



Republic of the Philippines
OFFICE OF THE SECRETARY
Elliptical Road, Diliman
1100 Quezon City

MEMORANDUM ORDER

No. 76
Series of 2021

SUBJECT : INSPECTION AND ACCEPTANCE POLICIES FOR THE PROCUREMENT OF GOODS IN THE DEPARTMENT OF AGRICULTURE - CENTRAL OFFICE (DA-CO)

I. RATIONALE

These Policies aim to set standards, consolidate and update the existing rules and procedures of the Department of Agriculture (DA) relative to the inspection and acceptance of goods, in line with the Republic Act (RA) No. 9184 and its 2016 Implementing Rules and Regulations (IRR). It also aims to ensure the submission of documentary requirements prescribed by the Government Accounting Manual (GAM) for National Agencies.

Further, the implementation of the herein prescribed policies shall assist and guide the DA Central Office (CO) Inspection Committee (IC) and the Supply and Property Officer/Section to ensure that the delivered goods are properly inspected and received for the use of recipient units. Likewise, to equip the inspectors with updated knowledge and sufficient understanding and discipline in the area of inspection which is a crucial element of the procurement process.

II. SCOPE

These Policies shall apply to the pre-delivery, delivery, and post-delivery inspection and acceptance of procured goods of the DA-CO, including purchases through cash advances/reimbursement and others being bought regardless of procurement methods and value/amount.

III. COMPOSITION OF INSPECTION COMMITTEE

The Secretary of the DA shall designate an IC through a Special Order to be composed of the following:

1. Team Leader and Assistant Team Leader

The Team Leader and Assistant Team Leader of the IC must be a regular/permanent employee who shall be responsible to lead the inspection of all procured goods of the DA-CO.

Moreover, the Team Leader or Assistant Team Leader shall be the signatory in the inspection portion of all the Inspection and Acceptance Report (IAR) (Annex "A") regardless of the amount and procurement method. In the absence of the Team Leader, the Assistant Team Leader shall attend in the inspection and sign in the said IAR in order to ensure that no delay in the inspection service.

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2. General Service Division (GSD) Permanent Member

The General Services Division (GSD) Permanent Member, who should occupy a permanent position, is indispensable pursuant to its explicit responsibility in providing support services relative to the supplies and properties of the DA-CO, aside from the custody and accountability for all supplies and properties. The GSD Permanent Member shall also focus on the receiving and checking with respect to the quantity of the units/items delivered in accordance with the approved specifications.

3. Regular Members

All Regular Members, with permanent status, are selected from the DA-CO for their expertise and technical knowledge to the subject goods. Their permanence and availability are crucial to avoid delay in the inspection of supplies and materials delivered.

The Internal Audit Service (IAS) personnel, as regular member, has a vital role in ensuring checks and balances in ethical, economical, efficient and effective operations within the DA. This will help strengthen the accountability among the concerned personnel and improve the quality and quantity of outputs necessary in the delivery of public service. Further, there will be ascertainment that the assets and other resources of the DA are fully accounted for and are safeguarded from any losses.

IV. FUNCTIONS

The IC shall perform the following functions:

1. Attend the Pre-Inspection Conference wherein specific tasks are designated to each member in accordance with inspection references and accomplish the Pre-Delivery Inspection Report (Annex "B");
2. Attend the Post-Inspection Conference wherein the findings and results of the inspection are duly discussed and accomplish the Post-Delivery Inspection Report (Annex "C");
3. Prepare the inspection references prior to the scheduled inspection such as but not limited to the following: a) copies of technical specifications; b) inspection and test protocols sourced from the bidding documents of the project; and c) the necessary measuring and testing instruments;
4. Familiarize with the technical specifications of the goods for inspection and test protocols before proceeding to the inspection site;
5. Check the completeness and authenticity of the documents presented by the supplier;
6. Conduct physical inspection of the goods, and check whether the technical specifications, quantity and standards as indicated in the perfected Contract/Purchase Order/Work Order are met;

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- Perform trial and operation test on equipment, computers and other related goods. In addition, require the supplier to demonstrate operation of the equipment and observe its performance;
8. Check and verify the inclusion of warranty certificate and instructional manual;
 9. The Team Leader or Assistant Team Leader shall sign the IAR indicating the condition that the delivery is in accordance with the approved quantity, quality and specifications.
 10. Prepare and submit promptly a report to the End-User and Head of the Procuring Entity (HoPE) whenever findings or assessment are found not in accordance with the contracted quantity and specifications;
 11. Submit assessment reports and policy recommendations concerning the inspection;
 12. Attend meetings, conferences and training programs as may be required by the DA; and
 13. Perform other duties and responsibilities related to the foregoing.

V. PROCEDURES

The inspection shall not proceed without the presence of the Team Leader or Assistant Team Leader and the members thereof.

1. PRE-DELIVERY INSPECTION

- a. Upon delivery, the GSD shall sign the "Received" portion of the Delivery Receipt from the supplier and forward the same to the IC for inspection of the goods.
- b. A brief pre-inspection conference shall be conducted to designate the specific tasks to the IC in accordance with inspection references.
- c. The pre-delivery inspection of goods shall be conducted by the IC and the IAR shall be accomplished at this stage by the members thereof. The findings and result of the pre-delivery inspection, including the inspection method used, shall be summarized in the Pre-Delivery Inspection Report.

2. INSPECTION AND ACCEPTANCE

- a. The IC shall then conduct the inspection of the delivered goods in accordance with the approved technical specifications and the applicable manual or inspection and test Protocol, if any.
- b. If the goods conform to the technical specifications and the delivery receipt, the Team Leader or the Assistant Team Leader of the IC shall sign the IAR. Rejected

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goods, if any, shall be notated in the IAR and returned to the supplier for rectification or replacement.

- c. The Team Leader or the the Assistant Team Leader shall sign, specify the date of inspection, and put a check "✓" mark in the "inspection" portion of the IAR, indicating that he/she has inspected, verified and found in order the items delivered as to quantity and specifications. Then, the Supply and Property Officer/Section shall acknowledge receipt of the items by indicating in the "Acceptance" portion of the IAR, his/her name, signature, date of acceptance, and a check "✓" mark whether the delivery is complete or partial as to quantity;
- d. Pursuant to GAM for National Government Agencies, the IAR shall be prepared in four (4) copies and distributed as follows:

Original – Supplier (to be attached to the Disbursement Voucher)

Copy 2 – Inspection Officer/ Committee

Copy 3 – Accounting Division/Unit (to be attached in the Journal Entry Voucher setting up payables)

Copy 4 – Supply and Property Section/Unit

3. POST-DELIVERY INSPECTION

- a. A post-delivery inspection shall be conducted by the IC during installation, commissioning, start up, or initial use within the warranty period stated in the contract or purchase order or work order, which commences to run from the date of issuance of a Certificate of Final Acceptance (Annex "D"). This post-delivery inspection shall not bar claims for any latent or hidden damage that may be exhibited during the warranty period which shall render the supplier liable for replacement.
- b. The post-delivery inspection is intended to ensure that all accepted goods are free from manufacturing defects and with the right quality as described in the technical specifications.
 - i. Goods are considered defective when they are "unfit for the use for which it is intended" or its fitness for such use is diminished to such an extent that, had the vendee been aware thereof, he would not have acquired it or would have given a lower price for it."¹
 - ii. Under the Government Procurement Manual (GPM) Volume II, a defect can either be (i) a patent defect, which is one that is apparent to the buyer on normal observation, or (ii) a latent defect, which is one that is not apparent to the buyer by reasonable observation. Both latent and patent defects are covered by the warranty observation expressly required in RA No. 9184 and its 2016 IRR.
 - iii. Ordinary wear and tear due to normal usage of the goods is excluded from the coverage of the supplier's warranty obligation.

¹ Article 1561 of the Civil Code of the Philippines





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- iv. Upon completion of inspection, the IC shall prepare a Post-Delivery Inspection Report stating therein the quality and condition of the goods and a recommendation to the HoPE for claims against the warranty should there be manufacturing defects discovered in the goods inspected.

VI. INSPECTION AND ACCEPTANCE DOCUMENTS

The documents enumerated hereunder shall be used to record and report inspection and acceptance activities of the DA-CO. Each of these documents should present clearly and truthfully the information relating to the transaction or activity that it is meant to represent and validate. Only the signing officer who is physically present may sign the form. By affixing his/her signature thereto, he/she effectively certifies that he/she personally witnessed the delivery and/or inspection and acceptance of goods, and that the details and information provided in the documents are true and correct of his personal knowledge.

1. Pre-delivery Inspection Report

This document shall state, among others, the findings and result of the pre-delivery inspection. It shall state the quantity of accepted and rejected items, if any, and the reason(s) for rejection.

2. Inspection and Acceptance Report²

This form shall be used to document the inspection and acceptance of goods. The inspection portion of the IAR must be signed by the Team Leader or the Assistant Team Leader. The acceptance portion must be signed by the the Supply and Property Custodian, who must be physically present during the inspection.

3. Post-Delivery Inspection Report

This report presents the inspection conducted by the IC within the warranty period for the purpose of insuring that the goods received are free from manufacturing defects. It shall state briefly the condition of the goods as inspected and the recommendation to the HoPE for claims against the warranty should there be manufacturing defects discovered.

4. Certificate of Final Acceptance

This document certifies that the goods had been inspected and accepted as reflected in the IAR, and that the goods conform to the technical specifications as stipulated in the contract. The issuance of this certificate shall cause the release of the performance security, provided DA-CO has no claims against the supplier. It must be prepared and certified by the Supply and Property Officer/Section and noted by the end-user.

VII. MONITORING AND EVALUATION

The HoPE shall continuously gather feedback and monitor the implementation of this Order.

² Appendix 62, GAM Vol. 2





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The IC shall ensure that these Policies are strictly enforced in the conduct of inspection and acceptance of goods procured by the DA-CO. Reports or recommendations may be submitted to the HoPE for further enhancement of these Policies. Reports may include practical observations made, difficulties or issues encountered, assessment of the adoption of procedure and proposals for additional measures.

VIII. REPEALING CLAUSE

All previous issuances inconsistent with these Policies shall be deemed accordingly repealed.

IX. EFFECTIVITY

This Order shall take effect immediately and shall remain in force until revoked in writing.

Done this 9th day of December 2021.

WILLIAM D. DAR, Ph.D.
Secretary

DEPARTMENT OF AGRICULTURE

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