



FEB 05 2010

DepEd ORDER
No. **5**, s. 2010

GUIDELINES ON INSPECTION OF DEPED DELIVERIES

To: Undersecretaries
Assistant Secretaries
Bureau Directors
Directors of Services, Centers and Heads of Units
Regional Directors
Schools Division/City Superintendents
All Others Concerned

1. In compliance with the Commission on Audit (COA) rules and regulations regarding inspection of deliveries, this Department through the Property Division, Administrative Service, prepared the customized guidelines for inspection that will be implemented in the central, regional and division offices and schools.
2. The Guidelines on Inspection of the Deliveries are enclosed in this Order.
3. An inspectorate from the Procuring Entity shall be created to conduct the inspection of deliveries.
4. Immediate dissemination of and compliance with this Order is directed.



JESLI A. LAPUS
Secretary

Encl.:

As stated

Reference:

DepED Order: Nos. 19, s. 2007 and 45, s. 2006

Allotment: 1—(D.O. 50-97)

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

DELIVERY
POLICY
PROCUREMENT
RULES and REGULATIONS

Sheila, DO Guidelines on Inspection of DepEd Deliveries
January 5, 2010



GUIDELINES ON INSPECTION OF DEPED DELIVERIES

The Department of Education in compliance with the COA rules and regulations requires inspection of all deliveries received by the Supply Officers/Designated Property Custodians for the requisitioning office.

Property Inspection is an integral part of, and included in the audit of disbursements of government funds. It requires no less than an ocular verification on the existence and condition of the property under examination. It provides an ample safeguard against subtle attempts of unscrupulous suppliers or contractors to defraud the Department thru short of sub-standard deliveries or projects. The importance of property inspection demands that all property inspection services be integrated in order to achieve uniformity of action, closer supervision and acceptable standards of performance.

I. GENERAL GUIDELINES:

1. The inspection of deliveries of equipment, supplies and materials, and infrastructure projects shall be handled by the Inspectorate Team.
2. Purchases made by the procuring entity must be inspected by their respective Inspectorate Team in conformity with specifications indicated in the perfected Purchase Order/Contract supported by supplier Sales Invoice and Delivery Receipt.
3. Inspection shall be conducted only on deliveries properly receipted and upon receipt of a written request for Inspection by the Property/Supply Office.
4. Inspection shall be conducted at the site specified in the perfected Purchase Order/Contract.
5. Alterations, erasures or modifications on the perfected Purchase Order/Contract must be verified and duly authenticated by the authorized approving officials.
6. The perfected Purchase Order/Contract, Sales Invoice and Delivery Receipt must bear the name of the winning supplier/contractor to avoid question of unlawful claims.

7. Inspection and Acceptance Report (IAR) must state items actually inspected and conclusive remarks or findings and recommendations relative to the inspection conducted. Proper notations shall be made on Sales Invoices and Delivery Receipt. The Inspectorate Team shall affix their signature over their printed name and designation and indicate the date of inspection on the said report.
8. Inspectorate Team is required to prepare and sign the corresponding Inspection Report immediately after inspection. Likewise, the Supply Officer/Designated Property Custodian is required to sign the acceptance portion of the IAR in order to complete the process. Inspection and Acceptance Report shall be prepared for both partial and complete deliveries.
9. For inspection of civil works, the Inspectorate Team shall prepare inspection reports for every progress billing.
10. For deliveries subject to test/analysis, samples together with the Request for Analysis shall be submitted by the Inspectorate Team to the designated testing centers. The fee for the said analysis shall be paid by the supplier thru the Department.

The following are the recognized testing centers:

- Bureau of Food and Drugs (BFAD) – DOH
- Industrial Technology Development Institute (ITDI)-DOST
- Bureau of Research and Standards (BRS)-DPWH
- Metal Industry Research and Development Corporation (MIRDC)-DOST
- Bureau of Animal Industry (BAI)-DA
- Philippine Textile Research Institute (PRTI)-DOST
- Research and Development Center (RDC)-AFP
- Forest Products Research and Development Institute (FPRDI)-DOST

In the submission of the items for testing/analysis to the BFAD, the “Lot No.” and Expiration Date shall in all cases be indicated in the Request for Analysis.

The result of the analysis shall be picked up by any member of the Inspectorate Team and shall never be delegated to the dealer.

The test or analysis of the deliveries may be waived under the following conditions:

- ❖ When the specifications of the Order do not need actual testing because they can be determined and calculated.
- ❖ When the specifications of the lot or item under current order are the same as those previously tested in designated testing centers (not more than 6 months). The previous report of analysis shall be indicated in the waiver.
- ❖ Products of government institutions in their original containers sealed and property labeled.

II. INSPECTION STANDARDS:

The following standards after consideration of tolerable allowance shall be observed by the Inspectorate Team in the evaluation of the result of inspection:

- Supplies, materials and equipment tested and found to be in accordance with perfected Purchase Order/Contract and complied with technical specifications required may be accepted and paid in full.
- Supplies and materials whose quality analysis shows a deficiency of less than 10% may be accepted, provided they will serve the purpose for which they were purchased, the defect is minor and the contract price maybe reduced according to the deficiency found.
- Supplies and materials whose analysis shows a deficiency of 10% and above must be fully rejected and replacement thereof must be demanded.
- Supplies and materials whose quantity is short by volume, weight, actual count, etc. shall be subject to reduction in contract cost at an amount equivalent to the shortage, provided said deliveries are acceptable to the end-user. Items damaged and incorrectly marked shall also be subject to deduction in cost.

III. INSPECTION TECHNIQUES:

The sampling technique is commonly used by the Inspectorate Team in the conduct of inspection. The method is used in the inspection of certain type of items which due to their nature or quality, are too burdensome and will

entail too much time to inspect individually. Sampling is the process of obtaining information about a group data having similar purpose or function, usually 10% of it. The use of this procedure requires a high degree of judgment for it to be considered as a reliable tool towards a meaningful and effective inspection. The most frequently used sampling techniques are as follows:

1. Random Sampling - when items are completely taken at random from the entire delivery or from the selected group within the delivery.
2. Interval Sampling - when items in the delivery do not have serial number or other form of identification is not possible and random sampling proves difficult to use

IV. INSPECTION PROCEDURES:

The following procedures shall be observed by all Inspectorate Team, however, these procedures shall not preclude the Inspectors to use other systematic procedures in order to come up with a more comprehensive inspection of the delivery of supplies, materials and equipment and services.

- Upon receipt of the Request for Inspection, see to it that all required documents are attached like the original copies of the perfected Purchase Order/Contract, Delivery Receipt/Sales Invoice, and others.
- Check the documents submitted as to completeness and authenticity prior to inspection.
- Take note of any cases of alterations, erasures or other modifications in the perfected Purchase Order/Contract. These modifications must be verified and duly authenticated by the authorized approving officials.
- Take note of the receipt of the Property/Supply Unit, the place and date of delivery.
- If there's a required sample mentioned in the perfected Purchase Order/Contract, ask for the approved sample for purposes of comparison/verification. In cases of inconsistencies between sample and the Purchase Order/Contract, specifications on the perfected Purchase Order/Contract shall prevail.
- After all the documents have been evaluated, proceed to the delivery site specified in the perfected Purchase Order/Contract and conduct inspection and testing procedures if necessary.

- Prepare the Inspection and Acceptance Report immediately after inspection for submission to the Supply Officer for acceptance.

V. INSPECTION PROCEDURES FOR SPECIFIC ITEMS:

PRE-POST REPAIR INSPECTION PROCEDURES

A. PRE-REPAIR INSPECTION

1. Check property card to ascertain ownership of the equipment/vehicle.
2. Determine nature of repair, whether cost of repair is economical or not.
3. Determine reasons for breakdown, whether due to fair wear and tear or negligence.
4. Determine if vehicle/equipment is covered with warranty.
5. Verify correctness or conformity of actual scope of work to be done with that as determined by the DepED Mechanic, Engineer or other personnel concerned.

B. POST REPAIR INSPECTION

1. Determine if the scope of work as approved has been performed and defective parts have been replaced by brand new ones.
2. Get the Waste Materials report and verify whether the parts presented during inspection were really the parts taken from the vehicle or equipment.
3. Test the performance of the vehicle/equipment, if necessary.

DOCUMENTARY REQUIREMENTS

- Approved Purchase Order/Contract
- Supplier's Invoice/Delivery Receipt
- Inspection and Acceptance Report
- Performance/Quality Test Result, if applicable
- All other documents specified in the contract necessary to determine conformance with specifications (approved plans/drawings, samples, standards specifications)

INSPECTION REPORT

Inspectorate Team shall promptly submit reports of all inspection completed during the day. The approved original copy of the report shall be attached to the voucher covering payment of delivery.

A. EQUIPMENT

1. Conduct physical inspection of the items delivered.
 - 1.1 Count the items delivered and check with the required quantity.
 - 1.2 Check the packaging, labeling, markings and other means of identification that meet specifications; or, if not specifically called for, conform to the best commercial practices for protecting the items during transportation, storage, handling and distribution.
 - 1.3 Determine whether it is brand new, reconditioned or rebuilt.
 - 1.4 Take note of the serial number, product number, point of origin, specifications in accordance with the brochure and accessories that go with the equipment.
 - 1.5 Take note for obvious damage or defects in the equipment, accessories, connectors, plugs, sockets etc. for any discoloration, rust, stains and decays due to exposure to heat, chemicals or moisture.
 - 1.6 Ensure that flexible cords are effectively anchored to equipment, plugs and sockets.

Note: All the above shall conform the specifications indicated in the perfected Purchase Order/Contract.

2. Perform trial and operational test on the equipment delivered.
 - 2.1 Request the supplier to demonstrate the operation of the equipment in the presence of End-User and observe its actual performance.

2.2 Hearing is essential in the detection of defects indicated by unusual sounds or noises audible when observing the operation of equipment such as knocking, squeaking, sputtering, cracking, breaking, scratching, etc.

2.3 Consider the characteristics which may be determined by touch or feel, in the inspection of different equipment, include such common qualities as heat, cold, flexibility, hardness, softness, thickness, firmness, etc.

3. Check the inclusion of warranty certificate and instructional manual.

C. SCHOOL FURNITURE

a. Pre-Delivery Inspection

1. Secure copy of the contract with the technical specification.

2. Familiarized self with the sample of the school furniture to be inspected.

3. Inspect the raw materials to be used for the school furniture.

3.1 Check if all materials to be used are brand new and free from defects and insect infestation.

3.2 Defective materials shall be rejected and should not be used for the school furniture.

4. Inspect the finished school furniture if it is in accordance with required technical specifications.

4.1 Check if the finished items conform with the required specifications for the materials and dimensions.

4.2 Check the quality and workmanship of the school furniture if it is in accordance with the standards.

4.3 Reject finished items that do not conform with the technical specifications.

4.4 Mark the school furniture that conforms to the technical specifications. A property sticker signed by the inspector may be used as a marker.

4.5 Check if the markings/labels based on DepED Order #61, s. 2009.

5. Prepare Pre-Delivery Inspection Report.

B. INSPECTION AT DELIVERY SITE:

1. Check delivery Receipt of the Supplier. The DR should reflect the following informations:

- a. Name of the Supplier
- b. Name of the Recipient/School
- c. Date of Delivery
- d. Quantity to be Delivered
- e. Description of the item to be Delivered
- f. Delivery Receipt Number

2. Check the Inspection and Acceptance Report Sheet. The information should be the same with the Delivery Receipt. IAR should also reflect the Technical Specifications of the items to be delivered and its corresponding unit cost.

3. Check the delivered items if it conforms with the required technical specifications and dimensions.

3.1 The materials used should conform with specification.

3.2 The workmanship should be smooth and acceptable.

3.3 Reject items with defects and broken parts.

3.4 Check the markings/labels based on DepED Order No. 61, s. 2009.

4. The Inspection and Acceptance Report should be signed by the designated School Inspection Committee and accepted by the School Property Custodian.

5. Rejected items should be returned to the Supplier for replacement/rectification.

- 5.1 Only the number of units accepted by the school property custodian should be reflected in the IAR.

C. Post-Delivery Inspection

1. The post-delivery inspection should be conducted prior to the expiration of the warranty period.
2. A random inspection of the goods delivered to schools should be inspected the defects.
 - 2.1 Defects attribute to the failure of the materials and poor workmanship shall be rectified by the supplier.
 - 2.2 Defects of the goods caused by vandalism shall not be considered for rectification.
3. Ensure that all obligations of the contractor are settled.
 - 3.1 Electrical and water consumption should be paid.
 - 3.2 The site should be free from all debris or waste materials after the project had been reported to be completed.
4. Prepare Inspection and Acceptance Report.

D. Supplies and Materials:

1. The Inspectorate Team, upon receipt of the Request for Inspection, checks the completeness of the documents as follows:
 - a. Perfected Purchase Order/Contract with supporting documents.
 - b. Delivery Receipt/Sales Invoice
2. Conducts physical inspection of the goods delivered as stipulated on the perfected Purchase Order/Contract.
 - 2.1 Check the goods delivered according to their applicable criteria;

- a. Quantity
- b. Substance number/gram quality
- c. Density
- d. Texture
- e. Size
- f. Color
- g. Finish
- h. Rag or silk content
- i. Bursting strength
- j. Thickness
- k. And other features as water markings
- l. Expiration Date
- m. Type
- n. Refill/non-refillable
- o. Brand
- p. Origin
- q. Packaging
- r. Labeling
- s. Weight

3. The Sales Invoice/Delivery Receipt shall be in accordance with the perfected PO/Contract and must bear the name of the winning supplier to avoid question of unlawful claim.
4. Take note of the defects found on the goods inspected and request for its replacement immediately. Proper notation shall be made on the Sales Invoice/Delivery Receipt and affix his/her signature and the date of inspection.
5. The Inspectorate Team shall prepare the Inspection and Acceptance Report immediately after the inspection.

E. Drugs, Chemical and Medicines

1. The Inspectorate Team, upon receipt of the Request for Inspection, checks the completeness of the attached documents.
2. Conducts physical inspection of the goods delivered as stipulated on the perfected PO/Contract.
3. Open all packages, cartons or boxes and make an actual count to check for possible shortage, shipping damage, breakage, etc.

4. Conduct an inspection of the content for any possible discoloration, crystallization, sedimentation, coagulation or moisture content to determine old stock or fake deliveries.
5. Check proper packaging and accomplishment of labels, like name, expiry date, lot no., batch no. and therapeutic use.
6. Ascertain the kind of container to be used for chemicals/medicines which should be protected from sunlight and must be delivered in colored bottles. Corrosive ones should be securely sealed and packed in thickly walled container. Containers should be properly sealed to avoid leakage or possible contamination.
7. Get lot/batch laboratory test report if any, and check all data indicated thereon against the item delivered. If one, get the required samples needed for test and submit to the BFAD for testing.
8. Take note of the results/analysis from BFAD:
 - ❖ Medicines and pharmaceutical preparation must conform to the registered formulae.
 - ❖ Drugs and chemicals including disinfectants must conform to the USP or BFAD requirements.
 - ❖ Insecticides, fungicides, etc. must be submitted for testing to determine the quality of these items.

F. Construction Materials:

1. The Inspectorate Team, upon receipt of the Request for Inspection, checks the completeness of the attached documents.
2. Conducts physical inspection of the goods delivered as stipulated on the perfected Purchase Order/Contract.

LUMBER

1. Determine the specific specie of the lumber.

2. Examine the presence of damages and defects that may reduce its life, strength and duration – decay or rot, crack and splits, sapwood, holes and scars.
3. Measure the width, thickness and length of the lumber.
4. Consider the universally accepted tolerance for lumber measurements as determined by the Department of Trade and Industry (FTB Case No. 1-72) in evaluating the actual measurement.

Rough Lumber - 1/8 or 0.125 inch to ¼ or 0.5 inch.

Finished or Planed Lumber - ¼ or 0.125 inch to ½ or 0.5 inch.

GRAVEL AND SAND

1. Check if the delivery is pure, white or washed (for sand) or there is exists presence of foreign matter.
2. Check if the delivery of gavel is in accordance with the technical specifications.
3. Get actual volume of delivery in terms of cubic meter;
 - 3.1 One (1) ten wheeler truck - 10-11cu.m.
 - 3.2 One (1) elf truck - 5 cu.m to 6 cu.m
 - 3.3 One (1) trailer - 2-3cu.m
 - 3.4 One (1) bag/sack -

PRINTED MATERIALS

1. The Inspectorate Team, upon receipt of the Request for Inspection, checks the completeness of the attached documents.
2. Conducts physical inspection of the goods delivered as stipulated on the perfected Purchase Order/Contract/Job Order.
 - a. Check the quantity, size and physical appearance.
 - b. Determine the type of paper used for both covers and inside pages.
 - c. Check the number of colors used in printing.

d. Ascertain the type of bindings.

- Saddle Stitch - stapled at center fold
- Perfect Binding - sides of pages directed pasted or glued
- Side Stitch - stapled along the sides of pages
- Smyth Sewn - plain sewing of each and every page.

VI. COMPOSITION OF DEPED INSPECTORATE:

The Inspectorate Team shall be composed of at least two (2) regular member and one (1) provisional member designated by the head of procuring entity thru the issuance of DepED Memorandum.

1. CENTRAL OFFICE

Regular Members:

- a. Representative from the Property Division.
- b. Representative from the Financial and Management Service.

Provisional Member:

- a. Representative from the procuring entity who has knowledge/technical expertise relevant to the goods delivered.

2. REGIONAL OFFICE

Regular Members:

- a. Team Leader – who is at least a fifth (5th) ranking permanent official of the procuring entity.
- b. One (1) representative from any of the regular offices under the Office of the Regional Director such as, but not limited to the following:
 - Administrative Division
 - Budget and Finance Division
 - Legal Unit
 - Physical Facilities Unit

Provisional Member:

- a. Representative from the procuring entity who has knowledge/technical expertise relevant to the goods delivered.

3. DIVISION OFFICE

Regular Members:

- a. Team Leader - who is at least a third (3rd) ranking permanent official of the procuring entity.
- b. One (1) representative from any of the regular offices under the Office of the School Division Superintendent (SDS) such as, but not limited to the following:
 - Administrative Unit
 - Budget Unit
 - Legal Unit
 - Physical Facilities Unit

Provisional Member:

- a. Representative from the procuring entity who has knowledge/technical expertise relevant to the goods delivered.

4. SCHOOLS

Regular Members:

- a. Team Leader – who is at least a second (2nd) ranking permanent official of the school.
- b. One (1) school personnel designated by the principal who has knowledge/technical expertise relevant to the goods delivered.

Provisional Member:

- a. One (1) representative from PTA or NGOs (for textbooks and school furniture).

V. ROLES AND RESPONSIBILITIES OF DEPED INSPECTORATE TEAM:

1. Conducts pre-delivery inspection prior to delivery to determine its compliance with the technical specification.
2. Inspects the delivered goods in accordance with the perfected Purchase Order/Contracts.
3. Signs the Inspection and Acceptance Report form (IAR) and recommends payment/non-payment of the Supplier/Contractor.
4. Conducts post- delivery inspection prior to the issuance of Certificate of Final Acceptance.
5. Monitors the rectification of defective deliveries.