



Republic of the Philippines
Department of Education

MAR 11 2024

DepEd ORDER
No. **004**, s. 2024


GUIDELINES IN THE PROCUREMENT OF GOODS USING THE SUPPLY AND DELIVERY STRATEGY AND CONTRACT IMPLEMENTATION OF PROCUREMENT OF GOODS IN THE DEPARTMENT OF EDUCATION

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 **Guidelines in the Procurement of Goods Using the Supply and Delivery Strategy and Contract Implementation of Procurement of Goods in the Department of Education**.
2. The guidelines intend to reinforce efficient logistical solutions in the movement and delivery of procured goods, which can facilitate the management and monitoring of movement, safekeeping, and accounting of the said procured goods, thus ensuring timeliness of contract execution as well as appropriate inventory control.
3. Through these guidelines, program owners are instructed to implement the Supply and Delivery Strategy of Procurement which means that the goods procured shall be delivered by the contractor to the final destinations. This aims to establish a procurement and administrative policy where payment of the contract price becomes demandable only after inspection and acceptance of the purchased goods by DepEd or its authorized representatives at the final destination and when the possession, ownership, and risks thereof are transferred to DepEd, through its schools, schools division offices, regional offices, and Central Office.
4. Additionally, this issuance provides structure pertinent to the implementation of the Supply and Delivery Strategy by setting forth the duties and responsibilities of the various relevant officials, personnel, and units within DepEd.
5. All DepEd Orders and other related issuances, rules, regulations, and provisions, that are inconsistent with these guidelines are repealed, rescinded, or modified accordingly.
6. This Order shall take effect immediately after its publication on the DepEd website. This shall be registered with the Office of the National Administrative Register (ONAR) at the University of the Philippines Law Center (UP LC), UP Diliman, Quezon City.
7. For more information, please contact the **Office of the Undersecretary for Procurement** through email at oupro@deped.gov.ph or at telephone number (02) 863-7224 or the **Contract Management Division** through email at procms.cmd@deped.gov.ph.

8. Immediate dissemination of and strict compliance with this Order is directed.




SARA Z. DUTERTE
Vice President of the Republic of the Philippines
Secretary of the Department of Education *CS*

Encl.:

As stated

Reference:

DepEd Order No. 048, s. 2021

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

BUREAUS AND OFFICES
CONTRACTS
DELIVERY
POLICY
PROCUREMENT
PROGRAMS
PROJECTS



**GUIDELINES IN THE PROCUREMENT OF GOODS USING THE
SUPPLY AND DELIVERY STRATEGY AND CONTRACT
IMPLEMENTATION IN THE DEPARTMENT OF EDUCATION –
CENTRAL OFFICE**

I. RATIONALE

In line with Presidential Decree No. 1445,¹ Department of Education (DepEd) strengthens the procurement and administrative policy where payment of the contract price is demandable only after the inspection and acceptance of procured goods by DepEd or its authorized representatives at the final destination and when possession, ownership, and risks thereof are transferred to DepEd, through its schools, Schools Division Offices (SDOs), Regional Offices (ROs), or Central Office (CO). This policy also acknowledges the business benefits of the supplier and forwarder relationship, or entities with both supply and delivery components wherein capabilities for both supplying and forwarding will be used to acquire and deliver goods to their final destinations.

DepEd, through this Order, aims to address the concerns and impediments during the planning and implementation of procurement contracts by establishing a reliable, efficient, and effective procurement and risk management system that ensures timely delivery of goods to recipient schools, SDOs, ROs, and other DepEd offices.

Further, DepEd is committed to applying best practices in the conduct of procurement activities to enable continual improvement of procurement strategies to demonstrate good custodianship and utilization of public funds. These guidelines also seek to strengthen the functions of different DepEd offices relative to procurement, contract implementation, and asset management.

II. SCOPE OF THE GUIDELINES

This Order applies to all goods procured by CO falling under the coverage of Republic Act No. (RA) 9184 or the *Government Procurement Reform Act* and its Revised Implementing Rules and Regulations (IRR). The procurement of consulting services and infrastructure projects or civil works are excluded from the application of this Order.

III. POLICY STATEMENT

This Order seeks to attain an effective and efficient policy that upholds the principles of delegation, namely, by results expected, absoluteness of responsibilities, parity of authority and responsibility, unity of command in operational level, and scalar chain of command. The project owners² shall exercise control over the financial and the physical operations of projects vested upon them by the General Appropriations Act (GAA) and other relevant laws and regulations.

¹ Government Auditing Code of the Philippines.

² Rule II – Procurement Planning, Rule 7.3.2.

IV. DEFINITION OF TERMS AND ABBREVIATIONS

The following terms and acronyms as used in this Order have the following definitions/meanings:

1. **Allocation List** refers to the official document which contains the list of procured goods and items for distribution, the corresponding quantities thereof, the target recipient school and/or destination point and, if applicable, including the corresponding specifications.
2. **AMD** refers to Asset Management Division, the office that shall record inspected and accepted goods in the property and inventory system.
3. **BAC** refers to Bids and Awards Committee.
4. **Bidding Documents** refer to the documents issued by the Procuring Entity (PE) as the basis for bids, furnishing all information necessary for a prospective bidder to prepare a bid for the Goods, Infrastructure Projects, and/or Consulting Services required by the PE.
5. **Certificate of Final Acceptance** refers to the document that certifies after the expiry of the warranty period that the goods were inspected and accepted as reflected in the Inspection and Acceptance Report (IAR), and that the goods conform to the technical specifications as stipulated in the bidding documents contract. The issuance of this certificate shall mean that the PE has no claims filed against the contractor or the surety company and shall cause the release of the performance security.
6. **Certificate of No Claim Against the Warranty** refers to the document that certifies that the goods delivered, inspected and accepted had undergone post-delivery inspection by the project owner/end-user unit, and were found to be free from defects, or that defective items, if any, were duly rectified or replaced; and that all the conditions imposed under the contract have been fully complied with. The issuance of this certificate shall cause the release of the retention money to the contractor.
7. **CMD** refers to the Contract Management Division, the Office that monitors the compliance with the key terms and conditions of the contract, through its milestones and delivery schedules.
8. **DBM** refers to the Department of Budget and Management.
9. **DCP** refers to the DepEd Computerization Program.
10. **DV** refers to Disbursement Voucher.
11. **DR** refers to Delivery Receipt.
12. **EBEIS** refers to Enhanced Basic Education Information System.
13. **Field Offices** refers to Schools Divisions and Regional Offices.
14. **Final Destination** refers to the specific recipient office/school provided in the contract or purchase orders consistent with the approved allocation list.
15. **Goods** refer to all items, supplies, materials and general support services, except Consulting Services and infrastructure projects, which may be needed in the transaction of public businesses or in the pursuit of any government undertaking, project or activity, whether in the nature of equipment, furniture, stationery, materials for construction, or personal property of any kind, including non-personal or contractual services, such as, the repair and maintenance of equipment and furniture, as well as trucking, hauling, janitorial, security, and related or analogous services, as well as procurement of materials and supplies provided by the PE for such services. The term "related" or "analogous services" shall include, but is not limited to, lease of office space, media advertisements, health maintenance services, and other services essential to the operation of the PE.

16. **HoPE** refers to Head of the Procuring Entity.
17. **IAR** refers to Inspection and Acceptance Report, which is the form used to document the inspection and acceptance of goods. The inspection team or inspector must sign the inspection portion of the IAR while the acceptance portion shall be signed by the supply officer or property custodian.
18. **ICTS** refers to Information and Communications Technology Service.
19. **IRR** refers to Implementing Rules and Regulations.
20. **ITR** refers to Inventory Transfer Report, which is the form used for items with cost below PhP50,000.00, every time there is a transfer of inventory such as donation, reassignment, relocation, and the like, from an outgoing officer to his successor or from one accountable officer/employee to another entity, or from one entity/agency to another entity/agency.
21. **LRs** refers to printed Learning Resources.
22. **NOI** for Notice of Inspection.
23. **Off-the-shelf items** refer to those items or goods that is taken from existing stock or resources rather than being designed or made to order.
24. **ORS** refers to Obligation Request and Status
25. **PCIM** refers to Pre-Contract Implementation Meeting.
26. **PPE** refers to the Property Plan & Equipment.
27. **PDI** refers to the Pre-Delivery Inspection, which serves as the quality control of the CO before goods are delivered to the schools, SDOs, or ROs. It is conducted to inspect pursuant to the approved sampling plan the total quantity and quality of goods at the supplier's premises, and to confirm compliance of the goods with the technical specification and conditions stipulated in the contract.
28. **ProcMS** refers to Procurement Management Service.
29. **Project Owner** refers to the implementing units, or end-users responsible for the execution, management, and monitoring of deliveries and performance of the suppliers of their respective procurement projects.
30. **PPMD** refers to Procurement Planning and Management Division.
31. **PTR** refers to Property Transfer Report, which is the form used for items with cost PhP50,000.00 and above, every time there will be transfer of property from an outgoing officer to his successor or from one accountable officer/employee to another of the same or another entity.
32. **RQL** refers to the Rejectable Quality Level, or the highest defective rate (number defective units/goods) acceptable in a given sample size or the total contracted quantity (inspection by item), in the sampling plan. The RQL describes what the sampling plan will reject. In any case, the RQL shall not be higher than ten percent (10%) but not lower than five percent (5%). In the event that the quantity of defective items does not reach the RQL, said items shall be rectified and/or replaced. On the other hand, if defective quantity reached the RQL, the whole sample size or total contracted quantity, whichever is stated in the sampling plan, shall be rejected.
33. **RD** refers to Regional Director.
34. **Sampling plan** is an instrument, prepared by the project owners used in determining the sample of a given quantity of goods for inspection and the RQL.
35. **Schools** refers to public elementary and secondary schools.
36. **SDS** refers to Schools Division Superintendent.
37. **SLR** refers to Supplementary Learning Resource.
38. **SME** refers to Science and Math Equipment.
39. **Supplier** refers to the winning bidder of the procured goods.

V. GUIDELINES

A. SUPPLY AND DELIVERY STRATEGY

A.1. Procurement of goods shall be conducted through Supply and Delivery Strategy. This shall mean that the goods procured shall be delivered by the supplier to the final destinations. Consequently, payment shall only be made after observance of and compliance with the proper inspection procedure and the subsequent acceptance of goods to be conducted at their final destinations, except in justified cases under RA 9184 as approved by the HoPE.

Unless recommended by the Undersecretary and Assistant Secretary for Procurement and approved by the HoPE, the following procurement schemes are prohibited:

- a. Procurement on Ex Work basis, where the supplier is paid after putting the goods at PE's disposal while the goods are still in the supplier's place of business, office, factory, warehouse or premises, and the PE shall bear the costs of transporting the goods to the final destinations;
- b. Procurement for the supply of goods and a separate Procurement for the forwarding or hauling services to transport the goods to the final destinations; and
- c. Procurement for the supply of goods and a separate procurement for 3rd-Party Logistics to manage the warehousing, inventory, dispatch, handling and delivery of goods to the final destinations.

The aforementioned approval by the HoPE shall only be obtained upon presentation by the concerned project owner of a Complete Staff Work (CSW) containing a signed study, with the recommending approval of the Assistant Secretary and Undersecretary of the strand concerned, showing that the prohibited procurement scheme enumerated above falls in any of the following exceptional instances:

- a. In case where there is an emergency caused by disasters, calamities and other similar catastrophes, when the procurement scheme is more efficient, effective, and economical than the Supply and Delivery Strategy; or
- b. When any of the above enumerated procurement scheme is the only recourse towards completion of the project at hand.

A.2. To guarantee that all procurement of goods are demand driven, except those with specifications mandated by laws, rules, and regulations, during the planning phase of the procurement, the project owners shall send an inquiry to the schools through the SDSs, copy furnish the RDs, requesting the quantity and types of the needed goods to be procured. Correspondingly, the RDs shall supervise the SDSs in this endeavor. The allocation list may be based on the following factors: (1) roadmap, (2) inventory of learning resources, and (3) prior year enrollment data in the EBEIS. Said list must be validated by the project owners, with recommendatory signature of their respective Undersecretary/Assistant Secretary, and approved by the Undersecretary for Operations. In instances where the goods to be procured are not intended for schools and field offices, the project owners shall confirm the quantity

of needed goods from CO final consumers/users or the offices/units representing them.

A.3. To ensure the completeness and preparedness of the bidding documents, the project owners shall be responsible to include in the procurement documents submitted to ProcMS-PPMD the following: (a) Gantt Chart or timeline of production schedule and milestone, (b) delivery schedule of goods to the final destinations (clearly showing the schedule to each of the final destination), (c) allocation list, (d) sampling plan, and (e) the protocol, sampling technique/plan, and time periods to be employed for PDI and final inspection and acceptance.

A.4. Project owners may implement an inspection in addition to the inspections required in this Order, *e.g.*, Pre-Production Inspection, to guarantee the compliance of the supplier. Provided, that such additional inspection is indicated in the bidding documents.

A.5. The project owners are tasked to provide the final allocation list, delivery schedule, and technical specifications to the schools and/or identified delivery drop-off point through the RDs within **five (5) working days** from the signing of the contract. The project owners shall also furnish copies to CMD and AMD.

The RDs shall distribute the final allocation list and delivery schedule to the SDSs not later than **five (5) working days** from receipt of the same, and the SDSs shall disseminate the final allocation list to each concerned public school not later than **five (5) working days** from receipt thereof.

The project owners shall orient the concerned personnel of recipient schools, SDOs, and ROs on significant matters relative to the planned delivery.

A.6. Flowchart for the Supply and Delivery Strategy:

Process/Task	Responsible Unit	Time Period
1. Determine if Supply and Delivery Strategy is adequate to accomplish the procurement project. Otherwise, secure approval from the Undersecretary and Assistant Secretary for Procurement to apply other strategies.	Project owner	Whenever necessary
2. Ensure that the following are in the bidding documents and are submitted to ProcMS-PPMD: 2.1. Gantt Chart or timeline of production schedule and milestones of the project; 2.2. a delivery schedule of goods per delivery drop off points; 2.3. allocation list; 2.4. sampling plan; and 2.5. time periods and techniques to be employed for PDI and final inspection and acceptance.	Project owner	Whenever necessary

3. Provide the final allocation list, delivery schedule, and technical specifications to the schools through the RDs.	Project owner	Within five (5) working days from signing of the contract.
4. Distribute the final allocation list and delivery schedule to the SDSs.	RDs	Not later than five (5) working days from receipt of the allocation list and delivery schedule.
5. Disseminate the final allocation list to each concerned public school.	SDSs	Not later than five (5) working days from receipt of the allocation list and delivery schedule.

A.7. The items or goods subject to delivery shall be fully insured by the supplier in a freely convertible currency against loss or damage incidental to the hauling, handling, transportation and warehousing of the items or goods. Said insurance requirement shall be included in the bidding documents.

A.8. The supplier 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 supplier.

A.9. For the purpose of effective communication relative to the goods to be delivered to field offices and schools, the RO Asset Management Unit shall submit to AMD through email at as.amd@deped.gov.ph, copy furnished CMD through email at procms.cmd@deped.gov.ph, **on or before February 28 of each year** the following information:

- a. Legible names, contact numbers, email addresses, specimen signatures, school names and addresses of:
 - School Heads

- School Property Custodians/Supply Officers; and

b. Legible names, contact numbers, regional office, division office of:

- Regional Office Supply Officer
- Division Office Supply Officers

B. CONTRACT IMPLEMENTATION

Contract implementation is a phase of procurement process where contractual obligations, e.g., technical specifications, terms and conditions, and other requirements of the contract, are complied with or performed by the supplier and DepEd through the project owners with other responsible offices. These key stages shall be performed once the contract has been signed, or approved, in cases when approval of a higher authority is required, and the contract documents, including the Notice to Proceed when appropriate, have been transmitted/furnished to the supplier and project owners. The following are the key stages of contract implementation:

- B.1. Pre-Contract Implementation
- B.2. Pre-Delivery Inspection
- B.3. Inspection and Acceptance at Delivery Site(s)
- B.4. Payment
- B.5. Recording

CMD, in accordance with DBM National Budget Circular No. 2015 - 558³ and applicable laws, shall: a) monitor compliance with the terms and conditions of the procurement contract; b) coordinate with the project owners for the acceptance of goods and services; c) coordinate with Accounting Division for payment of contracts; d) initiate review and assessment of performance and recommend actions to concerned offices. Herein mentioned tasks of CMD do not replace the functions of project owners and other concerned offices relative to pre-production and production inspections, monitoring and control, verification of deliveries, validation of requests for payment, and PDI.

B.1. Pre-Contract Implementation

B.1.1. Pre-Contract Implementation consists of planning and preparing contract monitoring and inspection processes or tools, and conducting the PCIM between CO and supplier to discuss the provisions of the contract and their respective responsibilities. PCIM would be the proper platform or venue for the representatives from DepEd and supplier can clarify any concern and detail in the contract implementation, and accordingly set the expectations/agreements regarding such concern and/or detail. In these meetings, obligations of the contracting parties as stated in the contract are reiterated, e.g., schedule of production, milestones or timeline, delivery schedule of goods to the final destinations (clearly showing the schedule to each of the final destination), allocation list, and the inspection protocol, sampling technique/ plan when pre-delivery inspection is required, delivery, inspection, acceptance of goods; schedule of submission of progress reports, potential risks, and mitigation measures to address risks, payment and its supporting documents.

³ Guidelines in the Organization and Staffing of Procurement Units.

B.1.2. The project owners, in coordination with CMD, must conduct at least one (1) PCIM when there is a first-time DepEd supplier. PCIM shall be conducted within **five (5) working days** from the signing of the contract.

Conduct of PCIM with suppliers who completed previous contracts with DepEd shall be subject to the discretion of the project owners. Representatives from the Accounting Division, AMD, CMD, and other relevant/needed DepEd units shall be invited to attend the PCIM.

With or without a PCIM, the project owners are also tasked to: (a) in coordination with AMD, provide suppliers updated list and contact details of recipient school, SDOs, or ROs; and (b) ensure that the suppliers shall inform and coordinate with the recipient school, SDO, or RO at least three (3) working days prior to delivery.

B.1.3. Composition of the team charged to conduct PCIM and the corresponding roles of each member:

Designation	Office	Role
Head	Project Owner	<ul style="list-style-type: none"> • Lead the discussion on the terms and conditions of the contract, and contract obligations of both contracting parties • Produce and furnish to the concerned parties copies of Minutes of the Meeting containing signatures of the attendees and agreements or highlights of the PCIM • Shoulder the necessary expenses in carrying out the meeting.
Meeting Coordinator	CMD	<ul style="list-style-type: none"> • Organize the meeting in coordination with the end-user unit concerned and supplier. • Provide guidance on contract matters and clarify contract clauses. • Explain the procedure and documents required in requesting for pre-delivery inspection.
Resource Person	AMD	<ul style="list-style-type: none"> • Explain the procedure and documents required after inspection, <i>i.e.</i>, delivery inspection.
Resource Person	Accounting Division	<ul style="list-style-type: none"> • Discuss payment procedures, contract documents needed, timelines, and mode of payment.

To ensure transparency and comprehensiveness of the discussion during PCIM, project owners are authorized to invite representatives of other concerned offices to the meeting as additional resource persons.

B.2. PRE-DELIVERY INSPECTION

B.2.1. Goods procured by CO for delivery to schools, SDOs, ROs, or identified delivery drop-off point shall undergo PDI by the DepEd inspection team (see B.2.5. and B.2.9.). The PDI shall serve as the quality control measure of CO before goods are delivered to the public schools, SDOs or ROs. It is conducted to validate or verify the total quantity and quality of goods at the supplier's premises, and to confirm compliance of the goods with the technical specifications and conditions stipulated in the contract, *e.g.*, packaging, strapping, packing, handling and care symbols, stacking, and test results when required. The complete contracted quantity of the goods shall be presented by the supplier either on a single occasion or through a progressive presentation.

Goods found to be defective or not in compliance with the technical specifications during the PDI, shall no longer be included in the delivery.

B.2.2. A PDI request shall be submitted by the supplier to CMD, copy furnished the project owner, at least **seven (7) working days** before the requested date of the PDI, or such period indicated in the bidding documents.

B.2.3. Based on the submitted PDI/inspection request, the Chief Administrative Office of CMD shall immediately sign and issue the Notice of Inspection (NOI) to the supplier while furnishing a copy of the said NOI to the project owner. A template of the NOI form is attached herein as **Annex A**. In the unavailability of the Chief Administrative Officer of CMD, the Supervising Administrative Officer shall sign the NOI.

B.2.4. Expenses necessary to conduct PDI shall be charged to the funds of the project owner.

B.2.5. The general process flow for the PDI, unless revised in the bidding documents, is as follows:

Process/Task	Responsible Unit
1. Three (3) working days before the date of every planned inspection, monitor production/ printing/manufacturing stages: a. Verify status of production/ printing/ manufacturing against agreed schedule for contracts with PCIM, and against submitted delivery schedule during the bid opening for those without PCIM. b. Follow-up on supplier progress reports through phone calls or e-mail (as required).	Project owner
2. Coordinate with inspection team at least three (3) working days before the PDI.	Project owner
3. Conduct meeting, at least one (1) day prior to the scheduled PDI activity, with inspection team to:	Project owner (Inspection team leader)

<ul style="list-style-type: none"> a. discuss supplier progress report; b. review roles of respective members; c. discuss standard specifications per contract; d. familiarize team with the technical specifications /shop drawing(s), and if any, sample of the item/goods to be inspected e. discuss procedures and forms for the conduct of inspection. 	
<p>4. Conduct of PDI</p> <ul style="list-style-type: none"> a. Check/inspect the quality of items produced against the sample of goods, if any, to determine its compliance to the required specifications; b. Mark with inspection sticker as supplied by the project owners and to be sign by the inspectors, all inspected items that passed or conformed to the technical specifications; c. Reject and mark “defective” all items that do not conform with the technical specifications; d. Check the packaging, sealing and marking requirements of goods ready for freight. <p>Another schedule of inspection(s) shall be conducted for rectification of adverse findings reported on the previous inspection(s).</p>	Project owner
<p>5. Immediately at the end of the PDI, conduct post inspection meeting with inspection team to:</p> <ul style="list-style-type: none"> a. discuss findings; b. identify risk(s), if any and potential mitigation measures; c. discuss key points, concerns, and next steps to be included in the PDI/inspection report d. take note of possible request(s) by supplier(s), if justified, on extension of contract completion period. 	Project owner (Inspection team leader)
<p>6. Furnish CMD with the PDI/inspection report immediately after the PDI/inspection report is signed.</p>	Project owner
<p>7. Communicate officially with supplier(s) on the next steps and any contract implementation concern(s) needed to be resolved within three (3) working days from the signing of the PDI/inspection report.</p>	Project owner
<p>8. Send Office Memorandum to the SDOs or to schools to:</p> <ul style="list-style-type: none"> a. confirm receipt of the respective allocations list of goods; b. communicate any special instructions; c. provide information/ guidance for delivery inspections based on findings/ peculiarities observed during pre-delivery inspection (<i>ex. repeated defects observed in pre-delivery inspection sample(s), include pictures if useful</i>) 	Project owner

B.2.6. Within two (2) working days after the conduct of the inspection, the team leader shall prepare PDI/inspection report, attached herein is its template marked as **Annex B**, signed by the same and all members of the team present during the inspection. The team leader shall furnish copies of the signed PDI/inspection report to AMD and CMD.

B.2.7. As an exception, the following procured goods shall not undergo PDI but shall still undergo inspection at final destination under item B.3:

- a. Goods to be delivered to CO or DepEd's Taguig warehouse;
- b. Goods consisting of off-the-shelf items; and
- c. Goods requested to be exempted from the conduct of PDI, as recommended by the Assistant Secretary for Procurement or, in his unavailability, Undersecretary for Procurement. In the event of a vacancy in the office of either officials, the Director for Procurement shall be the alternate. Said recommendation shall be approved by the HoPE, indicated in the bidding documents.

B.2.8. In addition to PDI, subject to the instructions in item B.3., goods delivered to schools, SDOs, or ROs shall undergo Inspection and Acceptance by their respective inspection teams/inspector and property custodians. The inspection teams are primarily tasked to inspect the goods delivered while the property custodians are responsible to accept the same.

Procedure and requirements for the PDI and the inspections may vary depending on the goods and services and the objective of the contract, *e.g.*, school furniture, SME items, computer sets, and printed materials. Specific sampling plan inspection technique/procedure per goods/services procured, shall be indicated in the bidding documents, and shall form part of the contract. Attached herein is its template marked as **Annex C**.

B.2.9. Designation of Inspectors for PDI

B.2.9.1. The Director, or the Division Chief in the absence of the former, of the project owner shall designate the inspectors or members and the team leader of the inspection team. A template of the designation form for this purpose is attached herein as **Annex D**. All designated team leaders must hold a position with Salary Grade 18 or higher.

In case of non-availability of said Director or Division Chief, the Undersecretary, or if unavailable, the Assistant Secretary, of the strand where the project owner belongs, shall designate the inspectors and/or the team leader of the inspection team.

Inspectors from the Accounting Division and the AMD shall be designated by their respective Directors, or Division Chiefs in the absence of the former. A template of a designation form for this purpose is attached herein as **Annex E**.

The designated inspectors and team leader shall be permanent employees or *plantilla* item occupants of the DepEd CO. Only when there

is a shortage of *plantilla* item occupants and when duly justified by the designating authority, non-*plantilla* item holders or contract of service personnel may be designated as members of the inspection team by the project owner office's Director or Division Chief.

B.2.9.2. The team of inspectors for the conduct of PDI shall have the following composition:

Designation	Number of representative/s	Office
Team leader	One	Project Owner
Member	At least one	Project Owner
Member	One	AMD
Member	One	Accounting Division

B.2.10. The project owners shall determine the appropriate inspection techniques to be applied by the inspection team, as indicated in the bidding documents. The following inspection techniques may be applied:

a. Inspection by sampling – Inspection may be conducted through sampling technique when the quantity and/or nature of the goods entail a significant amount of time and effort to inspect the entire quantity of items. Inspection through sampling can either be random sampling or interval sampling, and shall cover a sample of at least three percent (3%) of the total quantity of goods as determined by the Implementing Unit.

i. Simple random sampling – A number of units constituting at least 3% of the entire number of goods for inspection are picked randomly by the inspectors for observation, inspection, or testing. The total contracted quantity shall be presented to the inspection team or inspectors at a single presentation or in progression until 100% of the contract quantity is presented. In case the project owner will increase the minimum of 3%, the new rate shall be stated in the bidding documents.

ii. Interval Sampling – The total items are first divided into lots or batches, depending on the volume and complexity of the items. Several units are drawn from each lot or batch by selecting every “nth” unit until the desired sample size of at least 3% is taken out from the total quantity of goods.

iii. Cluster sampling – The total number of items are divided into clusters, then randomly select clusters to form a sample until the desired sample size of at least 3% is taken out from the total quantity of goods.

iv. Stratified random sampling – The total number of items are divided into sub-groups and thereafter each sub-groups are sampled using other sampling method such as simple random sampling or cluster sampling, until the desired sample size of at least 3% is taken out from the total quantity of goods.

- b. Inspection by item – Inspection is conducted by item. 100% of the contracted quantity of the items must be inspected. This type of inspection is conducted for (a) items that require thorough examination of its contents, parts, components, functionality, and compliance with the technical specifications; (b) items where rejection rate is high; and (c) electrical, electronic and mechanical equipment or devices.

B.2.11. The following inspection techniques on specific items may be applied by the project owners:

a. Learning Tools and Equipment

The inspection technique to be adopted shall depend on the nature and total quantity of the goods. Large volume items, as may be determined by the BLR, shall be inspected randomly using the Sampling Plan prepared by BLR. If, however, the quality of goods is poor as manifested by high percentage of rejection, the random inspection must shift to per-item inspection, as determined by the Team Leader of the Inspection Team. For small volume items, and electrical, electronic and mechanical equipment or devices, inspection by item shall be conducted.

b. School Furniture

The inspection methods shall be in accordance with existing policy. Per item inspection shall be conducted upon delivery to the recipient schools.

c. Printed LRs and SLRs

The inspection technique to be adopted shall be based on the Sampling Plan prepared by BLR. Quality assurance procedures must be completed prior to printing of LRs and SLRs.

d. DCP Packages and Other Electronic Equipment

The inspection technique to be adopted shall be based on the inspection or sampling plan prepared by the ICTS. However, upon delivery to the project sites the items must be individually inspected.

B.2.12 Immediately after conduct of PDI, the project owner shall issue a written order to the supplier, to forward to project owner a copy of the latter's delivery schedule and to commence the delivery of the procured goods. Copy of the written notice sent by the project owner, and the delivery schedule from the supplier shall be submitted to the CMD.

B.3. INSPECTION AND ACCEPTANCE AT DELIVERY SITES/FINAL DESTINATION

B.3.1. The school inspection team and the school property custodian/supply officer, as duly designated in accordance with existing COA Circular and/or other similar rules, shall inspect and accept the goods delivered to the recipient school. Specifically, the school inspection team or the inspector is charged with the inspection of the goods delivered while the school property custodian or supply officer shall accept the same. However, inspection of procured goods with contents considered and identified by the project owners as sensitive or confidential, *e.g.* national assessment materials, shall be done in CO rather than in the recipient schools, SDOs or ROs. Provided further, that such recipient shall comply with minimum government auditing requirements, such as those prescribed under COA Circular No. 2023-004 dated June 14, 2023 titled "Prescribing the Updated

Documentary Requirements for Common Government Transactions, amending COA Circular No. 2012-001 dated June 14, 2012” or applicable rules.

The Inspection Team for the conduct of inspection shall have the following composition:

B.3.1.a Schools with less than six (6) personnel

No. of Inspector	Position
One	School accountant/bookkeeper, or any official/personnel occupying plantilla position

B.3.1.b Schools with six (6) personnel or more

No. of Inspector	Position
Two	School accountant/bookkeeper, or any official/personnel occupying plantilla position

B.3.1.c SDOs, and ROs

Designation	Number of Inspectors	Position
Team Leader	One	Must be at least a 5 th ranking permanent official in the RO, and at least a 4 th ranking permanent official in the SDO.
Member	Two	One representative from the Accounting Unit/Section, one representative from the end-user unit, or any official/personnel with a plantilla position and coming from an office other than the Property Supply Section/Unit

B.3.1.d CO

Designation	Number of Representatives	Office
Team leader	One	Project Owner
Member	At least one	Project Owner
Member	One	AMD
Member	One	Accounting Division

Inspection process for deliveries to CO shall follow provisions stated in B.2.3, B.2.9, and B.2.10.

All members of the inspection team shall occupy permanent or plantilla positions, and shall conduct inspection of the goods delivered.⁴ The Head of Office may constitute more than one inspection team as may be deemed necessary.

Whenever practicable, representatives from Parents-Teachers Association, Barangay official, or any other third-party monitor may be invited by the Head of Office as observer/s.

The inspection and acceptance process must commence within **twenty-four (24) hours** from delivery of the goods and shall be completed as soon as practicable. No delivery shall be made to any designated drop-off points outside office hours, during weekends, or on regular or special holidays unless otherwise agreed upon in advance by the supplier and the school head.

B.3.2. The detailed procedure for inspection for school furniture, learning tools and equipment, printed learning resources, information technology equipment and other goods, as appropriate, shall be indicated in the bidding documents, and shall form part of the procurement contract.

B.3.3. The general guidelines for inspection and acceptance of goods procured by CO for delivery to recipient schools, SDOs or ROs once the PDI has been completed is as follows:

Process/Task	Responsible Unit
<p>1. Upon delivery to the designated recipient, the former shall check the delivered goods' compliance with the quantity, physical form, and condition, with reference to the allocation list and relevant documents.</p> <p>Thereafter, the designated recipient shall sign the DR from the supplier and forward it to the school inspection team in case of schools, or the inspection team in case of SDOs/ROs, for the inspection of goods.</p>	<p>The school property custodian or the supply officer</p>
<p>2. Inspect all the goods delivered as to physical form or condition and quantity.</p> <p>Unless revised in the bidding documents, the guidelines for the inspection of quantity and quality of goods delivered, are as follows:</p> <p>a. Check the Delivery Receipt (DR) of Supplier which should reflect the following:</p> <p>i. Name of Supplier</p> <p>ii. Name of recipient/ school</p> <p>iii. Date of delivery</p>	<ul style="list-style-type: none"> • In case the recipient is a school, school inspection team/ inspector • In case the delivery is in SDOs/ROs, the inspection team.

⁴ Government Accounting Manual (GAM) for National Government Agencies Volume 1: Accounting Policies, Guidelines and Procedures, and Illustrative Accounting Entries, Section 15. Procedures in the Receipt, Inspection, Acceptance and Recording of Deliveries of Inventory Items of the, Sequence No. 3, p.134.

Process/Task	Responsible Unit
<p>iv. Quantity of items/ goods delivered</p> <p>v. Description of the item(s)/ goods delivered</p> <p>vi. Delivery receipt number</p> <p>b. Check the IAR Form prepared by the project owner. The information should be the same as on the DR. IAR should also reflect the description of items delivered and the corresponding unit costs. There will be four (4) copies of the IAR, to wit:</p> <p>i. Copy 1 is for the supplier (to be attached to the DV)</p> <p>ii. Copy 2 is for the RO/SDO/School Inspector/Inspection Committee</p> <p>iii. Copy 3 is for the CO Accounting Division (for accomplishment of JEV)</p> <p>iv. Copy 4 is for the CO AMD</p> <p>c. Check if delivered items conform to the technical specifications and standard quality.</p> <p>i. The materials used should be new or unused.</p> <p>ii. The workmanship should be fine and acceptable.</p> <p>iii. The unit or equipment properly installed and tested to be working.</p> <p>iv. Items with defects, missing or with broken parts should be rejected and returned to the supplier at the time of delivery. The supplier shall immediately replace the rejected item(s) from the available buffer stock. Should there be no available buffer stock, deliveries may be made on an agreed separate schedule.</p> <p>v. Check the markings/ labels and packaging, if applicable.</p> <p>vi. Check completeness of set including manuals, if applicable.</p>	<p>Members of the AMD may be requested as part of the inspection team by the receiving office.</p>
<p>3. Fill out and sign the IAR Form reflecting either Rejection or Acceptance of goods in compliance with the technical specifications.</p> <p>If the goods delivered are in order, prepare and sign the RO/SDO/School IAR which shall signify as a recommendation to the Property Custodian of the school or the Supply Officer of the RO/SDO, as the case may be, for its acceptance.</p> <p>However, if the goods are rejected or not in conformity with the technical specifications, the Inspectors shall not sign the IAR and wait for the rectification or replacement. Once the rectification or replacement has been satisfied, the Inspectors may sign the IAR.</p> <p>If rejected, the inspection team or inspector shall sign and note in the IAR the defects.</p>	<p>In case the recipient is a school, school inspection team / inspector</p> <p>• In case the delivery is in SDOs/ROs, the inspection team.</p>

Process/Task	Responsible Unit
4. Sign the IAR submitted by school inspection team or SDOs/RO inspection team, as the case may be	<ul style="list-style-type: none"> ● In case the recipient is a school, the school property custodian/ supply officer ● In case the delivery is in SDOs/ROs, the supply officer
5. In relation with Item B.3.9., sign the Approved by and Released/Issued by portion of the ITR/PTR to document the transfer of accountability from CO to the Regional Office (RO) or Schools Division Office (SDO).	AMD
6. Retrieve from the RO or SDO a copy of the ITR/PTR with the signed "Received by" portion and transmit to the Accounting Division for the preparation of the Journal Entry Voucher (JEV) and for dropping from the books of accounts.	AMD
7. Transmit copies of the JEV to SDO-Accountant for booking-up of all deliveries made to schools without books of accounts. Likewise, submit of a separate JEV to the School Accountant/Bookkeeper for deliveries made to schools with books of accounts	Accounting Division

To streamline and guarantee the sufficiency of the guidelines for inspection and acceptance, the Undersecretary for Administration is authorized to develop and issue a DepEd Office Order modifying the above guidelines subject to existing COA Circulars and/or other similar rules regulating inspection and acceptance and to existing DepEd internal rules on policy development.

B.3.4. Delivered goods which are damaged, defective or not in conformity with the technical specifications shall be rejected and NOT be received by the recipient school/office, nor by any other DepEd office.

At the school level, **within three (3) working days from delivery**, the school head shall report defective goods to the SDS with complete description, *e.g.*, serial numbers, quantity, learning area, contact number, and corresponding amount in the IAR. The SDS shall forward the report to CO project owner through its official email address, furnishing a copy to the CMD through email at procms.cmd@deped.gov.ph. The project owner shall inform the supplier to replace said damaged/defective goods.

At all other levels, SDS or RDs shall forward the report to CO project owner through its official email address, furnishing a copy to the CMD through email at procms.cmd@deped.gov.ph. The project owner shall inform the supplier to replace said damaged/defective goods.

The goods shall not be accepted/issued an IAR and paid for unless replaced **within fifteen (15) working days** from the date of delivery by the supplier at the final destination and the replacement goods shall have been found to be compliant.

B.3.5. An IAR shall be issued by the school inspection team and school property custodian for goods delivered to the school; or by the division or regional inspector and division office supply officer for goods delivered to division or regional offices, as the case may be.

B.3.6. Goods inspected and accepted but later on discovered to have latent defects shall be reported in writing within **thirty (30) working days from its discovery**. Report shall provide complete description, e.g., serial numbers, quantity, grade level, learning area, contract number, and corresponding amount in the IAR.

In case the recipient is a school, the report shall be made by the school head to the SDS who will then, upon receipt of the report, forward the report to the project owner through its official email address and shall furnish a copy to the AMD through email at as.amd@deped.gov.ph and CMD through email at procms.cmd@deped.gov.ph.

In case the delivery is made to SDOs or ROs, the report shall be made by the SDS or RD, as the case may be, to the project owner through its official email address and shall furnish a copy to the AMD through email at as.amd@deped.gov.ph and CMD through email at procms.cmd@deped.gov.ph. Any report made by the school head and SDS shall be copy furnished to RO.

The retention warranty shall not be released unless defective goods are replaced by the supplier, **within fifteen (15) working days** from the notice to the supplier anent discovery of latent defects at the final destination, and replacement goods are found to be compliant with the technical specifications stated in the bidding documents.

B.3.7. Subject to herein items no. B.3.4, B.3.5, and B.3.6., a recipient school/delivery point shall only receive, inspect, and accept the goods enumerated in the allocation list unless there is duly approved reallocation list or equivalent document from the original approving authority. They shall not receive, inspect, and accept goods for delivery to another school. Goods not delivered to the specific school indicated in the allocation list shall not be paid for. Further, goods not delivered to the final destination indicated in the contract or purchase order shall not be paid for.

B.3.8. The inspector or inspection team and/or the duly designated school property custodian/supply officer shall make conclusive notation(s) on the IARs and the DRs when the contents of the IARs and DRs fall in any of the following circumstances:

- a. Goods delivered are not consistent with the allocation list for the concerned public school;
- b. Goods delivered are damaged, substandard, or defective;
- c. When there are incomplete deliveries; or
- d. Other analogous findings.

B.3.9. For purposes of validation and issuance of PTRs, the project owners are required to submit a Summary of IARs to AMD together with the scanned copies of DRs and IARs emailed to as.amd@deped.gov.ph, within three (3) days after the

validation of CO program owners in relation to B.4.1. The project owners are also required to submit to AMD the original copy of Summary of IARs to secure the "Received by" portion. Said portion shall be stamped "received" by AMD, immediately after, the same shall be returned to the project owner. Template of the Summary of IAR is attached herein as **Annex F**.

B.4. PAYMENT

B.4.1. Within reasonable time from receipt of supplier's letter of request for payment, the project owner shall verify, validate and ascertain the authenticity and completeness of the supporting documents thereof. The supporting documents shall consist of the requirements enumerated under the contract, government auditing rules such as the COA Circular No. 2023-004 dated June 14, 2023, and other relevant government regulations.

B.4.2. Thereafter, the project owner shall prepare the ORS and the corresponding DV. Project owners shall forward the set of claim/payment documents to the Budget Division for approval and allotment availability of the ORS and then to the Accounting Division for pre audit and review of the disbursement voucher and its supporting documents. Photocopies of receiving copies of claim/payment documents shall be sent to CMD for monitoring purposes.

B.4.3. The Accounting Division shall render pre audit action / process the disbursement voucher/ payment within the prescribed period per Citizen's Charter of the Office or even earlier than thirty (30) calendar days from the date of receipt of the disbursement voucher with complete supporting documents.

B.4.4. Proper signatories of the DV shall be those officers designated or named in the applicable existing guidelines.

B.4.5. All documents necessary for the closing of the project such as Certificate of Final Acceptance and Certificate of No Claim Against Warranty shall be signed by the Undersecretary or highest official of the strand of the project owner with the recommendation of the Bureau or Service Director. In case the office has no designated director, the head or OIC of such office shall sign said documents. The project owner shall immediately furnish copies of said documents to CMD for information.

B.4.6. Should there be a need to streamline and harmonize other issuances related to the guidelines on the payment for the delivery procured goods, the Undersecretary for Finance is authorized to issue a DepEd Office Order or relevant issuance therefor.

B.5. RECORDING OF ASSETS

B.5.1 The AMD and property custodians/property officers/supply officers shall duly record the inspected and accepted goods in the property card or stock card, and inventory report classifying the goods as PPE, semi-expendable property, or inventory items of CO and field offices, respectively.

B.5.2 Procurement projects to be conducted by Division and Regional Offices shall follow the same process without prejudice to issuances by the SDSs and RDs in compliance with this DepEd Order.

VI. MONITORING AND EVALUATION

The Procurement, Administration, and Finance Strands, through the CMD, AMD, Accounting Division, the project owners, and the RO/SDO Administrative Division/Section shall continuously gather feedback and monitor the implementation of this Order.

Evaluation reports or recommendations may be submitted to any of abovementioned offices for further enhancement or better implementation of this policy. Said reports or recommendations may include comments, insights, practical observations, difficulties or issues with their suggested resolutions and proposals for additional measures.

VII. REPEALING CLAUSE

The following issuances are hereby repealed:

- a. DepEd Order No. 048, s. 2021, titled "Operational Guidelines on the Implementation of the Department of Education Integrated Logistics Management System";
- b. Office Order OO-OSEC-2021-040 dated October 26, 2021, titled "Reconstitution of the Department of Education Central Office Pool of Inspectors";
- c. Office Order OO-OSEC-2021-038 dated October 25, 2021, titled "Guidelines on the Processing of Billings and Payment of Procurement Contracts"; and
- d. Office Order OO-OSEC-2023-249 dated October 03, 2023, titled "Designation of Team Leaders for the Inspection Teams in the Department of Education Central Office".

Further, provisions in the following issuances which are inconsistent or contradictory with this DepEd Order are repealed/amended accordingly:

- a. DepEd Order No. 45, s. 2006, titled "Guidelines on Delivery, Inspection, and Acceptance and Recording of All Properties Procured by DepEd Central Office and DBM Procurement Service";
- b. DepEd Order No. 5, s. 2010, titled "Guidelines on Inspection of DepEd Deliveries";
- c. DepEd Order No. 042, s. 2018, titled "Updated Guidelines on Delivery, Inspection, Acceptance, and Recording of DepEd Procured Assets";
- d. DepEd Order No. 027, s. 2020, titled "Guidelines on the Reconstitution of Inspectorate Team in the Department of Education Central Office, Regional and Schools Division Offices and Schools";
- e. DepEd Order No. 041, s. 2021, titled "Inspection and Acceptance Protocols for the Procurement of Goods in the Department of Education"; and
- f. DepEd Order No. 001, s. 2023, titled "Revised Guidelines of the Undersecretaries and Assistant Secretaries to their Strands and Functional Areas of Responsibilities and Revised Signing Authorities," specifically, the IAR portions under item G. Inspection, Acceptance, and Completion of Deliveries of the Goods and Services as well as Infrastructure Projects Procured by the Central Office, pp.34-39.

All other DepEd issuances, or certain provisions thereof, not consistent with this DepEd Order are repealed, amended, or modified accordingly.

VIII. TRANSITORY AND EFFECTIVITY CLAUSE

These guidelines shall take effect immediately upon its approval.

To ensure smooth transition of the implementation of Supply and Delivery Strategy, at least one signatory for inspection and other documents imperative to process payment shall suffice on those contracts and transactions which at the time of issuance of this Order are still pending and which utilized an unbundled supply and delivery procurement scheme.

Certified true copies of this Order shall be filed with the University of the Philippines Office of the National Administrative Register (UP-ONAR) at the University of the Philippines (UP) Law Center, UP Diliman, Quezon City.

IX. REFERENCES

1. Republic Act No. 9184 and its 2016 Revised Implementing Rules and Regulations
2. DepEd Order No. 001, s. 2023, titled "Revised Designation of Undersecretaries and Assistant Secretaries to their Strands and Functional Areas of Responsibilities and Revised Signing Authorities"
3. DepEd Order No. 041, s. 2021, titled "Inspection and Acceptance Protocols for the Procurement of Goods in the Department of Education"
4. DepEd Order No. 048, s. 2021, titled "Operational Guidelines on the Implementation of the Department of Education Integrated Logistics Management System"
5. DepEd Order No. 027, s. 2020, titled "Guidelines on the Reconstitution of Inspectorate Team in the Department of Education Central Office, Regional and Schools Division Offices and Schools"
6. Office Order OO-OSEC-2021-040 dated October 26, 2021, titled "Reconstitution of the Department of Education Central Office Pool of Inspectors"
7. Office Order OO-OSEC-2021-038 dated October 25, 2021, titled "Guidelines on the Processing of Billings and Payment of Procurement Contracts"
8. DepEd Order No. 029, s. 2022, titled "Basic Education Monitoring and Evaluation Framework (BEMEF)"
9. COA Circular No. 2023-004 dated June 14, 2023, with subject "Prescribing the Updated Documentary Requirements for Common Government Transactions, amending COA Circular No. 2012-001 dated June 14, 2012"
10. DBM National Budget Circular No. 2015-558 dated June 4, 2015, titled Guidelines in the Organization and Staffing of Procurement Units
11. Government Accounting Manual for National Government Agencies, Volume I- Accounting Policies, Guidelines and Procedures, and Illustrative Accounting Entries
12. COA Circular No. 2022-004 dated May 31, 2022, with subject "Guidelines on the Implementation of Section 23 of the General Provisions of Republic Act (RA) No. 11639 also known as the General Appropriations Act (GAA) for Fiscal Year (FY) 2022 relative to the increase in the capitalization threshold from P15,000.00 to P50,000.00"