



Republic of the Philippines
Department of Education

12 NOV 2021

DepEd ORDER
No. **048**, s. 2021

OPERATIONAL GUIDELINES ON THE IMPLEMENTATION OF THE DEPARTMENT OF EDUCATION INTEGRATED LOGISTICS MANAGEMENT SYSTEM

To: Undersecretaries
Assistant Secretaries
Bureau and Service Directors
Regional Directors
Schools Division Superintendents
Public Elementary and Secondary School Heads
All Others Concerned

1. The Department of Education (DepEd) issues the enclosed **Operational Guidelines on the Implementation of the DepEd Integrated Logistics Management System (DILMS)**.
2. The DepEd DILMS aims to enhance efficiency by providing appropriate and technology-enabled logistical solutions in the movement, storage and delivery of procured goods. This will enable DepEd to gain the right amount of control in terms of movement, safekeeping, and accounting of procured goods, thus ensuring timeliness of contract execution, as well as appropriate inventory control.
3. Specifically, the DILMS is designed to: (a) enhance the efficient and effective delivery of procured goods or items; (b) increase the control and transparency in the management of asset and inventory; (c) provide a platform for the monitoring and coordination of deliveries; (d) improve contract execution and wind-up; and (e) facilitate the generation and ready availability of contract and inventory data for purposes of monitoring, risk management, control and evaluation.
4. The DILMS shall govern the movement and the storage of goods or items which were procured by the DepEd Central Office, and those which are intended to be distributed to the various DepEd field offices and/or schools all over the country. It shall primarily cover the logistics for the procurement projects related to the following: (a) Technical-Vocational Livelihood (TVL) Tools and Equipment; (b) Science and Mathematics Equipment (SME); (c) DepEd Computerization Program (DCP); (d) Textbooks and Instructional Materials (TX and TM); and (e) School Furniture. Other procured goods or items not included in this may be governed by the DILMS if their inclusion proves appropriate and necessary to ensure efficiency and economy in the process, as jointly determined by the end-user concerned and the logistics management team under the Contract Management Division (CMD).
5. Likewise, this issuance provides an accountability structure pertinent to the implementation of the DILMS and sets forth the duties and responsibilities of the various relevant officials, personnel, and units of DepEd.

6. All DepEd Orders and other related issuances, rules and regulations, and provisions, which are inconsistent with these guidelines are repealed, rescinded, or modified accordingly.
7. For more information, please contact the **Office of the Assistant Secretary for Procurement and Administration** through email at asec.pa@deped.gov.ph or at telephone number (02) 8634-1169 or the **Contract Management Division** through email at procms.cmd@deped.gov.ph or at telephone number (02) 8635-3762.
8. Immediate dissemination of and strict compliance with this Order is directed.


LEONOR MAGTOLIS BRIONES
Secretary

Encls.:
As stated

Reference:
DepEd Order No. 041, s. 2021

To be indicated in the Perpetual Index
under the following subjects:

BUREAUS AND OFFICES
POLICY
PROCUREMENT
PROGRAMS
PROJECTS



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DEPED-OSEC-446296



Enclosure to DepEd Order No. **048**, s. 2021

OPERATIONAL GUIDELINES ON THE IMPLEMENTATION OF THE DEPED INTEGRATED LOGISTICS MANAGEMENT SYSTEM (DILMS)

I. RATIONALE

Consistent with Section 17, Article II of the 1987 Philippine Constitution that mandates the State to give priority to education, science and technology, arts, culture, and sports to foster patriotism and nationalism, accelerate social progress, and promote total human liberation and development, the Philippine Congress has consistently allocated considerable portion of the national budget for the plans and programs of the Department of Education (DepEd). This is a testament to the continued commitment of the government to provide quality basic education for all learners.

The funds, if appropriately used, translate to actual goods and services that are expected to benefit the learners and serve the cause of basic education in general. Effective and efficient delivery of these goods and services is therefore crucial to attain the objectives set by the national government, and would be best achieved with a procurement and contract management system in place that allows for efficient allocation, distribution and inventory of these procured educational resources and materials.

Logistics is a crucial, yet undervalued, component of the government procurement system. Traditionally, the responsibility to deliver and distribute the procured goods were entirely left to suppliers and were undertaken on a “door-to-door” basis, that is, items are delivered and distributed by the supplier direct from their own warehouses to the DepEd field offices and/or the DepEd schools. More often than not, hauling, trucking, forwarding and other logistics activities were subcontracted to other parties.

As generally experienced, poor execution in the aspect of logistics have resulted in problems in contract performance, inventory and asset control, accounting, payment, fund utilization and contract wind-up. It also provides occasion for contract fraud especially where there is weakness in monitoring, control, and checks and balances. However, as has been discovered, the implementation of procurement projects in the Department has been attended by serious technical and legal problems attributable to poor or weak logistics operations carried out exclusively by the suppliers themselves. This is the exact problem that a neatly-tailored integrated logistics management system for DepEd should be able to address.

The Executive Committee, during its January 11, 2019 meeting, agreed to adopt the DepEd Integrated Logistics Management System (DILMS). The system was presented as a measure intended to enhance efficiency in the movement, storage and delivery of procured goods. The idea is to provide logistical solutions, systems and processes, starting from the hauling of the goods from the supplier, through tagging, warehousing, and culminating with the delivery and distribution of the procured items to the DepEd-determined delivery sites. This will enable DepEd to gain the right amount of control in terms of movement, safekeeping, and accounting of procured goods, thus ensuring timeliness of contract execution as well as appropriate inventory control.

The DILMS is therefore designed to: a) *enhance the efficient and effective delivery of procured goods or items*; b) *increase the control and transparency in the management of asset and inventory*; c) *provide a platform for the monitoring and coordination of deliveries*; d) *improve contract execution and wind-up*; and (e) *facilitate the generation and ready-availability of contract and inventory data for purposes of monitoring, risk management, control and evaluation*.

The DILMS is a critical element of the Procurement Performance Enhancement Program (PPEP) and features functions that would bridge procurement management and asset management. Without this bridge, there always remains a wide gap from the time procurement awards are made until the procured items formally form part of the asset and inventory of the DepEd. The DILMS is designed to provide a clear linkage between procurement functions and asset and inventory control functions, up to the point of property disposal.

The DILMS will allow real-time monitoring of the status of movement and storage of goods, the conditions of the goods, as well as the location of the goods, through the DepEd Supply Tagging and Inventory Control System (DSTICS) – an information and communication technology platform that allows the remote monitoring and management of the movement and warehousing of goods, as well as data-gathering with respect to the procured items or goods. The DILMS also features warehousing systems to ensure the temporary safekeeping of procured items or goods in transit while they have not yet been delivered to the final delivery sites; of those goods that are subject to cross-docking prior to delivery; or of buffer stocks intended as replenishment in the event of unforeseen contingencies such as disasters.

The implementation of the DILMS requires the procurement of a third-party logistics service provider under a Framework Agreement arrangement, who shall be selected through the procedures provided under Republic Act No. 9184.

II. SCOPE

The DILMS shall govern the movement and the storage of goods or items that were procured by the DepEd Central Office and which are intended to be distributed to the various DepEd field offices and/or schools all over the country. It shall primarily cover the logistics for the procurement projects related to the following: a) Technical-Vocational Livelihood (TVL) Tools and Equipment; b) Science and Mathematics Equipment (SME); c) DepEd Computerization Program (DCP); d) Textbooks and Instructional Materials (TX and TM); and e) School Furnitures. Other procured goods or items not included in this may be governed by the DILMS if their inclusion proves appropriate and necessary to ensure efficiency and economy in the process, as jointly determined by the end-user concerned and the logistics management team under the Contract Management Division (CMD).

III. DEFINITION OF TERMS

For the purposes of this Order, the following terms are defined and are to be understood as follows:

- a. **Agreement Commencement Date (ACD)** refers to the date of commencement of the effectivity of the Framework Agreement specified in the Notice to Proceed or Notice to Execute a Framework Agreement.
- b. **Annual Procurement Plan (APP)** refers to the consolidation of the respective Project Procurement Management Plans (PPMP) of the end-user or implementing units reflecting the various relevant details of the procurement activities that are planned to be undertaken within the given calendar year.
- c. **Call-Off, also Call-Off Contract**, refers to an instruction or order, issued in the notion of a contract, made by the DepEd pursuant to and within the life of the Framework Agreement, particularly requiring the 3PL Provider to deliver the services agreed upon.
- d. **Charges** refer to the charges as well as the disbursements payable by the DepEd, in consideration of the due performance of services rendered by the 3PL Provider, the amount of which shall be pursuant to that which is provided under the Framework Agreement and the Call-Off Contracts.
- e. **Framework Agreement** refers to the written agreement between the DepEd and the 3PL Provider that sets forth the scope of services, the terms and conditions under which said services should be rendered, the duties and responsibilities of the parties, and other stipulations as are deemed

necessary and incidental to the enforcement of the agreements of the parties. The Framework Agreement is in the nature of an option contract between the DepEd and the winning bidder under which the former is given the following options in respect of the services identified in the Framework Agreement List: (i) to place a Call-Off; or (ii) to not place any Call-Off at all.

- f. **Framework Agreement List** refers to the list of services, including their corresponding terms of reference, scope of work or services, projected quantities, and estimated costs or prices, and technical specifications, as may be applicable, that are contemplated under the Framework Agreement.
- g. **Logistics Services** refer to all agreed services related to the handling and distribution of goods, including but not limited to collection, hauling, tagging, pick-up, loading, unloading, storage or warehousing, stock management, preparation for delivery, provision of “service provider equipment, personnel and reports”, and all or any part of the services to be provided to, or activities to be undertaken and completed for DepEd by the Service Provider under the Framework Agreement (including any variations to such services and/or activities as agreed by the parties, as in cases when DepEd may require amendment to the Services), and any services, functions or responsibilities which may be reasonably regarded as incidental to the foregoing services or activities and which may be reasonably inferred from the Framework Agreement.
- h. **Service Provider Tools and Equipment** refers to the tools and equipment of whatsoever nature used by the Service Provider in providing the Logistics Services in which title is or is not intended to pass to the DepEd under the Framework Agreement.
- i. **Service Provider Personnel** refers to all such persons, including but is not limited to employees, officers, suppliers, sub-contractors and agents of the Service Provider as are engaged in the performance of any of the Logistics Services described under the Framework Agreement.
- j. **Third-Party Logistics (3PL) Provider** refers to the service provider, determined as a result of a procurement process duly completed, that is charged with the obligation to provide the services contemplated in the Framework Agreement, in reference to those listed in the Framework Agreement List, and those particularly indicated in the Call-Off contracts issued by DepEd in its favor.

- k. **Warehousing Services** refer to all agreed services of any nature whatsoever related to the handling, sorting, stacking, stock management, and any services, functions or responsibilities which may be reasonably regarded as incidental to the foregoing services or activities and which may be reasonably inferred from the Framework Agreement.

IV. POLICY STATEMENT

The DepEd is mandated under Republic Act (RA) No. 9155, otherwise known as the *Governance of Basic Education Act of 2001*, to formulate, implement and coordinate policies, plans and projects in the areas of formal and non-formal basic education. It supervises all the elementary and secondary education institutions, including alternative learning systems, both public and private; and provides for the establishment and maintenance of a complete, adequate, and integrated system of basic education relevant to the goals of national development.

Pursuant to this mandate, it is the policy of the DepEd to provide the schools and all levels of governance with the equipment, tools, materials, supplies and necessary material resources to protect and promote the right of all citizens to quality basic education and to make such education available to all.

The system shall enhance efficiencies in the areas of procurement, asset management and supplier-accounts management. It defines control to inventory movement, facilitates clearer wind down of contracts and eases procedural and documentary requirements for payment. Through the physical distribution and delivery of procured goods, timelines in delivery and receipt of goods shall improve. Ultimately, the system shall improve governance in DepEd's supply chain resource management functions.

The DILMS is consistent with the objectives and principles of RA 9184 or the *Government Procurement Reform Act*, which are the promotion of: a) transparency in the procurement process *and in the implementation of the procurement contracts*; b) streamlined procurement process; c) system of accountability where both the public officials directly or indirectly involved in the procurement process *as well as in its implementation of procurement contracts* and the private parties that deal with government are, when warranted by circumstances, investigated and held liable for their actions relative thereto; and d) *Public monitoring of the procurement process and the implementation of the awarded contracts and that all contracts are performed strictly according to specifications.*

The DILMS likewise supports enforcement of the provisions of Presidential Decree 1445, otherwise known as the *Government Auditing Code of the Philippines*, as well as the provisions of the *Government Accounting Manual*. As provided under

PD 1445, the heads of the government agencies are responsible for ensuring that all resources entrusted to them are managed, expended, or lawfully utilized and safeguarded against loss or wastage to ensure efficiency, economy, and effectiveness in operations of government.

V. PLANNING, PREPARATION & FINANCE

A. Project Planning

1. The end-user/implementing unit shall, in the planning of and preparation for the procurement projects covered under these guidelines, take into account, among others, the costs for logistics indicated in Section V(B)(1) hereunder. From the total Program Funds, the total cost allocated for procurement shall be less the amount earmarked as Program Support Fund and the like, if any. Thereafter, the cost of logistics shall be earmarked and unbundled (i.e. deducted) from the Procurement Project Fund to arrive at the Approved Budget for the Contract. This amount earmarked and unbundled shall then be reserved for payment for the logistics services involving the procured items under the program.
2. The end-user/implementing unit shall prepare a detailed cost breakdown and estimates (CBE), using the form attached hereto as Annex "A", identifying the various cost components of the procurement project. The CBE shall form part of the Project Procurement Management Plan (PPMP) and shall be appended to the Authority to Procure (ATP)/Purchase Request (PR).

B. Fund Availment and Management

1. An amount not less than 6.5% of the project fund shall be earmarked for the total logistics expense of the project while the remainder shall constitute the Approved Budget for the Contract for the supply component, which includes installation, commissioning and training, if applicable, representing direct, indirect and incidental costs of the procurement project, respectively. The earmarked amount shall be broken down as follows: (a) 5% or more, to cover costs for hauling, stuffing, handling, freight, transportation, distribution, insurance and other activities related to the carrying and movement of the goods; and (b) 1.5% shall cover the costs for other administrative overhead such as: (i) inspection, testing, quality control and acceptance of procured goods; (ii) warehousing, inventory management and monitoring; (iii) hiring of individuals engaged through job-order or contracts of services

or such other engagement or personnel or outsourced service providers for the freight, handling, transportation, warehousing, inventory management, physical distribution and monitoring of deliveries; (iv) maintenance and other operating expenses; and (v) contingencies in relation to the foregoing activities, including those contemplated in (a) above.

2. The amount contemplated in the immediately preceding paragraph shall be used and booked up as either capital outlay (CO) or maintenance, operating and other expenses (MOOE), as may be appropriate.
3. The logistics fund shall be the total amount of fund theoretically pooled from the procurement projects covered under these guidelines. The said fund shall remain the responsibility of the end-user/implementing unit concerned or the portfolio owner, subject only to the utilization and accounting mechanisms contemplated in these guidelines. In accordance with pertinent accounting and auditing rules and regulations, no commingling of project funds shall take place in this case.

VI. GOVERNANCE

A. Responsible Office

1. The Contract Management Division (CMD) of the Procurement Management Service (ProcMS) shall be primarily responsible in ensuring that the policies, procedures and standards prescribed in these guidelines are fully implemented. For this purpose, it shall exert diligent efforts so that relevant offices, units, officials and personnel are properly coordinated and are able to discharge their duties and responsibilities under the system.
2. Specifically, the following functions are to be discharged by CMD, on top of those prescribed in National Budget Circular (NBC) No. 015-558: (i) plan, direct, oversee and coordinate the activities contemplated under the DILMS; (ii) oversee the overall implementation of the DILMS; (iii) coordinate with the DepEd Inspectorate Team, the Asset Management Division, for the inspection and acceptance of the procured items and goods, as well as the third-party logistics provider and counterpart field officials and personnel for the efficient and timely movement and storage of the said items and goods; (iv) provide technical assistance to end-user units as well as to the various field

offices and schools relative to movement and storage of procured items and goods; (v) manage and maintain logistics data and ensure their availability and accessibility to various stakeholders; (vi) oversee, monitor and evaluate contract compliance by the third-party logistics provider; and (vii) others as may be relevant or incidental to the foregoing.

3. A dedicated team from the CMD shall be assigned the following tasks, among others: (i) monitor and coordinate movement of goods from loading to the supplier's warehouse up to its delivery to designated warehouses or end-user units/recipient schools; (ii) coordinate with the end-users for the receipt of the transported goods; (iii) keep track of inventory of goods-in-transit and in DepEd controlled warehouses; and (iv) assist in the delivery activities of its regional offices and provide logistical support if necessary.

B. Executive Oversight

1. The Office of the Assistant Secretary for Procurement and Administration (OASPA) shall be responsible for providing overall supervision and policy directions on the implementation of the DILMS. The Office shall, among others:
 - a. Stand as primary champion and advocate for the DILMS, ensuring that executive management and all other stakeholders are informed of the progress of the operationalization, benefits and impact of the DILMS;
 - b. Provide strategic directions to ensure the effective institutionalization of the DILMS;
 - c. Provide overall supervision to ensure that the implementation of the activities is effectively and efficiently carried out; and
 - d. Report implementation progress, results and issues to the Secretary, the Executive Committee, the project owners and all other stakeholders on the institutionalization and sustainability of the DILMS.

C. Third-Party Logistics Provider

1. The 3PL Provider shall be responsible for the provision of the services contemplated in these Guidelines and as indicated in its contract.

Specifically, the 3PL Provider shall commit to immediately deliver at short notice the items listed in the Framework Agreement List upon the issuance of the corresponding Call-Off.

2. Provide all the logistics and warehousing services, including tools, equipment and personnel as defined in these guidelines.
3. Report implementation progress, results and issues or concerns to DepEd and communicate in writing and prior to the date of delivery for any request for extension of time for performance of the obligation, subject to the approval of DepEd.
4. Other duties and responsibilities as may be reasonably inferred from the foregoing.

D. End-User Units (EUs)

The EUs shall be primary responsible in ensuring that the procurement project is properly implemented. For purposes of implementation of the DILMS, the responsibility includes earmarking of appropriate fund for their respective programs or projects as per Section V. (B) of these guidelines and such shall be subject only to the utilization and accounting mechanisms contemplated hereof.

E. Procurement, Framework Agreement and Call-Off Contracts

1. Subject to the rules provided under GPBB Resolution No. 27-2019, and unless resort to any of the alternative procurement methods, as appropriate, is legally permissible, the DepEd shall conduct competitive bidding using a single stage, two-envelope procedure prescribed in Sections 23 and 25 of RA 9184 and its revised IRR. For this purpose, the DepEd, through its BAC, shall, as may be warranted under the circumstances, prepare separate technical specifications or scopes of work for every item to be bid out, and indicate, among others, the total cost for each item, the maximum quantity to be procured, and the requested delivery or performance lead time from the date of the issuance of the Call-Off or from any date determined by the DepEd.
2. Within ten (10) calendar days from receipt by the participating bidder(s) of the Notification to Execute a Framework Agreement with the DepEd, the bidder or its duly authorized representative shall formally enter into a Framework Agreement with the procuring entity for an amount of One Peso (Php 1.00) to be paid by the procuring entity as a

consideration for the option granted to the procuring entity to procure the items in the Framework Agreement List when the need arises.

3. When the procuring entity has determined that an item or service covered in the Framework Agreement is needed, it shall execute a Call-Off Contract for the delivery of the item or rendition of the service identified in the Framework Agreement List in such quantity or scope and at the price for which it was awarded.

VII. OPERATING MECHANISMS

A. Inspection and Acceptance

1. As a general rule, the items or goods subject of the integrated logistics services contemplated in these guidelines shall be inspected at the supplier's premises or appointed warehouse. The inspection shall be undertaken by the Inspectorate Team that was duly constituted and deployed by DepEd pursuant to DepEd Order No. 27 s. 2020, otherwise known as the *Guidelines on the Reconstitution of Inspectorate Team in the Department of Education Central Office, Regional and Schools Division Offices, and Schools*. In extreme cases where this is not practicable or where, upon prior approval of the Contract Management Division, inspection and acceptance may be conducted at the DepEd delivery site or at any venue suitable for such activities.
2. The inspection and acceptance activities shall be in accordance with the provisions of DepEd Order No. 41 s. 2021, or the *Inspection and Acceptance Protocols for the Procurement of Goods in the Department of Education*.
3. Duly inspected and accepted items or goods shall be tagged in accordance with the procedures and protocols prescribed in Section VII (F) of these guidelines.

B. Movement and Delivery of Goods

1. Packing and Sealing

After the items are inspected, accepted and tagged, they shall be packed in accordance with the standards prescribed in the contract and/or as subsequently prescribed by DepEd, to ensure that they are fit for hauling and transportation.

2. Actual loading and hauling

The items or goods that were marked, tagged, packed and sealed must be hauled and loaded by the 3PL in the most immediate time practicable, ensuring their safety at all times.

3. Offloading of deliveries

The items shall then be delivered to the pre-determined delivery sites or destinations as indicated in the Delivery, Distribution and Deployment (3D) Plan.

Delivery of the items or goods by the 3PL provider to the delivery sites shall be in accordance with the provisions of the contract and/or, in the absence thereof or in case of insufficiency, with the subsequent instructions of the EUs, in consultation with the CMD. Such instructions will be communicated to the 3PL, through the DepEd Logistics Team under the CMD. For the delivery to the recipients, the 3PL provider shall conduct prior coordination to avoid instances where the authorized receiving personnel is unavailable on site.

During the offloading, the DepEd officials or representatives authorized to receive the goods may inspect the quantity and quality of the items delivered and make an assessment on whether the goods are in proper order, pursuant to the provisions of DepEd Order No. 41, s. 2021, or the *Inspection and Acceptance Protocols for the Procurement of Goods in the Department of Education*.

4. Delivery, Distribution and Deployment (3D) Plan

For every category of the goods or items procured, a 3D Plan shall be prepared by the Logistics Team of the CMD in cooperation with the EU concerned.

The 3D Plan shall indicate the point of origin or the pick-up point of the items, which is usually the supplier's warehouse where the items are inspected and accepted. The date of the actual transport of the goods are recorded in the 3D Plan, including the time and date it was hauled by the 3PL. The 3D Plan estimates the time of arrival of the goods based on lead time provided by the 3PL for the purpose of validation of prior coordination by the 3PL to the recipients.

The 3D Plan also shows the individual destinations of the items, based on the number of packages provided by the EUs in their allocation lists and/or any other instructions as to designation of the items procured by them and the DepEd contact persons or authorized representatives. The 3D Plan likewise shows the region, division, school name, school ID, municipality, barangay number of the recipient schools or the destination of the items procured.

5. Direct Deliveries to Recipients and Cross-Docking at DepEd-Controlled Warehouses

The goods may either be delivered in a door-to-door method or using the “hub and spoke” method of transport which requires warehouses for cross-docking activities as defined in Section VII (C)(1).

C. Warehousing

Items or goods hauled from suppliers may be warehoused under any of the following circumstances or purposes: (i) Cross-Docking for re-sorting and repackaging; (ii) temporary safekeeping in preparation for eventual delivery; and (iii) buffer stocking.

1. Cross-Docking

Warehousing for cross-docking may be undertaken for the purpose of re-sorting and/or repackaging of the items or goods prior to final delivery to the designated delivery sites. This may involve the unbundling and/or unpacking of the items for the purpose of regrouping or bundling anew to ensure better or more efficient delivery or distribution. This type of activity is specially required for categories of items that are originating from different suppliers and that need to be unbundled and regrouped to form one new package.

2. Temporary Safekeeping

As defined under Section VII (C)(4)(d)(i) of these Guidelines, warehousing may also be necessary for the temporary safekeeping of the items or goods. This is particularly important in cases where receiving units are not ready to receive the items or goods, or that there is temporary or permanent impossibility to deliver the said items or goods, such as, but is not limited to instances of inclement weather, unfavorable peace and order situation, calamity, or the like.

3. Buffer Stocking

As defined under Section VII (C)(4)(d)(ii) of these Guidelines, warehouses may also be utilized to store buffer stocks. The buffer stock are the items that may be pulled-out or distributed in times of contingency or emergency where immediate replenishment of said items are required by the field offices or the schools. The treatment, care and management of buffer stocks shall be subject to the guidelines that may be subsequently issued for that purpose.

4. In any case, the general procedure for receiving and stocking of items or goods in a DepEd-controlled warehouse will be patterned from the generally accepted warehousing standards and practices. For better efficiency, transparency, and proper accountability, the following guidelines may be adopted as an additional requirement of DepEd for the warehoused/stored items.

- a. Recording of Details of Arrival - Recording the particulars relative to the arrival of goods promotes accountability on the part of the transporting and receiving personnel. Upon hauling of goods from the supplier's warehouse and unloading in the DepEd-controlled warehouse, the warehouse personnel shall record all pertinent details of the arrival of goods, including but not limited to the following:

- i. The date and time the items arrived in the warehouse;
- ii. The quantities and description (packing list) of the items;
- iii. Names of personnel transporting and unloading the items;
- iv. Names of persons receiving the items; and
- v. Names of persons recording and inspecting the items.

- b. Matching of Incoming Items - The matching of incoming items as indicated in the Delivery Receipt and the Transfer Manifest shall be undertaken to validate that the items transported to the warehouse are the exact items specified in the transaction documents. The warehouse personnel shall check whether the items that arrived in the

warehouse are those indicated in the Delivery Receipt and/or the Transfer Manifest. The packing lists and the descriptions or labels indicated in the container, boxes, cartons and other types of receptacles shall be taken into account when performing the procedure of matching.

- c. Quantity and Quality Check - This step guarantees that the items entered into the warehouse are of the right quantity and quality. The warehouse personnel shall conduct quantity check and make use of the most efficient and appropriate method based on the type of packaging of the goods. The warehouse personnel shall perform visual inspection to detect patent defects such as broken seal or damaged covering that might affect quality and/or performance of the goods. Items with seal will not be opened and those that are opened/broken will not be accepted, or, if accepted, its condition shall be recorded. If it is not possible to check every single item, a spot check shall be conducted, and observations of signs of breakage, faults or damage and its extent shall be recorded and described.
- d. Item Logging into Warehouse Inventory - Logging the items into the warehouse inventory facilitates the verification and submission of reports or other documents concerning the goods deposited in the warehouse, whenever required. It also aids in the identification of items for dispatch or delivery. The warehouse personnel shall enter the items received including their quantities into the records. The warehouse personnel shall record all important details regarding the condition and classification of the items. For proper inventory of items coming into the DepEd controlled warehouses, the same shall be grouped into three general classifications, namely:
 - i. Goods or items received for temporary storage;
 - ii. Goods or items considered as DepEd's "buffer stock"; and
 - iii. Goods or items recalled from the recipient schools that are due for repair and which are still covered by the warranty obligations of the supplier.

The warehouse personnel shall regularly update the warehouse inventory in order that accurate and real-time data can be submitted whenever monitoring reports are required.

- e. Storage: Scanning, Stocking and Shelving - The storage and safekeeping of DepEd procured goods pending delivery is one of the main intents of warehousing arrangements. The 3PL provider's obligation requires the observance of utmost diligence. Before stocking or shelving, the supplies, equipment and goods logged into the DSTICS shall be scanned for easy identification and access whenever delivery is requested by the EUs. After scanning, the items shall be properly stacked or shelved for easy retrieval and inventory. The 3PL provider shall see to it that the heavy-duty racking or shelving materials in the identified DepEd warehouses can sufficiently accommodate the supplies, equipment and other items awaiting dispatch and delivery. Goods newly received and scanned should be packed or stored promptly to ensure that no items are lost or damaged.
- f. Notification to DepEd Central Office - After the recording, scanning and stocking of items in the warehouse, the 3PL provider shall promptly notify the DepEd Central Office, through the Logistics Management Team, of the acceptance and storage of items in its warehouse. The 3PL provider shall send a copy of the signed and dated reports to the DepEd Central Office to the effect that the subject goods of a specific project and supplier had been accepted and stored in the warehouse. If the hauling and receipt of the items are performed per batch or lots, the report shall indicate the particular order of arrival in the warehouse as recorded by the personnel in-charge. The information embodied in the reports can be matched with the Inspection and Acceptance Report or Delivery Receipt/Transfer Manifest issued by the 3PL provider.

D. Insurance

The items or goods subject of the logistics services contemplated under the relevant Framework Agreement and the Call-Off Contracts shall be fully insured by the 3PL Provider in a freely convertible currency against

loss or damage incidental to the hauling, handling, tagging, transportation and warehousing of the items or goods. Notwithstanding their inspection and acceptance by the Inspectorate Team and the AMD, respectively, the items or goods shall be at the risk of the 3PL Provider until their final acceptance by DepEd, through its authorized officials or personnel, at the delivery sites.

E. General Liability

The 3PL provider assumes responsibility and accountability for the items under its control and possession. Likewise, it is liable for any loss or damage to the items during said period. The laws on obligation and contracts shall supplement the generally accepted standards or practices in logistics or forwarding business specifically with regard to duties, responsibilities and liabilities of the 3PL.

F. DepEd Supplies Tagging and Inventory Control System (DSTICS)

The DSTICS ensures that all procured items or goods can be monitored until the end of its life. Among many other benefits, the system allows DepEd to track and trace the movement of the items or goods as well as monitor their status or conditions in the course of their movement, storage and eventual use. The DSTICS likewise helps in the processing of billings and payments because of the ready-availability of prerequisite payment documents and data.

The general procedure for DSTICS are as follows:

1. DSTICS from Supplier's Warehouse up to Project Sites/Schools

a. Tagging, Coding and Scanning in DepEd's Supplier's Warehouse

- i. Upon completion of Inspection and Acceptance in the pertinent Supplier's Warehouse or its designated warehouse, a team from the DepEd CO shall generate QR Code intended for the items or goods to be tagged.
- ii. The said team shall then attach or assign the generated QR Codes to the inspected and accepted items or goods.
- iii. The team shall then scan the items or goods with the attached or assigned QR Codes using scanners or mobile phone scanners and input specific details for updating.

The details are as will be provided in the DepEd Logistics Operations Plan.

b. Arrival of Items or goods

Upon arrival of the items or goods in the designated delivery sites and in the designated DepEd-controlled warehouses, the items shall again be scanned and details entered as prescribed in the DepEd Logistics Operations Plan.

G. Payment

1. Payments to be made to the 3PL Provider shall at all times be on the basis of actual services rendered.
2. The 3PL may submit a request for payment based on the monthly progress report which shall be attached to the progress billing and include the cumulative quantities of items or goods delivered based on the approved 3D Plan and other relevant terms and conditions of the contract.
3. Proofs of delivery of goods and items and of completion of services, in cases of items delivered to recipients, shall be as follows:
 - i. Delivery Receipts duly signed by the Property Custodian at the delivery site;
 - ii. Signed Transfer Manifest by the Property Custodian at the delivery site;
 - iii. Signed Property Transfer Report/Receipt (PTR) by the Property Custodian at the Delivery site; and
 - iv. Signed Certificate of Partial/Complete Delivery by the Chief, CMD.
4. In the case of buffer stocks accepted at the warehouse, the following documents shall prove actual delivery, for purposes of payment:
 - i. Delivery Receipts duly signed by the representative of the Central Office Asset Management Division or the Regional Supply Officer, as the case may be;
 - ii. Signed Transfer Manifest by the representative of the Central Office Asset Management Division or the Regional Supply Officer, as the case may be;

- iii. Signed Property Transfer Report/Receipt (PTR) by the representative of the Central Office Asset Management Division or the Regional Supply Officer, as the case may be; and
 - iv. Signed Certificate of Partial/Complete Delivery by the Chief, CMD.
5. The processing of billings and payments shall be in accordance with the relevant rules and regulation on this regard. In any case, the applicable auditing and accounting rules shall at all times be observed.

H. Manpower Requirement & Deployment

The CMD, upon approval of the Assistant Secretary for Procurement and Administration, is authorized to hire COS and/or JO to augment its workforce, provide support, and perform activities necessary and desirable for the overall realization of the DILMS, that cannot be passed on to the 3PL provider, such as, but shall not be limited to the following: (i) monitoring the performance and activities of the 3PL; (ii) monitoring the proper recording of the items or goods during the hauling, handling, warehousing and delivery; (iii) monitoring, recording and submitting feedback regarding the implementation and operationalization of the DSTICS in the various stages of the logistics process; (iv) assisting the Logistics Management Team in the development and operationalization of the 3D Plan; (v) tagging, marking, sealing and packing of items or goods prior to their hauling by the 3PL at the supplier's warehouse or at any other venue as approved by the CMD; (vi) monitoring the proper generation and use of logistics documents; and (vii) reporting or providing feedback on any issues and concerns that arise in the field concerning the implementation of the DILMS.

VIII. MONITORING AND EVALUATION

A regular monitoring and evaluation of the system shall be undertaken by the CMD, through its Logistics Management Team, to identify possible areas of improvement and to further ensure the system's efficiency, effectiveness, relevance, and sustainability. The CMD shall continuously gather feedback on the implementation of this policy from all concerned internal and external stakeholders and will conduct a periodic policy review for this purpose.

Progress monitoring shall be conducted to assess the efficiency of the implementation of the program. All monitoring activities may be done using available and appropriate technology, including the conduct of surprise or on-the-spot inspections in designated warehouses for the purpose of determining the condition and physical inventory of goods stored in the warehouse.

All units in charge of monitoring the project are expected to provide appropriate correction of practices that are not in accordance with these guidelines, and to recommend interventions to address problems and/or issues. Those needing resolution from higher authorities must be referred immediately through appropriate channels for appropriate action.

The Office of the Assistant Secretary for Procurement and Administration (OASPA) shall be charged with the responsibility to oversee the implementation of the DILMS.

IX. REFERENCES

Commission on Audit Circular 2020-006, *Guidelines and Procedures in the Conduct of Physical Count of Property, Plant and Equipment (PPE), Recognition of PPE Items Found at Station, and Disposition for Non-existing/Missing PPE Items, for the One-Time Cleansing of PPE Account Balances of Government Agencies.*

DepEd Order No. 41, s. 2021, *Inspection and Acceptance Protocols for the Procurement of Goods in the Department of Education*, dated September 29, 2021.

DBM National Budget Circular No. 578, *Guidelines on the Release of Funds for FY 2020.*

DBM National Budget Circular No. 580, *Adoption of Economy Measures in the Government Due to the Emergency Health Situation.*

Government Procurement Policy Board Resolution No. 27-2019, dated 10 December 2019, *Approving the Guidelines on the Use of Framework Agreement by All Procuring Entities.*

Republic Act No. 9184, *Government Procurement Reform Act* and its Implementing Rules and Regulations.

Republic Act No. 9155, *Governance of Basic Education Act of 2001.*

Republic Act No. 11465, *General Appropriations Act, January 1- December 31, 2020* and Republic Act No. 11518, *General Appropriations Act FY 2021.*

X. EFFECTIVITY AND TRANSITORY PROVISIONS

These guidelines supplement, amend, or repeal such DepEd issuances or parts thereof which are inconsistent herewith.

This Order shall take effect immediately upon its issuance and shall be registered with the University of the Philippines - Office of the National Administrative Register (UP-ONAR).

ANNEX "A"

COST BREAKDOWN ESTIMATES

Program/Project: _____

Total Consolidated Program/Project Fund: _____

Total Logistics Fund: _____

Consolidated Funds for Freight and Handling (5%): _____

Consolidated Administrative Overhead Expense (AOE) Fee (1.5%): _____

TOTAL ABC (for Call-Off Contract): _____

YEAR _____									
Item	Program	Project Name	Activity Code/PAP Code	Fund Source	Program Funds	Total Project Cost (Goods)	Freight and Handling (5%)	AOE Fee (1.5%)	Total Logistics Funds (6.5%)
1									
2									
3									
4									
5									
TOTAL LOGISTICS FUNDS									