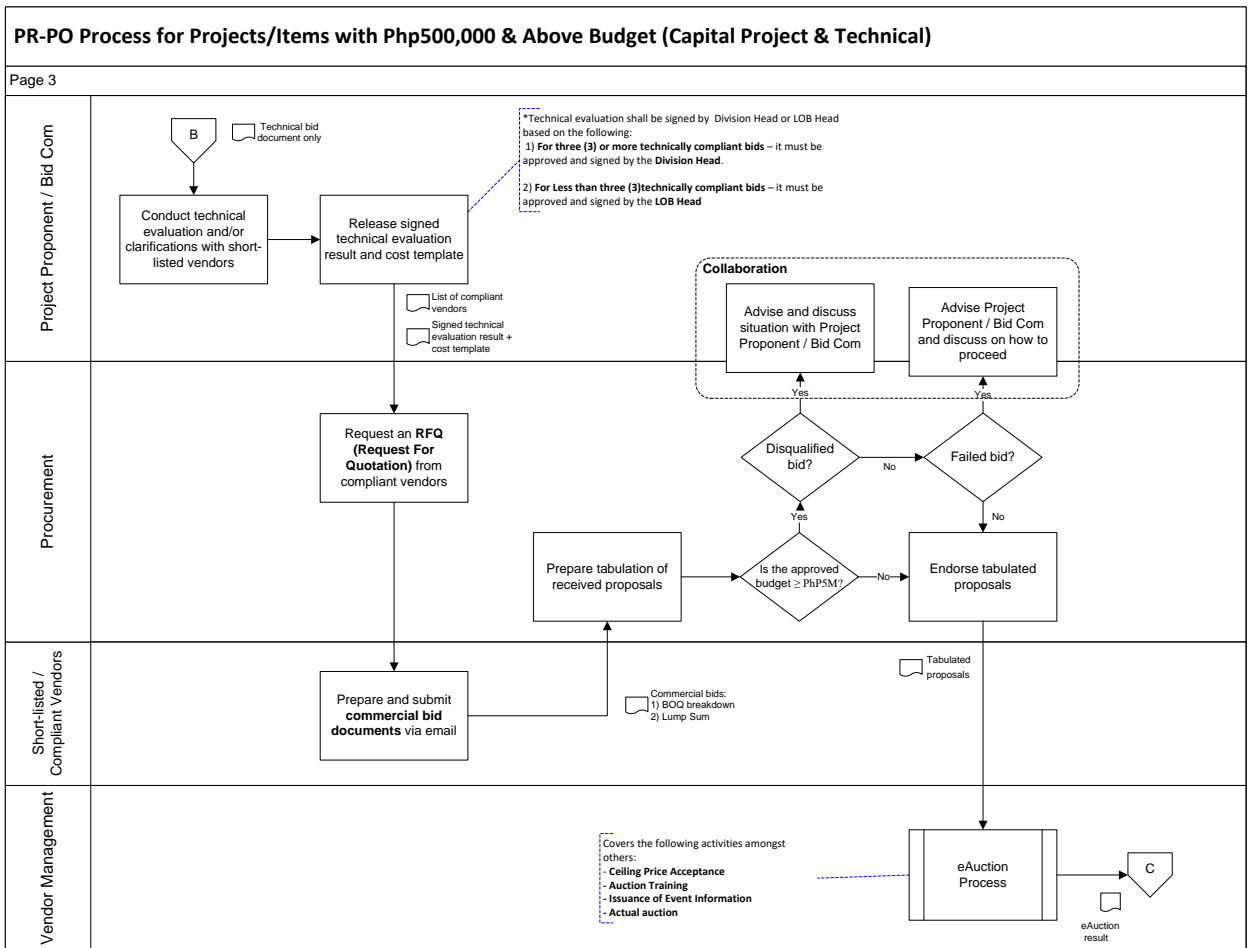
IMPORTANT NOTES:

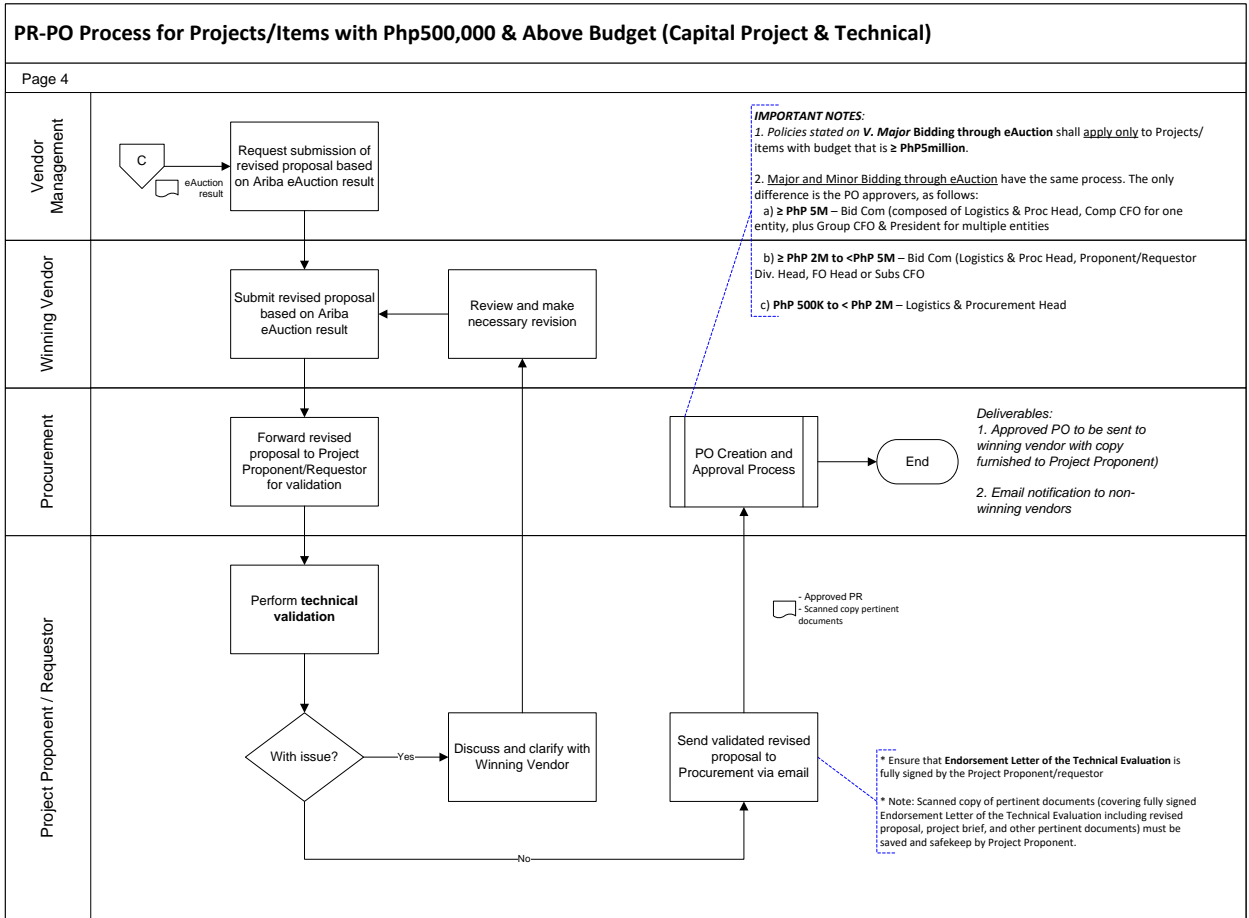
1. Policies stated on **V. Major Bidding through eAuction** shall apply only to Projects/items **with budget that is ≥ PhP5million**

2. **Major and Minor Bidding through eAuction** have the same process. The only difference is the PO approvers, as follows:

- a) **≥ PhP 5M** – Bid Com (composed of Logistics & Proc. Head, Comp CFO for one entity, plus Group CFO & President for multiple entities)
- b) **≥ PhP 2M to <PhP 5M** – Bid Com (Logistics & Proc. Head, Proponent/Requestor Div. Head, FO Head or Subs CFO)
- c) **PhP 500K to < PhP 2M** – Logistics & Procurement Head

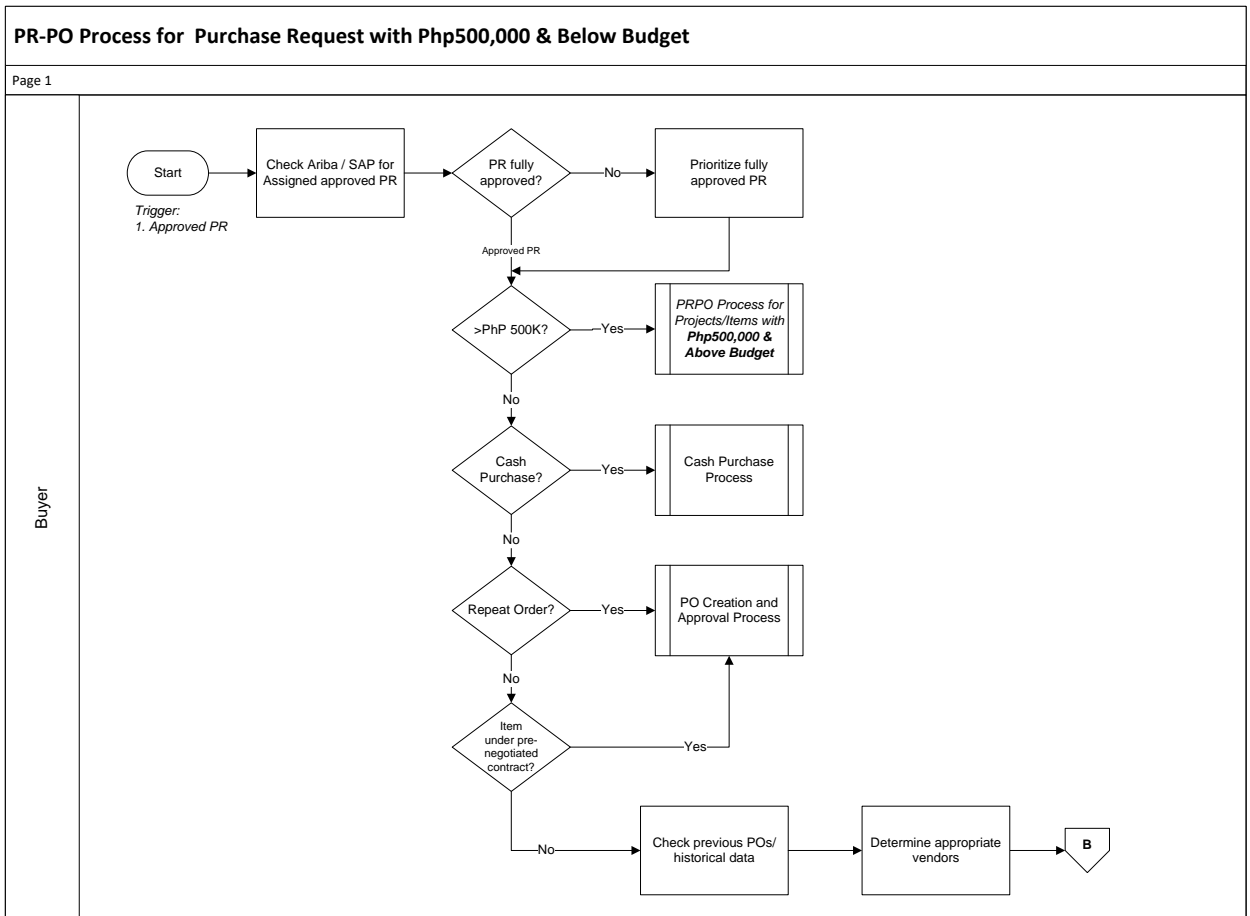
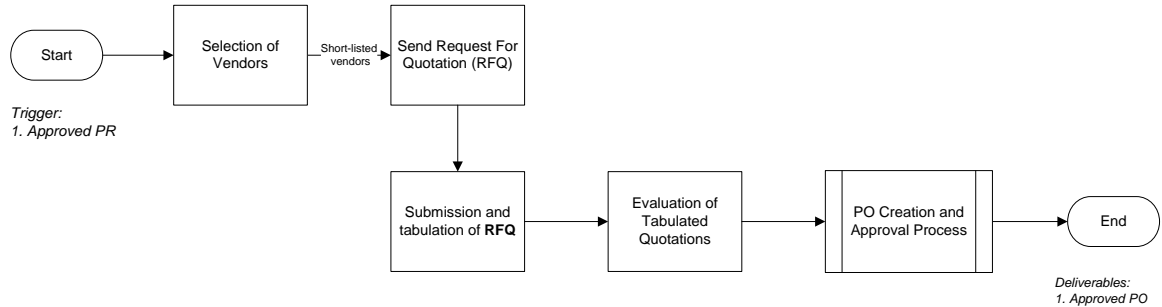


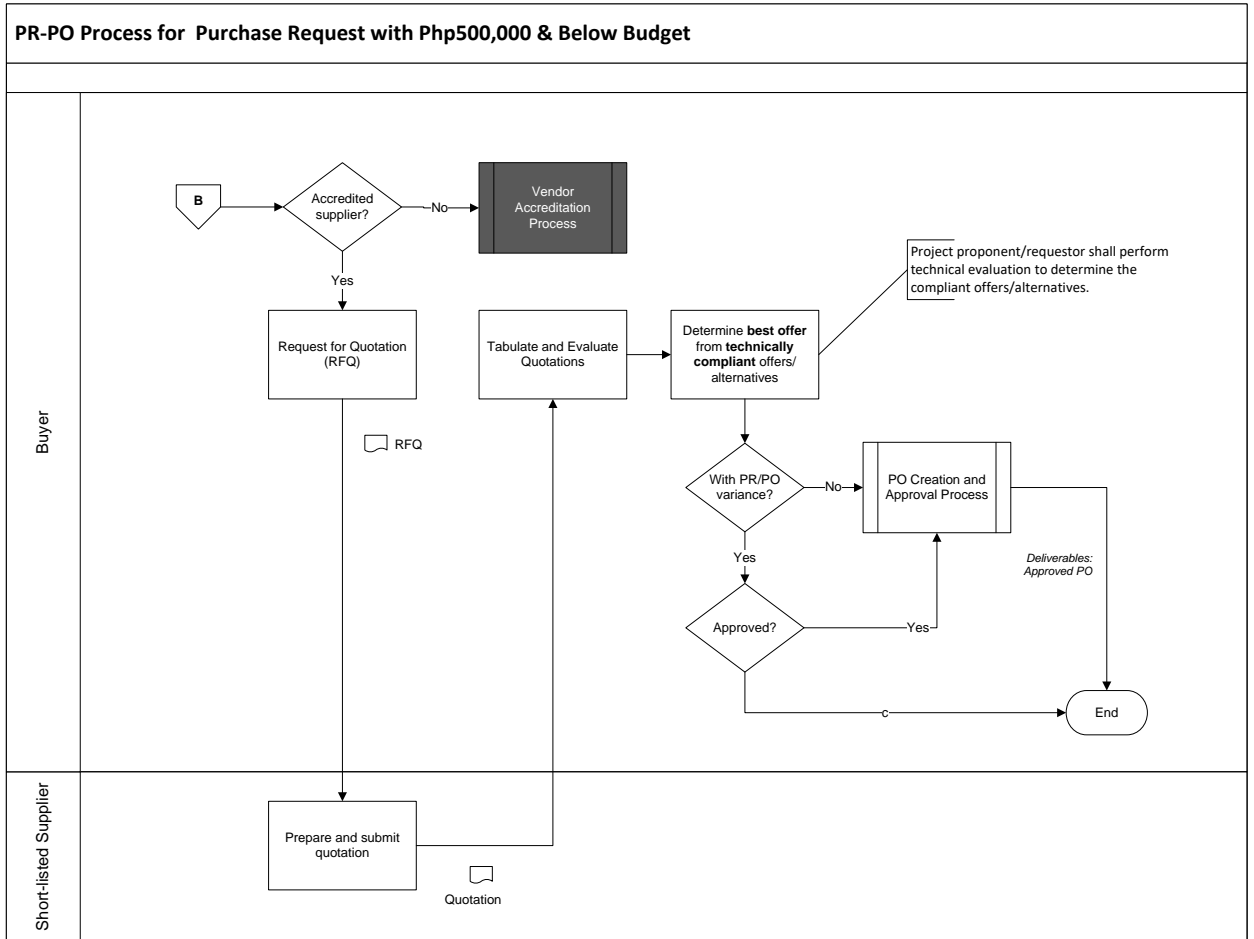






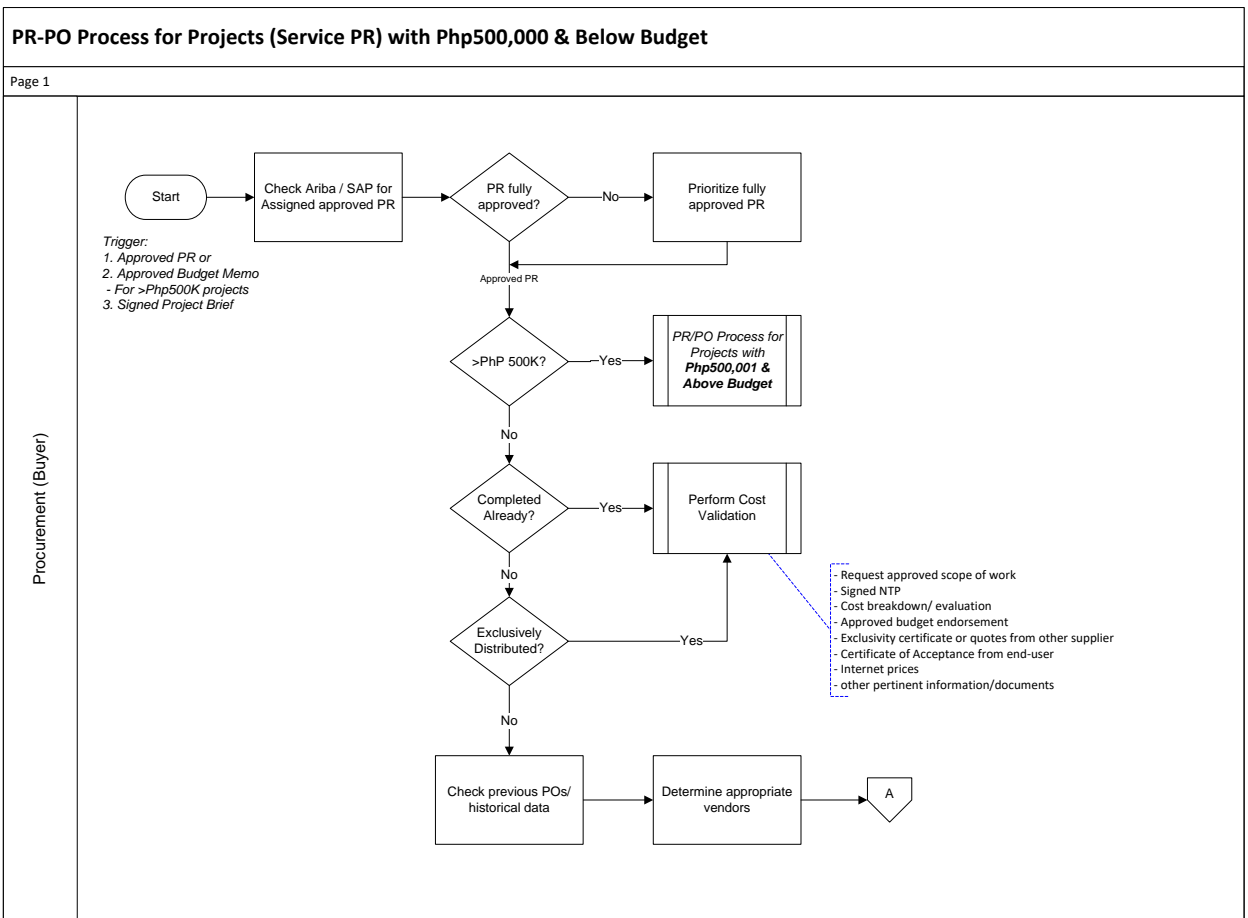
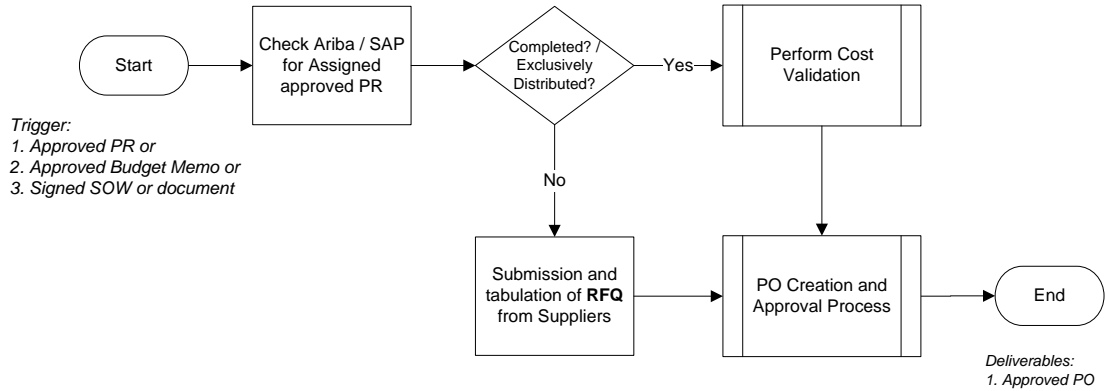
2. High-Level Process for Items with Php500,000 & Below Budget

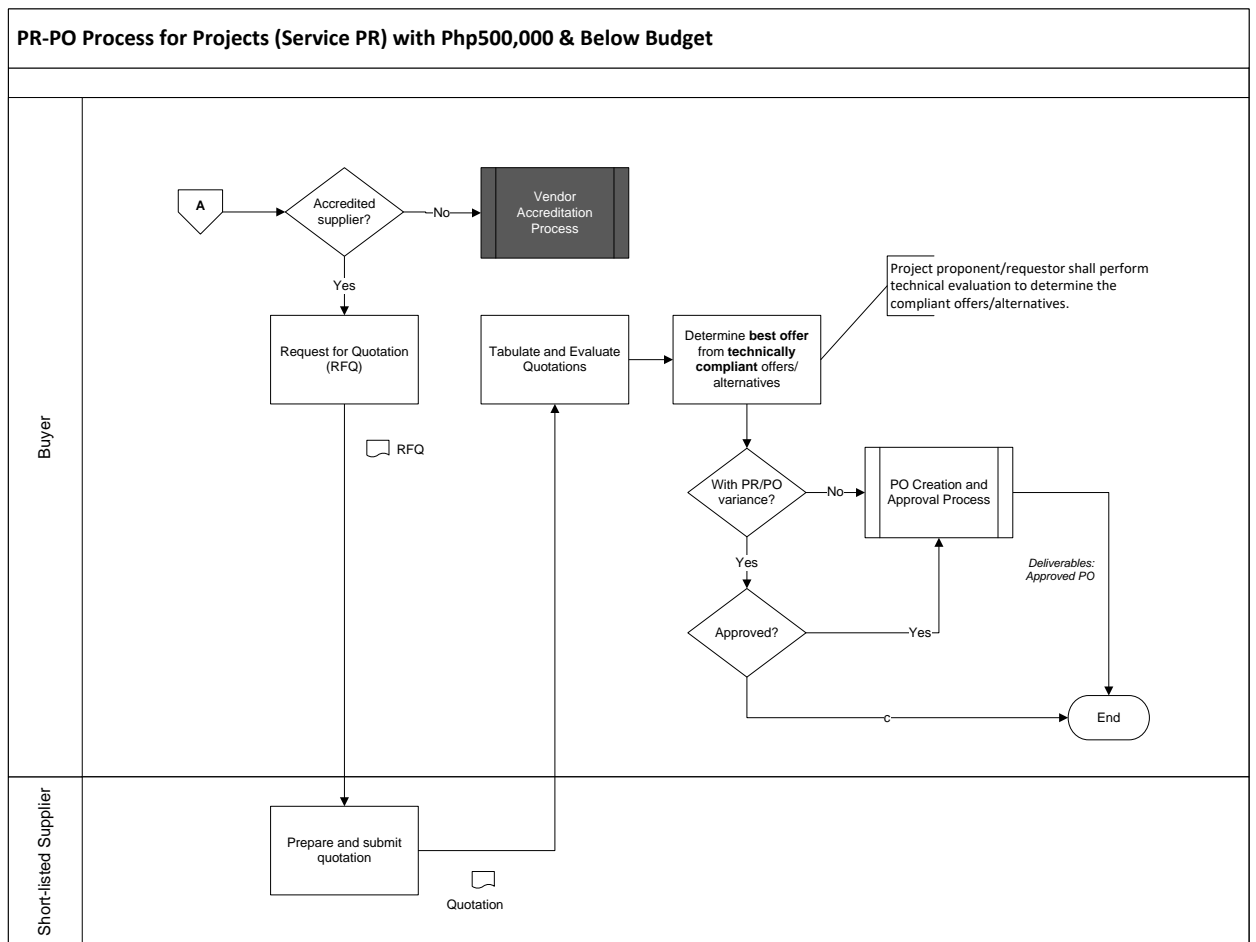






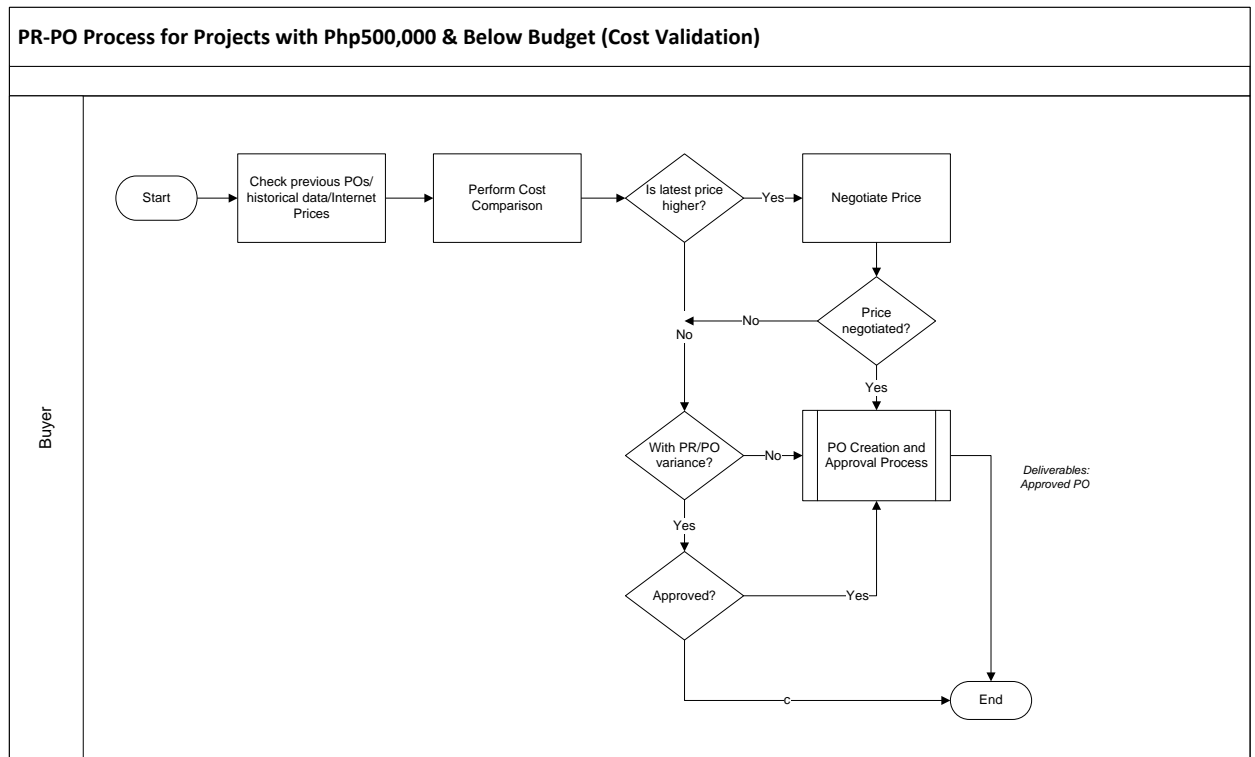
3. High-Level Process for Projects (Service PR) with Php500,000 & Below Budget





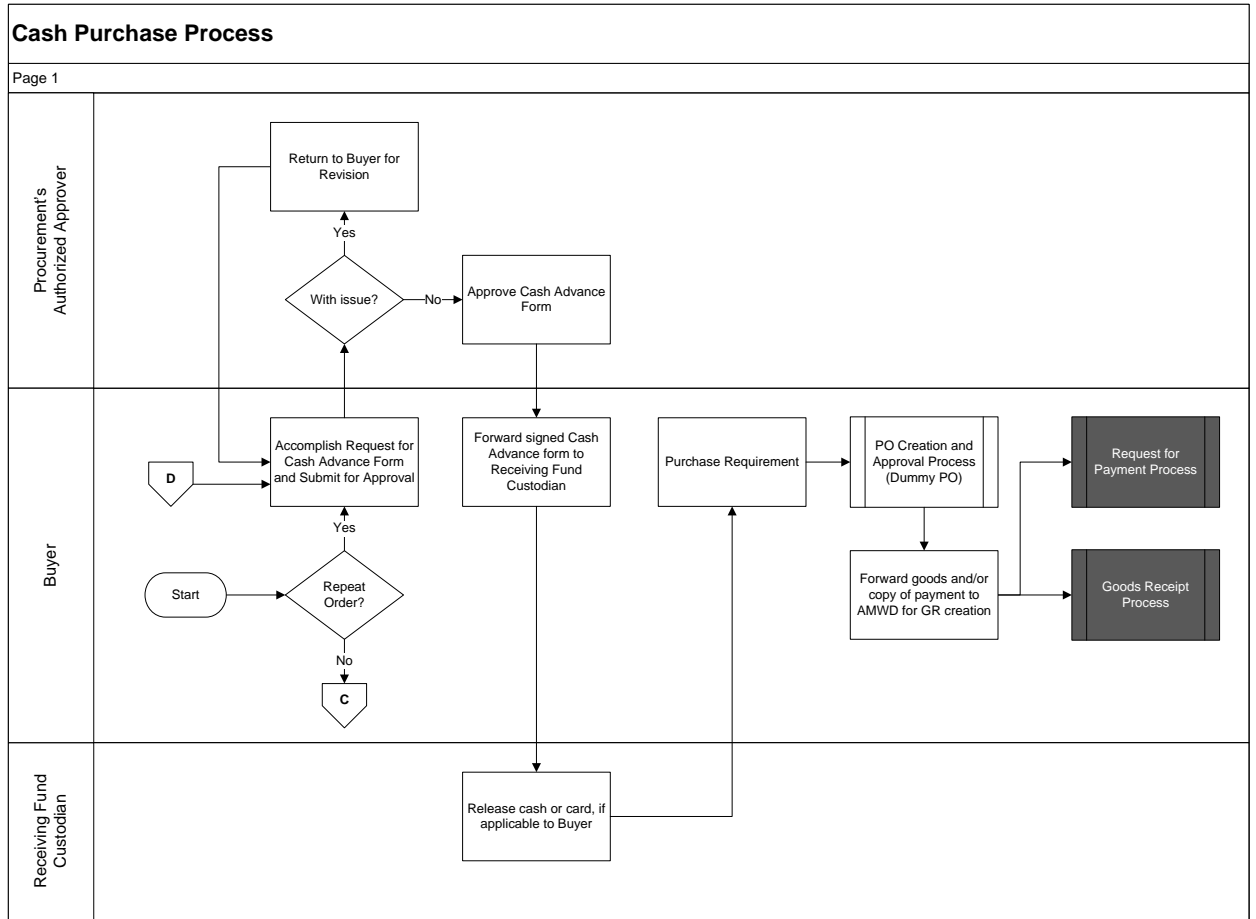


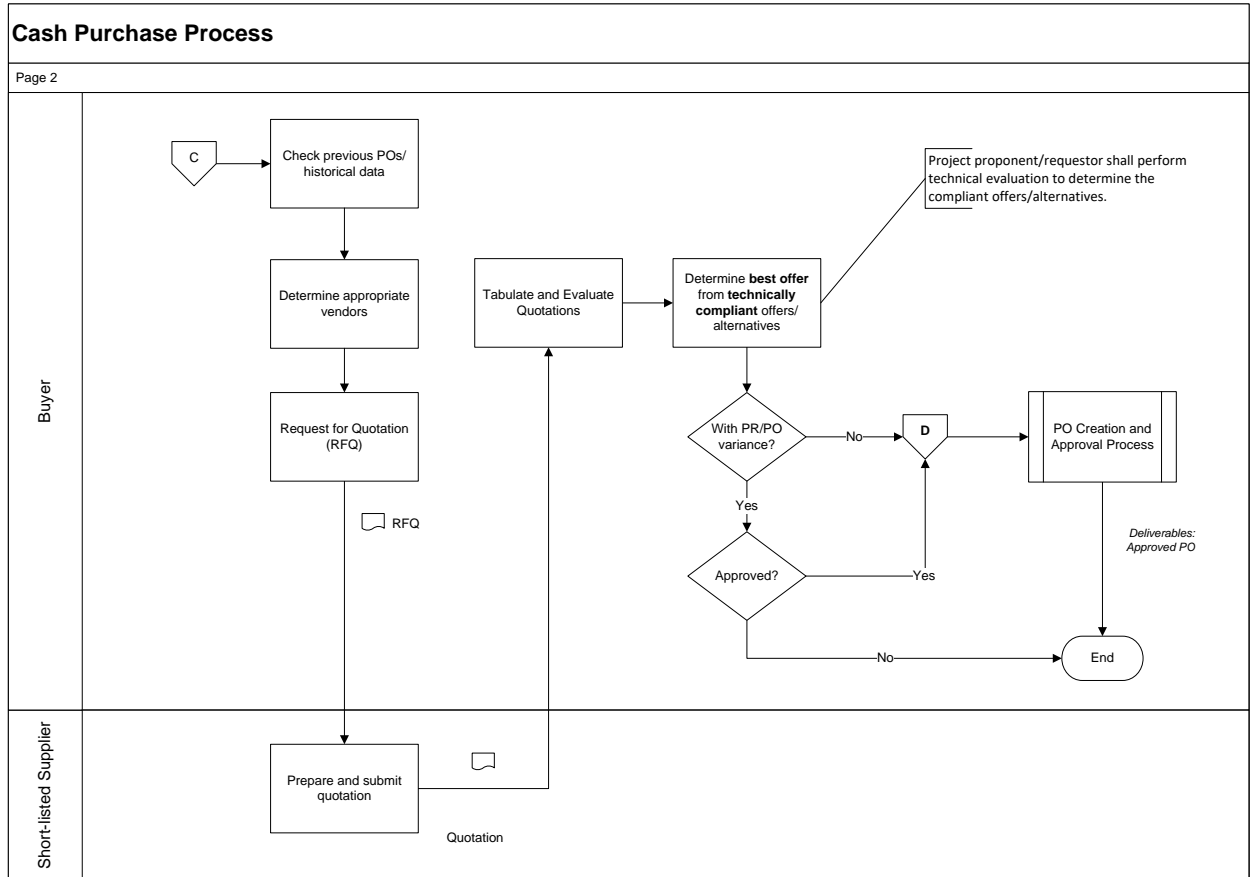
4. Cost Validation (for completed projects)





5. Cash Purchase Process



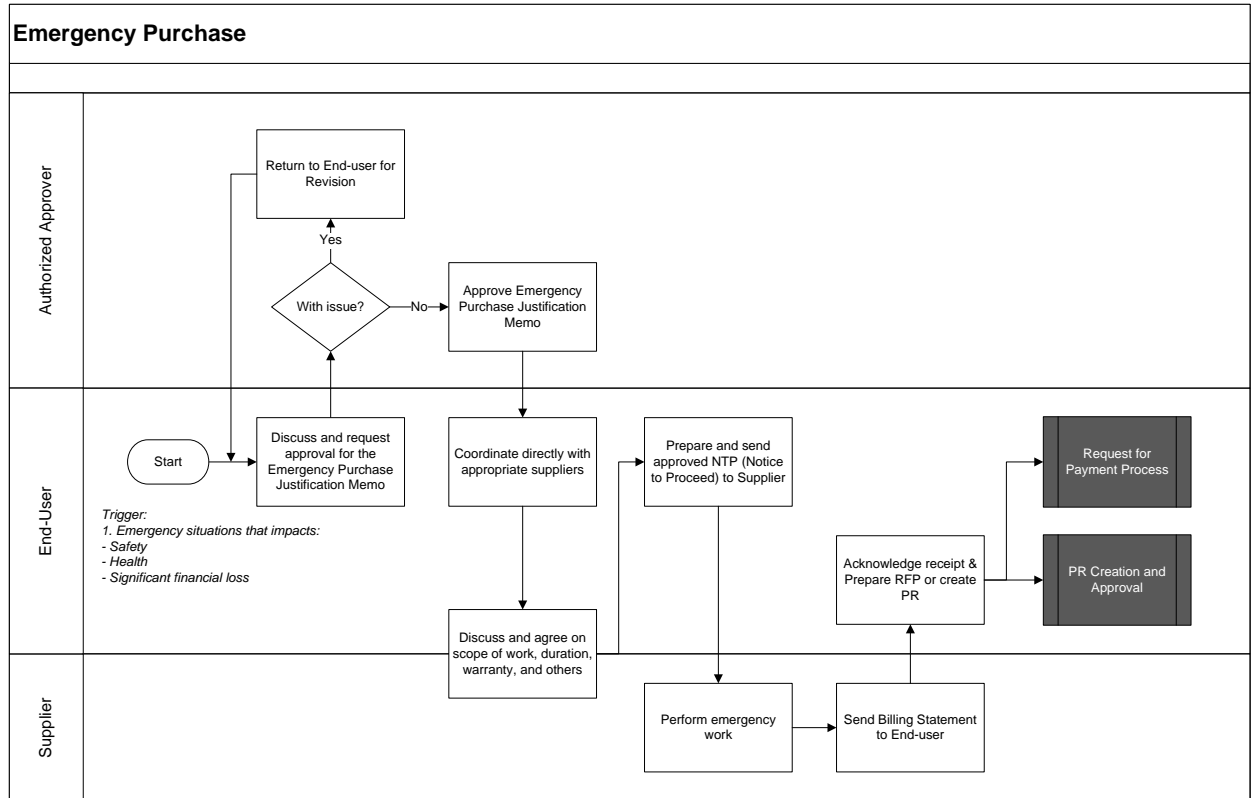


Note: Refer to the following Cash Advance and Purchase Card guidelines:

- ABS-LOG-PR-2017-M10001_Procurement Revolving Fund Guidelines
- ABS-LOG-PR-2017-M10002_Purchase Card Policy

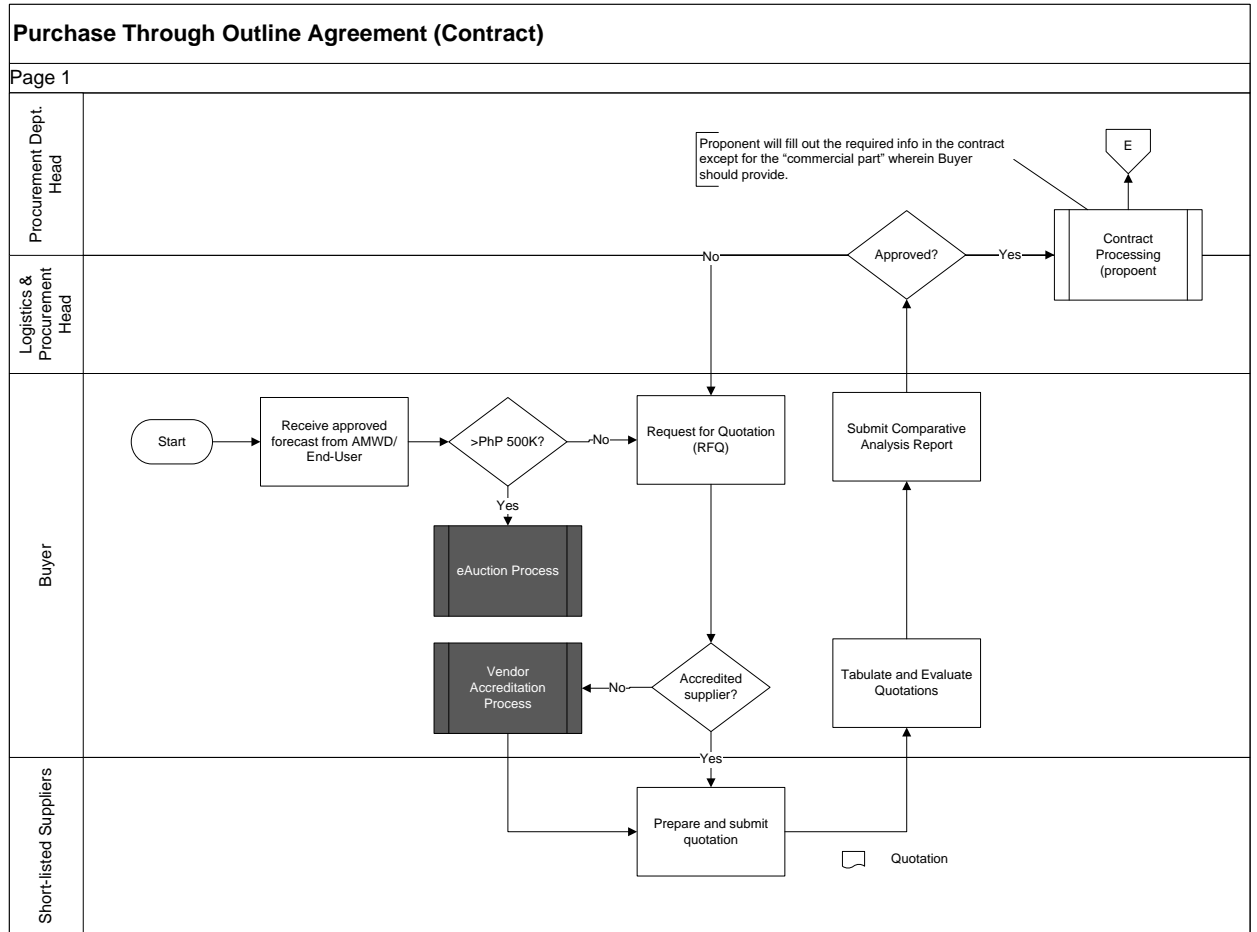


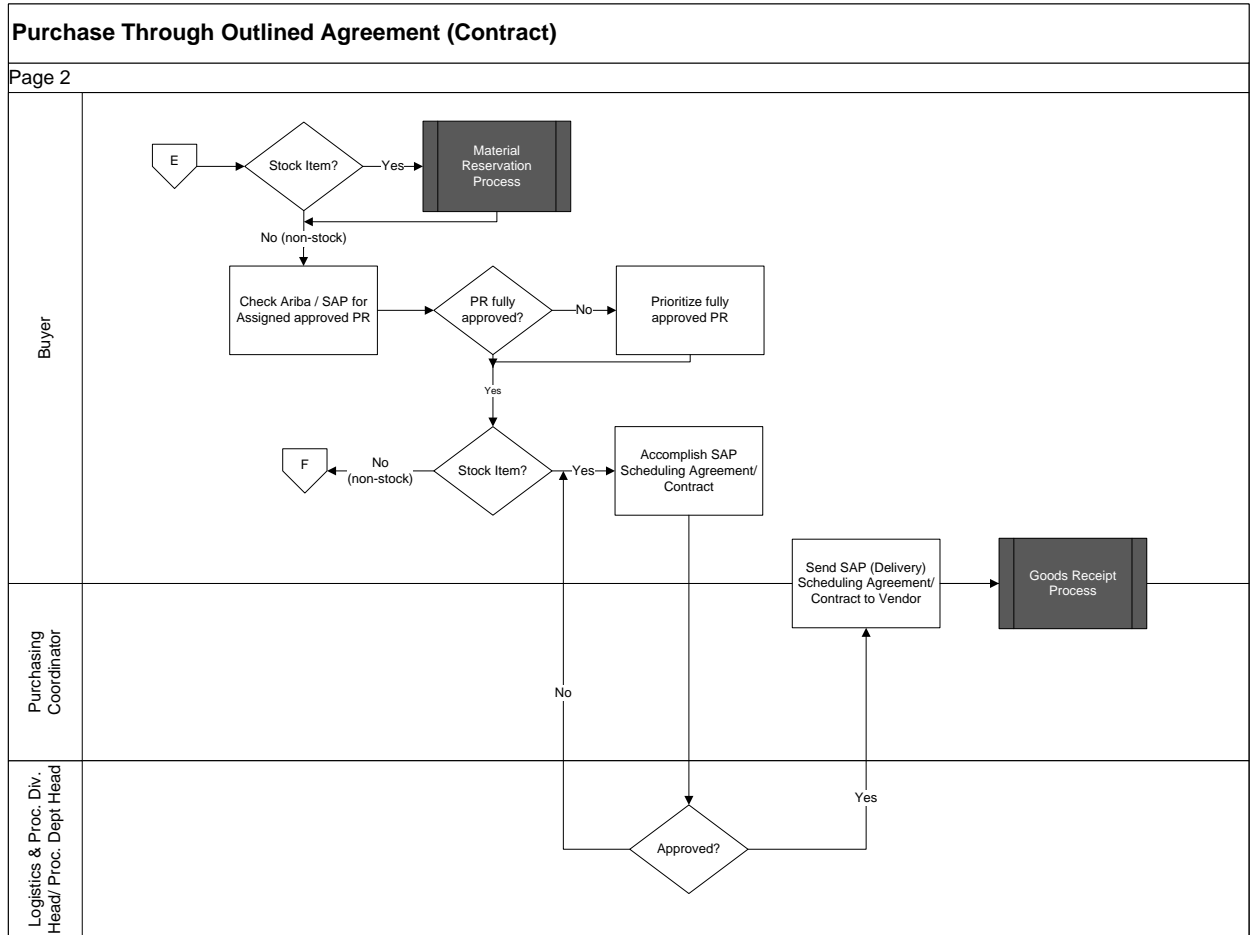
6. Emergency Purchase

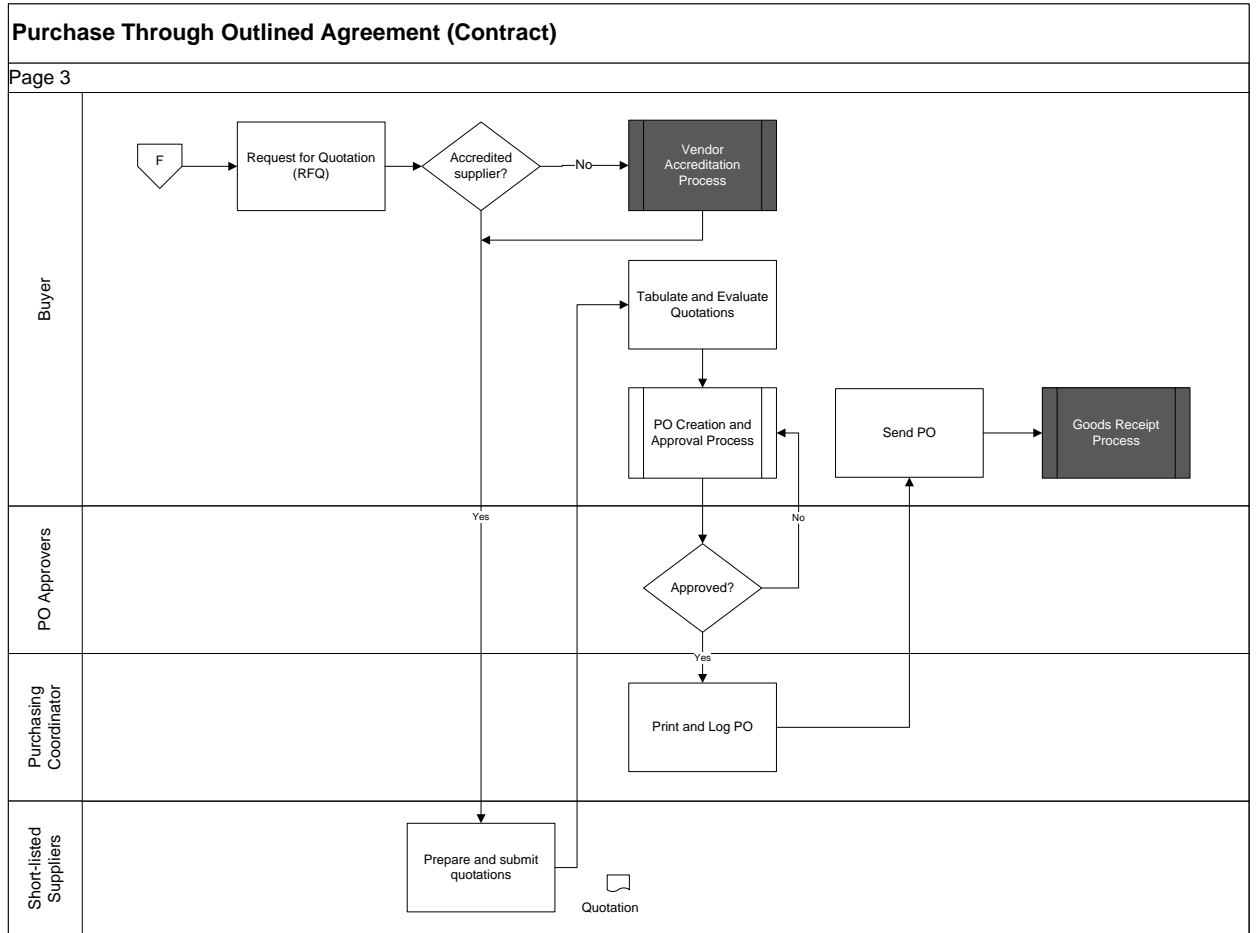




7. Purchase Through Outline Agreement (Contract)









8. Request for Exemption Approval Process

