

## POLICY FOR PURCHASE OF GOODS AND SERVICES

### OBJECTIVE

To ensure the efficient flow of operations of the company by procuring goods and services at the best quality and price, at the right time.

### PURCHASING POLICIES

#### A. Purchase Request

- A.1 A PR is required for all requisitions above P2,000.00, or items below P2,000.00 with data storage capabilities (i.e. USB, etc.).
- A.2 Purchase Requests (PR) shall be recommended by the Department Head, and shall obtain the signature approval of the Division Head.
- A.3 The PR shall be numbered for ease of traceability.
- A.4 The Purchase Request of Goods shall be generated by the corresponding departments below:

ITEM TYPE	REQUESTING DEPARTMENT	APPROVING AUTHORITY
ICT Equipment: Lottery Operating Supplies	Technical Services Department/ CSNM Department	Online Lottery Division Head
Back-Office Equipment Lotto Consumables (Betslips & Thermal Rolls) Office Supplies Furniture & Fixtures	General Services Department	Administration Division Head
Marketing Collaterals	Corporate Planning Department	Office of the Executive Vice President
ICT Equipment: Back-Office IT	MIS/IT Department	Office of the Executive Vice President
Office Supplies: Office Uniforms	People Services Department	HRM Division Head

- A.5 The Purchasing Associate shall ensure that all items to be purchased are properly canvassed.
- A.6 There shall be a three (3) quotation policy during canvassing. In instances where quotations cannot be submitted by three (3) external providers from the List of Critical & Non-Critical external providers, the Purchasing Associate has the prerogative to canvass from new external providers to complete the three (3)

quotation policy. If the Purchasing Associate is unable to obtain the required number of quotes, he/she must provide a written justification to explain the circumstances that resulted in less than the required number of quotes and should be approved by Administration Division Head if it is acceptable.

## A.7 Supplier Selection

A.7.1 All purchasing transactions will be centralized in Manila through the Purchasing Associate, but other departments can support in canvassing of or requesting quotation for items to be outsourced from external providers, for submission to the Purchasing Associate.

A.7.2 The Purchasing Associate shall do the following:

A.7.2.1 Assign a number to the approved PRs received.

A.7.2.2 Check the accomplished PR if purchasing requirements are complete and classify if the requested item/service can be sourced from existing external providers or from new external providers.

A.7.3 Procurement of Critical Goods & Services shall be taken from the List of Critical & Non-Critical external providers. However, for new items/services or one-time purchases, the item/service can be purchased from any external provider, provided that the standard/requirements of the company are being met.

A.7.4 New external providers of Critical Goods not yet accredited but are part of the canvass list in a PR may be chosen for the particular purchase. If there are no problems with the delivery of the purchase, said external provider can be accredited following the accreditation process.

A.7.5 Shortlisted external providers are requested to submit their quotations within a specified period. If external provider fails to submit their quotation within the specified period, the Purchasing Associate may look for other external providers.

A.7.6 The Purchasing Associate shall canvass items shortlisted from available external providers. The canvass in the Purchase Request shall be checked, and an external provider shall be chosen by the General Services Department Head – Head Office, in coordination with the requesting party, as needed. Canvasses are not needed for procurement of the following:

A.7.6.1 Items from exclusive suppliers, sole distributors, and those covered by contracts

A.7.6.2 Urgent purchases

#### A.7.6.3 Repeat purchases within 90 days

A.7.7 For existing or routine purchases with approved PR that are on the List of Critical & Non-Critical external providers, the Purchasing Associate further negotiates with the external provider for the price and delivery of products, as needed.

A.7.8 Supplier selection approval shall be done by the General Services Department Head – Head Office, unless above Authority Limits. Otherwise, it shall be escalated to the Administration Division Head .

### **B. Purchase Order (PO) Preparation**

B.1 The Purchase Order (PO) shall be prepared by the Purchasing Associate from an approved PR. All Purchase Orders are to be prepared in Manila by the Purchasing Associate.

B.2 All original POs and PRs shall be submitted to the Accounting Department. A copy of the POs and PRs shall be filed by the Purchasing Associate.

B.3 The Purchasing Associate shall prepare the PO only to the approved external provider and shall ensure the completeness of all purchasing requirements in the document. When required, the sampling and inspection treatment or any other additional delivery instructions shall also be documented on the PO.

B.4 Items that do not require a Purchase Order are the following:

B.4.1 Urgent purchases

B.4.2 Utilities (e.g. water, power, communications, cable TV, internet)

B.4.3 Rental of office and land spaces

B.4.4 General office services covered by agreement (e.g. security, housekeeping, manning agency services, courier services)

B.4.5 Periodic renewal of contracts (e.g. insurance, HMO, LTO, registration)

B.4.6 Goods to be procured at established retail establishments (e.g. drugstores, supermarkets, bookstores, etc.)

B.4.7 Online stores or websites (e.g. Amazon, etc.)

B.4.8 Other services of the Company that are covered by contracts

B.5 Purchase Order Authorization and External Provider Confirmation

B.5.1 The PO shall be authorized when signed by the approving authority as follows:

B.5.1.1 Both Division Heads of Administration & Finance – For purchases within authority limit of signatories

B.5.1.2 Including the President – For items above authority limit of both signatories

B.5.2 The approved PO should be sent or faxed to the approved/accredited external provider and should be confirmed by the external provider either the following: returned fax/acknowledged PO copy, and/or by confirmation on electronic mail.

**C. All invoices are to be given directly to Accounting Department by the external provider.**

Procurement of Services shall be covered by an approved concept paper and contract, except for vehicle maintenance and repairs. Contracts shall be signed based on limits of authority. Finance Division shall be the custodian of all original contracts of the company. Vehicle maintenance and repairs shall follow the Cash Advance and/or Liquidation/ Reimbursement procedure.