



QUALITY MANUAL

Document Reference Code
DOF-QMS-QM-001

Rev. No. Effectivity Date
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1.0 Introduction

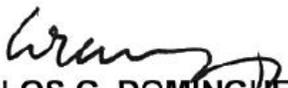
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Message from the DOF Management

This Quality Manual shows how the quality policy, management processes, and objectives at DOF are defined by Top Management and implemented by the staff. This Quality Manual has been crafted according to the specifications given under ISO 9001:2008 Standards. It is a covenant of DOF's aspiration to provide its clientele and stakeholders with quality frontline services at par with global standards without compromising control.

I would like to reiterate what I said during the turnover ceremonies that I want my co-workers in the DOF to do things a "little differently and a little more creatively." Doing things in accordance with the ISO standards is a quantum leap towards efficiency with focus on customer satisfaction with the end objective of eliminating corruption through transparency in the way we do things.

This Quality Manual comes into force henceforth.


CARLOS G. DOMINGUEZ
Secretary



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1.0 Introduction

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INTRODUCTION

The ISO 9001 Standard is adopted and implemented by the DOF as a strategy to attain quality as a way of life and establish continual improvement in the Quality Management System of the DOF.

This Quality Management System Manual provides information on the established DOF-Quality Management System. This document is intended for awareness of personnel in the implementation and sustenance of the established QMS.

Specifically, the Quality Manual describes the interrelation of the different processes and offices in the DOF. It contains the general information, operational policies and procedures of the DOF to fulfil its mandate, vision and mission and provide quality service that exceeds customer expectations and address requirements of the ISO 9001:2008 QMS Standards. Further to this intent, a process map and related operational procedures, with steps undertaken to deliver the management, core and support processes are contained in the manual to serve as guide to process owners and information to readers/customers/stakeholders.



The primacy of the DOF in the system of governance particularly on resource mobilization transcends the various stages of the Philippine history. Its role of providing resources for the government, from the time it was established on April 24, 1897 under the Revolutionary Government, remains to this day and has even been expanded to ensure its effectiveness as a lead agency in the nation's quest for sustained development.

Over the years, the DOF has undergone structural as well as functional transformation because of the changes in its functions. With the passage of the Reorganization Act of 1972, the DOF was converted into a ministry. In 1987 under the Freedom Constitution, the ministries were again converted into departments. The DOF derives its creation and mandate through Executive Order Nos. 127 and 127-A or the Reorganization Acts of the Ministry of Finance and Executive Order No. 292 or the Revised Administrative Code of 1987.

The DOF, at present, continues its major role in the critical tasks of revenue generation, resource mobilization and fiscal management; and steering fiscal programs toward an investment-friendly environment as catalyst for growth. As DOF structure and functions have considerably changed, its responsibilities have significantly widened, encompassing management of cash resources; debt management; development of capital market; monitoring of government corporate sector; improving access of local government units to financing; formulation of credit and savings policy for the marginalized sector of the society; and, enhancement of private sector participation in nation building.

Mandate

It is the policy of the State that the DOF shall be primarily responsible for the sound and efficient financial management of the Government, its subdivisions, agencies and instrumentalities (Executive Order No. 127 series of 1988):

- Formulation, institutionalization and administration of fiscal policies in coordination with other concerned subdivisions, agencies and instrumentalities of the government;



- Generation and management of the financial resources of government ensuring that said resources are generated and managed judiciously and in a manner supportive of development objectives;
- Supervision of the revenue operations of all local government units with the objective of making these entities less dependent of funding from the national government; and
- Review, approval and management of all public sector debt, whether foreign or domestic with the end view that all borrowed funds are effectively utilized; and all such obligations are promptly serviced by the government.

Vision

The DOF envisions to be a world class, internationally recognized fiscal authority and chief architect of Philippine economic policy that can be relied upon to finance the development requirements of a dynamic, globally competitive and socially inclusive Philippines, and manned by committed professionals of proven competence and integrity. It seeks to achieve the following:

- National Government fiscal sustainability;
- Effective management of government assets and liabilities;
- Enabling environment for financial services and capital market; and
- Enhanced governance.



Mission

The DOF shall take the lead in providing a solid foundation for the achievement of this objective, by building a strong fiscal position through the following:

- Formulation, institutionalization and administration of sound fiscal policies;
- Improvement of tax collection efficiency;
- Mobilization of adequate resources at most advantageous terms to meet budgetary requirements;
- Sound management of public sector debt; and
- Initiation and implementation of structural reforms.



Credo

The DOF pledge of commitment as a public servant is detailed in the Credo, recited by the personnel.

I am a public servant

In the Department of Finance

I seize the initiative

To improve a little each day

- In the way that I am;
- In the way I care;
- In the way I work.

I strive for excellence

In everything I do

- By the pursuit of competence;
- By the constant search of professionalism;
- By the observance of team work.

I take the lead and serve;

- By putting country above self;
- By showing concern for others;
- By thinking of myself last.

I think and act to ensure integrity in the life I live;

The efficiency of the work I do;

The effectiveness of the service I render.

I believe that God is my Father

Who cares for and helps me always.



Services

Pursuant to its mandate, the DOF provides the following services:

1. Formulation, institutionalization and administration of fiscal and tax policies.
2. Revenue generation through tax and customs administration is the major source of income for the national government. The DOF is responsible for the generation and management of the financial resources of government ensuring that said resources are generated and managed judiciously and in a manner supportive of development objectives.
3. Supervision of the revenue operations of all local government units with the objective of making these entities less dependent of funding from the national government.
4. Undertake and supervise activities related to the negotiation, servicing and restructuring of domestic and foreign debt incurred or guaranteed by the government and its instrumentalities, including taking part in activities which affect the country's capacity to contract and service foreign debt.
5. Promotion of international cooperation by sustaining the country's position at the forefront of international and regional economic finance cooperation.
6. Custodianship and management of all financial resources of the national government through the Bureau of the Treasury.
7. Provides technical and financial assistance to local government units to access financing facilities from local and foreign sources to finance development projects and programs that will improve the delivery of services at the local levels through Municipal Development Fund Office.



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3.1 Definition of Terms

Accession Undertaking	refers to an undertaking executed by the LGU acceding to the terms and conditions of MDFO in terms of administration of project funds
Allotment	authorization to an agency which allows the latter to incur obligation for specified amounts contained in a legislative appropriation
Analysis	is an examination of data and facts to uncover and understand cause-effect relationship thus providing basis for problem solving and decision making
Anti-Red Tape Act	is a law instructing all government agencies to regularly undertake time and motion studies, undergo evaluation and improvement of their transaction systems and procedures and re-engineer the same if deemed necessary to reduce bureaucratic red tape and processing time; also mandating all government agencies to set up their respective service standards to be known as the Citizen's Charter
Annual Procurement Plan	is the requisite document that the agency must prepare to reflect the necessary information on the entire procurement activities (i.e., goods, services, civil works to be procured) that it plans to undertake within the calendar year
Capital Outlays	refers to appropriations for the purchase of goods and services, the benefits of which extend beyond the fiscal year and which add to the assets of the Government
Certificate of Availability of Funds	refers to the certification issued by MDFO that state the specific available fund allotment for a particular subproject
Certificate of Status of Funds	refers to a monthly summary report of liquidation certifying the total amount disbursed for a specific subproject
Consolidated Financial Report	refers to the year-end financial report prepared by the MDFO duly audited by the COA for submission to the funding institutions



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Disbursements	settlement of government obligations and/or accounts payable by auto debit advice/fund transfer
Disbursement Voucher	refers to accountable form used as proof of settlement of government obligations and/or accounts payable by auto debit advice/fund transfer
Division Performance and Commitment Review	is a form accomplished by heads of divisions to officially identify and declare their targets for the rating period in accordance with the over-all strategy map and commitments of the agency and the office they belong to
Document Management and Workflow	is a web-based application based on Java and FileNet that consists of the following sub-systems: 1) Document Tracking System, 2) Tax Exemption System, 3) Voucher Tracking System, and 4) Document Archiving and Retrieval System
Document Tracking System	is a sub-system of the DMWF used to track incoming and outgoing documents to and from the DOF from document receipt or creation up to release or storage
Government Servicing Banks	banking institutions authorized, upon accreditation by the Monetary Board, to accept government deposits and perform banking services on behalf of government agencies
Implementing Agency	refers to the lead agency that is responsible for the implementation of the Project other than fund administration
Individual Performance and Commitment Review	is a form accomplished by employees to officially identify and declare their targets for the rating period in accordance with the over-all strategy map and commitments of the agency and the office they belong to
Letter Advice	refers to the authority given by MDFO authorizing the transfer funds to LGUs on a bank-to-bank transaction
Maintenance and Other Operating Expenses	refer to expenditures to support the operations of government agencies such as expenses for supplies and materials; transportation and travel; utilities (water, power, etc.) and the repairs, etc.



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Major Final Outputs	<p>refer to goods or services that a department/agency is mandated to deliver to external clients through the implementation of programs, activities and projects</p> <p>It may be a single output or a group of outputs that are similar in nature, targeted at the same organizational/ sector outcome and capable of being summarized by a common performance indicator (PI)</p> <p>It may be defined relative to the outcomes that they contribute to, the client or community group that they serve, and the business lines of the department/agency</p>
Memorandum of Agreement	refers to the MDFO Agreement with the implementing agency on the institutional arrangement for the implementation of the Project
Municipal Development Fund	refers to a revolving fund established under Presidential Decree No. 1914 dated March 29, 1984, implemented and operationalized by the Department of Finance (as Administrator), the Commission on Audit (COA), and the Department of Budget and Management (DBM) through Joint Circular No. 6-87, dated August 17, 1987
Municipal Development Fund Office	refers to the office created under Executive Order (EO) No. 41 dated November 20, 1998 to manage, among other functions, the MDF
Municipal Development Fund Office – Policy Governing Board	Refers to the inter-agency body created pursuant to Section 4 of EO No. 41, tasked to direct the affairs, business, and manage and preserve the properties of the MDFO. It is composed of representatives from the DOF as the Chair, and the Department of Public Works and Highways (DPWH), Department of Budget and Management (DBM), National Economic and Development Authority (NEDA), Department of the Interior and Local Government (DILG), and the MDFO Executive Director as members.
Office Performance and Commitment Review	is a form accomplished by heads of offices to officially identify and declare their targets for the rating period in accordance with the over-all strategy map and commitments of the agency



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Official Development Assistance	refers to the government aid designed to promote the economic development of the LGUs
Official Development Assistance Division	refers to the division in the MDFO that is responsible in the fund administration of ODA funds
Project Procurement Management Plan	refers to the procurement plan of a specific program/project/activity (PAP) of the agency. This shall include information on whether the PAP will be contracted out, implemented by administration or consigned; the type and objectives of contract to be employed; the extent/size of contract scopes/packages, the procurement methods to be adopted, time schedule for each procurement activity and contract implementation, and estimated budget for the general components of the contract
Quality Improvement	is the systematic approach to reduction or elimination of waste, rework and losses in production process
Second Generation Fund	refers to the fund which consists of payments received from local governments for amortization, interests and principal payments which, under PD 1914, forms part of and accrues to the MDF and is made automatically available for re-lending
Statement of Receipts and Disbursements	refers to a report accompanying the CSF showing in detail receipts and disbursements as to source, namely Loan and Borrower Counterpart Funds, duly verified by the COA auditor concerned
Statement of Sources and Application of Funds	refers to a year-end report showing in detail receipts and disbursements as to source, namely Loan and Borrower Counterpart Funds, duly verified by the COA auditor concerned
Subproject	refers to the specific project to be implemented by the LGU
Subproject Financing Agreement	refers to the Agreement executed by MDFO and LGU where financing arrangement for the implementation of the subproject involves loan-grant-equity mix



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Subproject Loan Agreement	refers to the Agreement executed by MDFO and LGU where financing arrangement for the implementation of the subproject involves a pure loan
Tax Exemption Indorsement	is an indorsement approved by the RO evidencing exemption from payments of taxes, duties and or duties and taxes on qualified importations
Tax Exemption System	is a sub-system of the DMWF used to encode, process, review, approve and release import tax exemption applications in the Revenue Office
TES Number	is the unique number generated by TES for each endorsement generated by the system
Trace Number	refers to a specific TES workflow item used to the document entry or received for tracking, or a task being processed in the workflow
Withdrawal Application	refers to the written request from GOP represented by the MDFO to Funding Institution to disburse funds from the loan/grant account



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3.2 Acronyms

AC	Audit Certificate
AO	Administrative Order
APCPI	Agency Procurement Compliance Performance Indicator
APO	Asian Productivity Organization
APP	Annual Procurement Plan
ARTA	Anti-Red Tape Act
AU	Accession Undertaking
AWB	Air Waybill
BIS	Bureau of Import Services
BOC	Bureau of Customs
BOI	Board of Investments
CAAP	Civil Aviation Authority of the Philippines
CAF	Certificate of Availability of Funds
CDA	Cooperative Development Authority
CFR	Consolidated Financial Report
CHED	Commission on Higher Education
COA	Commission on Audit
CRMD	Central Records Management Division
CSC	Civil Service Commission
CSF	Certificate of Status of Funds
CTD	Customs and Tariff Division
DBM	Department of Budget and Management



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DFA	Department of Foreign Affairs
DOE	Department of Energy
DOF	Department of Finance
DOST	Department of Science and Technology
DMWF	Document Management and Workflow
DPCR	Division Performance and Commitment Review
DSWD	Department of Social Welfare and Development
DTS	Document Tracking System
DV	Disbursement Voucher
ED	Executive Director
EO	Executive Order
ExMDPS	Expanded Modified Direct Payment Scheme
FI	Funding Institution
FPI	Federation of Philippine Industries
GAA	General Appropriations Act
GOCC	Government-Owned and Controlled Corporations
GOP	Government of the Philippines
GSD	General Services Division
IA	Implementing Agency
IPCR	Individual Performance and Commitment Review
IRD	Internal Revenue Division
JMC	Joint Memorandum Circular
KBP	Kapisanan ng mga Brodkaster ng Pilipinas
LA	Letter Advice
LGU	Local Government Unit
MARINA	Maritime Industry Authority



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MDF	Municipal Development Fund
MDFO	Municipal Development Fund Office
MDFO-PGB	Municipal Development Fund Office-Policy Governing Board
MFOs	Major Final Outputs
MOA	Memorandum of Agreement
MOOE	Maintenance and Other Operating Expenses
NBDB	National Book Development Board
NEA	National Electrification Administration
NEDA	National Economic Development Authority
NIRC	National Internal Revenue Code of 1987
NTC	National Telecommunications Commission
ODA	Official Development Assistance
ODAD	Official Development Assistance Division
OPCR	Office Performance and Commitment Review
PCCI	Philippine Chamber of Commerce and Industries
PD	Presidential Decree
PEZA	Philippine Economic Zone Authority
PHIVIDEC	Philippine Veterans Investment Development Corporation
PMC	Performance Management Committee
PMT	Performance Management Team
PPMP	Project Procurement Management Plan
PRA	Philippine Retirement Authority
PSC	Philippine Sports Commission
PSD	Personnel Services Division
RAO	Registry of Allotment and Obligation



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ROLAG	Revenue Operations and Legal Affairs Group
SEC	Securities and Exchange Commission
SFA	Subproject Financing Agreement
SGF	Second Generation Fund
SORD	Statement of Receipts and Disbursements
SPLA	Subproject Loan Agreement
SPMS	Strategic Performance Management System
SSAF	Statement of Sources and Application of Funds
TCCP	Tariff and Customs Code of the Philippines
TEI	Tax Exemption Indorsement
TES	Tax Exemption System
TESDA	Technical Education and Skills Development Authority
TIN	Tax Identification Number
UNESCO	United Nations Educational, Social, and Cultural Organization
WA	Withdrawal Application



4.1 QMS Manual Purpose and Control

This Quality Manual defines and clarifies policies, systems, and procedures to implement and continuously improve the DOF's Quality Management System (QMS). Together with associated documents mentioned hereto, the Manual:

- Describes the basic elements of the QMS and serves as reference in its implementation and continual improvement;
- Informs the internal and external stakeholders and enables them to observe and comply with the QMS of the DOF; and
- Serves as reference and guide for all DOF officials and employees and makes them familiar and appreciate established QMS.

The sections of the manual are based on the ISO 9001:2008 standards and are further subdivided into several subsections representing elements of the QMS. The introduction of new policies and procedures may necessitate amendments to existing Quality Manual and relevant procedures. A re-issue of this Quality Manual shall be reflected only when there is, but not limited to the following:

- change in the scope of certification;
- change in the management and/or organizational structure; and
- change in business processes/procedures.

The Quality Manual is accessible to DOF officials and employees, clients and stakeholders. Controlled copies of the Quality Manual will only be brought outside the DOF's vicinity with prior authorization from the QMR.



4.2 QMS Scope and Application

The DOF QMS covers the management, support and core processes on the granting of tax exemptions on importations and the fund administration of Municipal Development Fund (MDF) and Official Development Assistance (ODA), interfacing processes within the DOF, as indicated in the process map.

4.3 Exclusions

- ISO 9001:2008 Clause 7.3 Design and Development

Both the granting of tax exemption on importations and the fund administration processes exclude “Clause 7.3 Design and Development” since the transactions/processes are performed based on the implementing rules and regulations of the respective statutory requirements , and no customization is done.

- ISO 9001:2008 Clause 7.6 Control of Monitoring and Measuring Equipment

Both the grant of tax exemption on importations and the fund administration processes exclude “Clause 7.6 Control of Monitoring and Measuring Equipment” since there are no monitoring and measuring equipment/device of the transaction/process required in providing these services.

4.4 Process-based QMS Model

The DOF, in conformity with the requirements of ISO 9001:2008 and the Government Quality Management Program (GQMP) contained in Executive Order No. 605, s. 2007 (Institutionalizing the Structure, Mechanisms and Standards to Implement the Government Quality Management Program, Amending for the Purpose Administrative Order No. 161, s. 2006), adopts the process approach in developing, implementing and improving the effectiveness of its QMS to promote



4.0 The Quality Management System

and enhance client satisfaction. To effectively and efficiently deliver its functions, the DOF has determined and managed various linked activities involved in its mandate as stipulated in Executive Order No. 127 and 127-A s. 1987 and Executive Order No. 41 s. 1999. The DOF model of a process-based quality management system, as shown in Figure 1, describes that clients play a significant role in defining the requirements as inputs. Clients can be individuals, local government units (LGUs), government agencies, private corporations, international organizations and educational institutions.

The identification and interaction of systems of processes (management, core, support and outsourced processes) to produce desired outcome emphasize the need to consider these in terms of added value and for continual improvement. Monitoring of customer satisfaction necessitates the evaluation whether the DOF meets the customer requirements which are considered as inputs and outputs to the management. Details of the interface among these processes are further elaborated in the preceding sections of this Quality Manual.

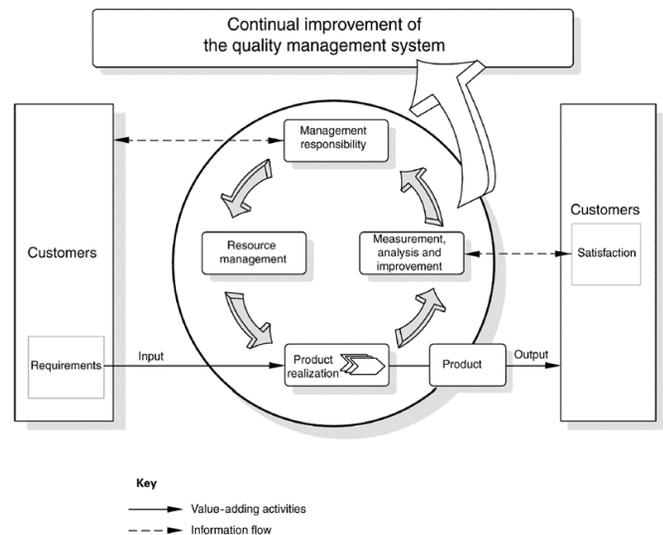


Figure 1 — Model of a process-based quality management system

4.5 DOF Business Process Map

The DOF's QMS defines the interrelationship of all processes involved in the realization of its mandate, vision and mission from the input level to the desired output with focus on delivery of quality service and high client satisfaction on the granting of tax exemptions and the fund administration of MDF and ODA, as indicated in the process map.

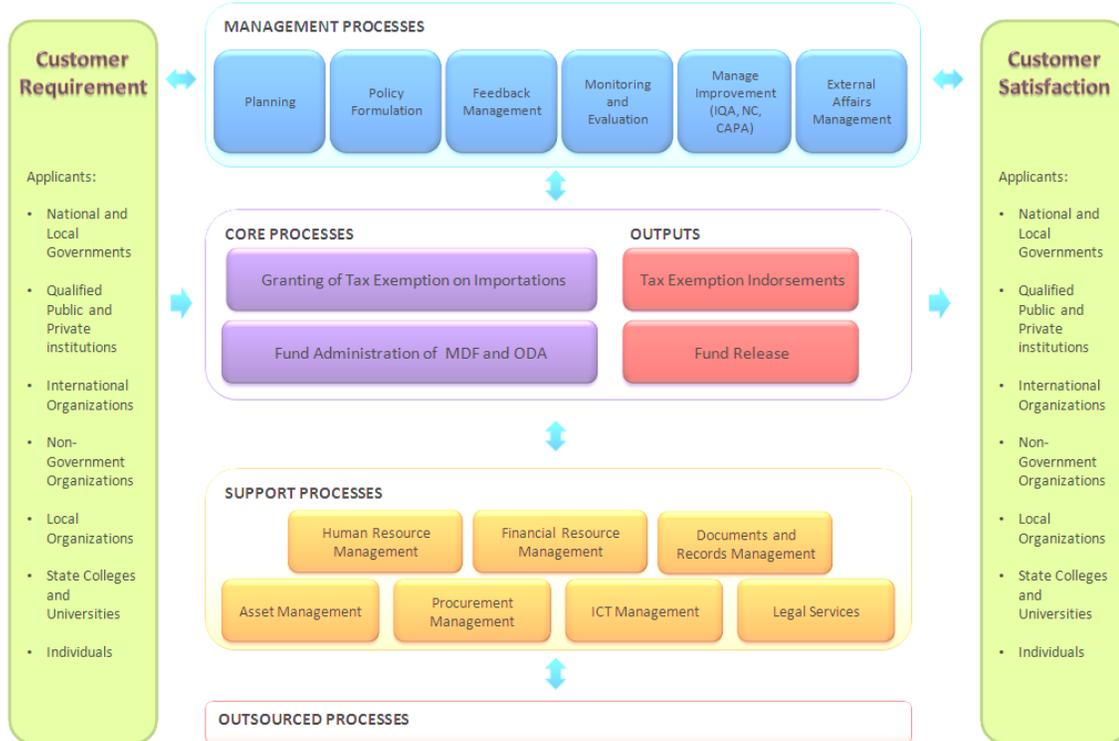


Figure 2. Business Process Map

The Business Process Map, as shown in Figure 2, illustrates the single, integral quality of the QMS in the grant of tax exemption on importations and fund administration of MDF and ODA to ensure that activities, programs and services are delivered in accordance with the framework and the requirements of ISO 9001:2008 QMS. Likewise, the illustration manifests DOF's recognition of the needs of clients as crucial inputs to its core processes. The "Customer Requirement" box in the process model refers to the needed documentary or process requirements that serve as input to effectively provide the required services.

The management processes are needed for oversight and governance of the DOF to comply with applicable legislation, policies, and Standards. These processes involve planning, policy formulation, feedback management, monitoring and evaluation, external affairs management, and managing improvement such as



management review and internal quality audit, details of which are presented in the corresponding process flows included in the Quality Manual.

The core processes describe the provision of customer-friendly services in terms of processing the requests of clients for tax exemption on importations in the RO as well as quality service in fund administration of MDF and ODA in the MDFO.

The support processes include Human Resource Management, Financial Resources Management, Asset Management, Documents and Records Management, Procurement Management, Information and Communications Technology (ICT) Management, and Legal Services. These services provide the necessary support to the operations in the RO and the MDFO towards the realization and delivery of the core services to its clients. The outsourced processes, which include office personnel, utilities and communications, buildings and facilities maintenance and internet service, also provide support which is not available within the DOF, but is crucial in attaining effective and efficient delivery of service exceeding clients' expectations. The "Customer Satisfaction" box at both ends of the spectrum, refer to outputs which include degree of satisfaction on the services provided as measured by the customer satisfaction and feedback.

4.6 Outsourced Processes

The DOF engages services of external providers as may be deemed necessary. The services, such as but not limited to building and facilities maintenance, utilities, telecommunication and internet service providers are being outsourced by the DOF. Each of these is covered by a contract mutually agreed upon by both parties.

The DOF also engages the services of Individual Technical Consultants coming from multidisciplinary fields such as engineering and architecture, medical and health science services, information technology and other technical field of expertise. The end users monitor their performance through submission and acceptance of monthly accomplishment reports.



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The General Services Division monitors the performance of the outsourced services, while the Central Management Information Office-IT is in charge of those pertaining to information technology and internet related services.

Outsourced Process/Product	Service Provider/Supplier	Controls	Responsible
BUILDING AND FACILITIES MAINTENANCE			
Security Services	Security Service Provider	Contract, GSD Monitoring Report, Security Schedule of Deployment, DTRs/Attendance Sheets	General Services Division/ Security Service Provider
Janitorial Services	Janitorial Service Provider	Contract, GSD Monitoring Report, Janitorial Service Schedule of Deployment, DTRs/Attendance Sheets	General Services Division/ Janitorial Service Provider
Preventive Maintenance of Generator Set (Genset)	Genset Maintenance Service Provider	Job Order, GSD Monitoring Report, Service Provider Monitoring Report	General Services Division/ Genset Maintenance Service Provider
Operation and Maintenance of Power & Utility	Power & Utility Maintenance Service Provider	Job Order, GSD Monitoring Report, Service Provider Monitoring Report	General Services Division / Power & Utility Maintenance Service Provider



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Elevator Maintenance	Elevator Maintenance Service Provider	Job Order, GSD Monitoring Report, Service Provider Monitoring Report	General Services Division/ Elevator Maintenance Service Provider
UTILITIES AND TELECOMMUNICATIONS			
Water	Water Utility Provider	Meter Reading	General Services Division/ Maynilad Water Services
Electric Power	Electric Power Utility Provider	Meter Reading	General Services Division/ MERALCO
Mobile Postpaid Lines / Telephone Landlines	Telecommunications Company	Monthly Billing	General Services Division/ Telecommunication Company
OFFICE PERSONNEL			
Manpower Services	Manpower Service Provider	Contract, DTR, Performance Appraisal	General Services Division/Manpower Service Provider
INTERNET & PERIPHERALS			
Primary Internet Service	Telecommunications Company	Contract, Report of downtime	Management Information Service / Service Provider
High Availability Internet Service	Telecommunications Company	Contract, Report of downtime	Management Information Service / Service Provider



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Lease of Printing Machines	Service Providers	Contract	Management Information Service / Service Provider
Lease of Photocopying Machines	Photocopying Company	Contract Maintenance Reports	General Services Division / Service Provider
OTHER SERVICES			
Catering Services	Service Provider	Job Order	Various end-users
Transportation Services	Service Provider	Contract	Various end-users
Lease of Venue for trainings & other special events	Service Provider	Contract	Various end-users
Authorized Vehicle Service Outlets	Service Providers	Job Orders / Inspection Report	General Services Division/ Various end-users
Pest Control	Service Provider	Contract	Various end-users
INDIVIDUAL TECHNICAL CONSULTANTS			
Technical Consultants	Individuals	Contract / Monthly Accomplishment Report	Various end-users



5.1 Management Commitment

The DOF's Top Management is committed to achieve an effective and efficient QMS, conform with all the requirements of ISO 9001:2008 QMS, fully implement the DOF's QMS, and continually improve its processes through the following:

- Ensuring all strategic efforts are geared towards service commitment by addressing customer requirements;
- Providing Strategic Direction, Thrusts and Priorities that aim to guide DOF employees in the formulation of their respective plans, Budget Proposals, and Performance Contracts;
- Establishing and communicating the Quality Policy to employees;
- Communicating importance of meeting customer requirements to all employees thru ceremonies, meetings, memoranda, etc.
- Establishing Quality objectives/Performance Contract, and their review and revision as necessary;
- Monitoring targets in terms of accomplishment by ensuring continual improvement of its systems and mechanisms;
- Conducting management meetings, i.e. Management Reviews, Executive Committee meetings, Cluster meetings, regularly or as necessary; and,
- Providing all the needed resources to ensure effective implementation and continual improvement of the QMS.

Changes to the QMS are planned by Top Management to ensure integrity of the system and achievement of its objectives.

In maintaining and sustaining the QMS, standards and legal requirements indicated in existing laws, rules, regulations and other issuances are



communicated and harmonized in the system. These are executed through, but not limited to the following:

- Maintenance of a Transparency Seal. The DOF's Transparency Seal, published in its official website, embodies all information related to its mandates, functions, structure and roles, annual financial reports including the annual appropriation and the MFO Accountability Report Card issued by the Inter-agency Task Force on AO 25, which contains DOF's attainment of its performance measures and commitment for a given year.
- Posting on the Website of the DOF's Operations Manuals, namely: Tax Exemption Indorsement and Loans/Grants to local government units. Instructions on how to access these DOF frontline services are articulated in the website for easy access to all stakeholders whether DOF personnel who are the providers of the services or the DOF's customers.
- The DOF Citizen's Charter. This outlines the procedural steps, requirements per step and documentary requirements including schedule of fees and timelines. The support services are also included in the Citizen's Charter.

5.2 Customer Focus

The management ensures that customer needs and expectations are determined, translated into requirements, and fulfilled with the aim of meeting expectations. It is the responsibility of all personnel that interface with customers to identify their needs and bring them to the attention of the Top Management so that they may be acted upon.

Customers/stakeholders of the DOF includes, among others, the beneficiaries and customers-corporation, organization, association, including but not limited to national and local governments, public and private institutions, local and international organizations/institutions, and individuals, among others.

Approaches on customer focus are demonstrated through, but not limited to the following:



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- Regular assignment of an Officer of the Day;
- Posting of the Citizen's Charter;
- Visible and clear display of process flowcharts within conspicuous areas;
- Deployment of courteous, professional and competent personnel;
- Deployment of adequate number of personnel at the windows for prompt service;
- Anticipation of disruptions to the service and mitigating such;
- Use of customer feedback mechanisms such as feedback forms, including electronic feedback forms on the DOF website;
- Provision of appropriate infrastructure/ amenities and services (e.g. conducive waiting area); and,
- Provision of a customer-friendly avenues and facilities for PWDs, pregnant and lactating women, and Senior Citizens.



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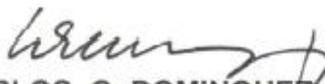
5.3 Quality Policy

The DOF, as the fiscal steward of the Government of the Philippines, commits to continually improve the effectiveness of the quality management practices and systems compliant with statutory requirements to attain fiscal sustainability and responsibility, prudent liability management, optimal resource mobilization and efficient management of government assets.

We strive to achieve the highest standards of professionalism in the delivery of services that exceed customer expectations.

We maintain a culture of excellence in all that we do through competency enhancement and employee empowerment.

We ensure adequacy of resources in implementing quality management practices and systems leading to a dynamic and diverse working environment.


CARLOS G. DOMINGUEZ
Secretary





5.4 Responsibility, Authority and Communication

Responsibility and Authority

The overall responsibilities for the QMS reside with the Secretary of Finance who in turn delegates operational responsibilities to the Undersecretaries. The Executive Director (ED) for the MDFO, and the Directors for the RO and support services shall ensure the establishment, monitoring, and continual improvement of the QMS. As such, the DOF organizational chart is created for the purpose of describing and delineating responsibility for the service delivery. The responsibilities and authorities of all personnel and functions involved in the implementation of the QMS are defined in the functional/organizational charts and job/position descriptions. These are communicated through the quality procedures manuals and orientation sessions held prior to and during the implementation of the QMS. While additional and special tasks are communicated through Department Orders/Circulars, Office Orders and memoranda.

Responsibilities and authorities at the DOF are defined and communicated in Job Descriptions, Organizational Chart, DBM-approved plantilla of positions, policies, procedures and to the following issuances:

- Executive Order No. 292, s. 1987 – Instituting the “Administrative Code of 1987”;
- Executive Order No. 127, s. 1987 – Reorganizing the Ministry of Finance;
- Executive Order No. 127-A, s. 1987 – Creating the Corporate Affairs group and for the Purposes;
- Administrative Order No. 266, s. 1992 – Creating a One-Stop-Shop Inter-Agency Tax Credit and Duty Drawback Center for the Processing of All Tax Credits and Duty Drawbacks, Defining its Powers, Duties and Functions and for Other Purposes;
- Executive Order No. 41, s. 1998 – Reorganizing the Administrative Structure of the Municipal Development Fund, Consolidating its Functions in the DOF and for Other Purposes;
- Executive Order No. 259, s. 2000 – Activating the CMIO in the DOF and Integrating the Appropriate Positions of the EEIB in said Office and the BOC and for Other Purposes;



- Executive Order No. 259, s. 2003 – Creating the Department of Finance Revenue Integrity Protection Service and for Other Purposes;
- Administrative Order No. 70, s. 2003 – Strengthening of the Internal Control Systems of Government Offices, Agencies, Government-Owned and/or Controlled Corporations, including Government Financial Institutions, State Universities and Colleges and Local Government Units; and
- Executive order No. 366, s. 2005 – Directing a Strategic Review of the Operations and Organizations of the Executive Branch and providing Options and Incentives for Government Employees who may be Affected by the Rationalization of the Functions and Agencies of the Executive Branches.

The management ensures that QMS information, including status and effectiveness, are communicated within the DOF. The desired purpose are accomplished through various meetings, use of networks, internal documentation, email blasts, among others.

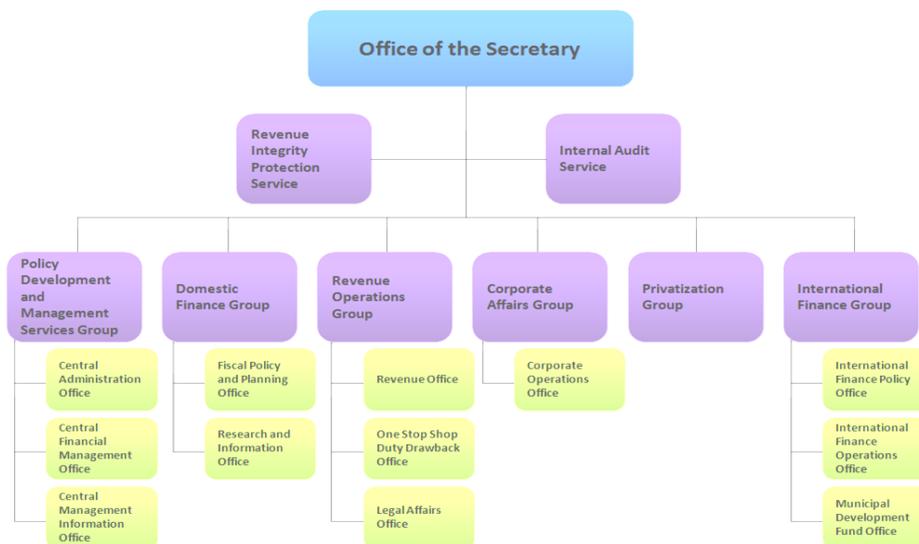


Figure 3. DOF Organizational Structure

As to specific roles in the QMS, a Core Team has been created with sub-team responsibilities as follows:



Figure 4. QMS Organizational Structure

Top Management

- Leads the establishment, implementation and monitoring of the QMS;
- Ensures that quality objectives are established;
- Establishes and communicates the importance of meeting customer requirements;
- Determines and provides necessary resources and ensures that they are adequately available; and,
- Conducts Management Review meetings.

Quality Management Representative

- Oversees the establishment, documentation and effective implementation of the QMS;
- Reports to Top Management on the performance of the QMS and any need for improvement;



- Ensures the promotion of awareness of customer/citizen requirements throughout the organization; and,
- Liaises with external parties on matters relating to the QMS.

QMS Project Management Team

- Provides administrative and technical support to successfully implement the project from systems up to third party certification;
- Facilitates the delivery of specific outputs of the project; and,
- Plans and coordinates effective deployment and efficient use of human, financial and physical resources of the project.

Quality Workplace Team

- Plans and coordinates the implementation of the 5S Program;
- Develops 5S standards;
- Conducts 5S trainings in coordination with the Training and Education Team and Personnel Services Division; and,
- Conducts 5S audits.

Training and Education Team

- Develops and implements the training and education program to promote awareness and understanding of quality management principles, requirements and applications.

Document and Records Control Team

- Ensures the establishment, implementation, and continual improvement of the control of documents and records and procedures; and,
- Ensures that changes and the current revision status of documents are identified and the unintended use of obsolete documents is prevented.



Internal Audit Team

- Ensures that the IQA process is implemented in accordance with the IQA procedures;
- Reports to the DOF Management during the Management Review to allow assessment of the effectiveness of the quality system; and,
- Performs follow-up audits to verify and record the implementation and effectiveness of the corrective actions taken on audit findings.

Internal Communication

The DOF Management promotes awareness and appreciation of the quality management system, from the quality policy dissemination, up to information on the progress and effectiveness of QMS performance vis-à-vis customer satisfaction and communicates appropriate changes in the QMS. Specific approaches of internal communication is through, but not limited to: meetings, general assembly, memorandum, department orders, emails, SMS and instant messaging, phone calls, and bulletin board.

Management Review

The DOF plans and implements monitoring, measurement, analysis and improvement processes needed to ensure conformity of Quality Management System (QMS) and to continually improve the effectiveness of the QMS through Management Review. The Top Management, QMR, together with the other members of the QMS team and key personnel, undertake an annual formal Management Review meeting, or as often as necessary, to determine the effectiveness of the established QMS and to plan for its system enhancements.



5.5 Policy Formulation

The Policy Formulation process ensures that planned arrangements are identified and implemented by responsible units and personnel. DOF Management formulates policies on the QMS to guide decision making and conduct of activities in the achievement of output. The policies related to management, core, and support processes are in place and operational in DOF, to assist in objective decision making.

5.6 External Affairs Management

The DOF Management ensures that the requirements of all external parties such as customers, stakeholders, media, congressional, schools/universities and other audiences are met with the aim of enhancing satisfaction in line with the mandates of DOF. This is accomplished through regular, open and effective communication to ensure accurate, useful, synchronized, targeted communication and provide continuous information dissemination to meet the needs of the situation.

Specifically, the DOF undertakes external affairs management through, but not limited to the following:

- Liaises with Congress to foster strong working relationships that will advance the DOF's legislative priorities;
- Builds communication and promotes cooperation with both public and private entities that interact with DOF;
- Cultivates partnerships and strengthens relationships with international and local financing institutions to access project funds as well as technical assistance;
- Maintains effective, ongoing relationships with the media to promote DOF's programs; and
- Manages communications and feedback mechanisms to demonstrate an effective response to stakeholders' concerns.



The DOF strategic and operational plans are the result of annual planning sessions conducted by different offices and directives from the Office of the President. This is where the strategic thrusts are defined, targets are set, commitments are obtained, resource requirements are determined and approved by the Top Management.

The Top Management sets the directions for the continual improvement of the QMS processes. The planning process being undertaken by the different DOF offices takes into consideration the following related documents:

- Major Final Output (MFO)

The DOF sets annual performance measurement of the physical targets to be attained by different offices. Each MFO requires an integrated set of Performance Indicators (PIs) that specifies the expected performance of a department/agency in terms of quantity, quality, timeliness and cost of MFO delivery. Objectives and targets are set at appropriate levels from the office down to individuals based on the thrusts and priorities of the DOF's Major Final Output, Work and Financial Plan, Performance Contract, Performance Governance Scorecard, Provision of resources in the APP, etc. Quality commitments set for QMS, are established and translated into specific targets through the Performance Contract that is measurable and consistent with the Quality Policy. These are reviewed, discussed, and amended, as necessary, to suit operational requirements. Please refer to Procedure Manual on MFO.

- Strategic Performance Management System (SPMS)

The goals and targets set forth in the MFOs are cascaded through the SPMS. Offices set performance targets/goals through the Office Performance Commitment Review (OPCR). Divisions and individual employees then set performance goals that are aligned with the approved office performance goals through the Division Performance Commitment Review (DPCR) and Individual Performance Commitment Review (IPCR). Review and evaluation of performances of offices, divisions and individuals are done at a regular interval. Please refer to the SPMS Guidebook for the details of the process.



- Annual Procurement Plan (APP)

The APP is prepared by the BAC Secretariat based on the approved PPMP upon approval of the agency budget. The Head of the Procuring Entity (HOPE) approves the APP of the DOF.

Each of the end-user units in the procuring entity shall prepare their respective requirements for a calendar year to be consolidated and included in the Project Procurement Management Plan (PPMP) by the Budget Division.

Please refer to Implementing Rules and Regulations on RA 9184 for the details of the process.



7.0 Core Processes

The DOF's quality management system responds to the delivery of its mandate through the core processes. The cluster of activities performed by functional areas and personnel responsible ensure achievement of value adding outputs. Each core process interfacing with the management and support processes is illustrated in the process map and respective process flow detailed/illustrated in Annexes F and G.

7.1 Granting of Tax Exemption on Importations

The applications for exemption from payment of duties and taxes on importations follows existing laws, rules and regulations are handled by the RO. There are three divisions, namely, Customs and Tariff Division (CTD), Internal Revenue Division (IRD) and Research and Monitoring Division (RMD) where review of application, processing up to releasing of Tax Exemption Indorsement (TEI) is done under the standard procedure. The Mabuhay Lane is an express lane that processes and releases TEI of certain sectors (see DOF Citizen's Charter) within twenty four (24) hours, subject to payment of processing fee. The Revenue Operations Group (ROG) reviews and approves specific applications that are assigned for higher authority signatures pursuant to existing DO. For detailed information, guidelines and process flow, please refer to Operations Manual and DOF Citizen's Charter.

The CRMD receives OD approved applications and releases RO approved TEI and all other correspondences of the office.

7.2 Fund Administration of Municipal Development Fund (MDF) and Official Development Assistance (ODA)

The fund administration of Municipal Development Fund (MDF) and Official Development Assistance (ODA) for local government units is handled by the MDFO created under Executive Order (EO) No. 41 on November 20, 1998.

The MDF, established under Presidential Decree (P.D.) No. 1914 on March 29, 1984, is capitalized and funded by proceeds of foreign loans, assistance or grants



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7.0 Core Processes

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which are made available for relending to finance development projects/programs of LGUs.

The MDFO-Official Development Assistance Division (ODAD) is responsible for the preparation and finalization of the Memorandum of Agreement (MOA) with partner agencies contracting MDFO as the fund administrator. Specifically, MDFO-ODAD, Project Appraisal and Evaluation Division (PAED) and Second Generation Fund (SGF) Division are responsible for the preparatory stage of sub-project appraisal, approval, and implementation.

Provision of supplies, transportation, training needs, personnel, legal services, records management and Management Information System (MIS) is being rendered by the different divisions in MDFO and DOF. Please refer to Procedures Manual on Fund Administration of MDF and ODA for the details of the process.



8.0 Service Realization

The DOF core processes described in “Section 5” have identified controls and approaches to ensure effective and efficient service delivery. These processes are planned and carried out accordingly to conform to ISO 9001:2008 requirements, comply with applicable regulatory and statutory requirements and satisfy customer requirements.

8.1 Planning for Service Realization

The RO and MDFO plan for the implementation of its core processes by aligning its operations through, but not limited to the following:

- MFO indicates the accomplishment of assigned targets for a given period;
- SPMS indicates the performance measure of personnel’s contribution to the achievement of targets;
- OPCR, DPCR, IPCR indicate the office, division, and individual performance commitments for a given period;
- Strategic Management Plan indicates the plans and programs in achieving office objectives;
- PPMP indicates the resource needs on supplies, equipment, trainings and outsourced personnel;
- Process Flow indicates the various processes and procedures documented to the extent necessary to support effective and efficient services, i.e., Operations Manual, Citizen’s Charter;
- Department Orders and Department Personnel Orders indicate internal rules, level of authorities, designations, instructions and approvals;
- Assignment of work load according to function and expertise as stated in the Position Description Form (PDF); and
- The existing manpower complement performs various functions such as managerial, technical, finance and administrative services.

The above planning activities which cut across functions and offices enables the process owners to:

- Operationalize the achievement of the targets;
- Determine and communicate the steps and requirements of the processes;
- Aid in the training of systems and processes;



8.0 Service Realization

- Share knowledge and experience among the clients or stakeholders;
- Measure and audit the systems and processes; and
- Analyze, review and improve the system.

8.2 Determination of Statutory and Regulatory Requirement

The process of granting tax exemption on importations is guided by applicable statutory and regulatory requirements in the delivery of its services, as identified, but not limited to the following:

- Sec. 105 of the Tariff and Customs Code of the Philippines (TCCP), as amended
- Sec. 109 of the National Internal Revenue Code (NIRC), as amended
- Sec. 4(3) Article XIV of the Philippine Constitution
- Presidential Decree Nos.
 - 870 – Authorizing the Postmaster General to Act as Ex-officio Collector of Customs, amending for the purpose Section 1139 of the Revised Administrative Code
 - 269 – Creating the “National Electrification Administration” as a Corporation, prescribing its powers and activities, appropriating the necessary funds therefore and declaring a national policy objective for the total electrification of the Philippines on an area coverage service basis, the organization, promotion and development of electric cooperatives to attain the said objective, prescribing terms and conditions for their operations, the repeal of republic act no. 6038, and for other purposes
 - 292 - Defining the status of, and authorizing the grant of tax exemption and other privileges to, the Aquaculture Department Of The Southeast Asian Fisheries Development Center in the Philippines
 - 538 - Creating and establishing the Phividec Industrial Authority and making it a subsidiary agency of the Philippine Veterans Investment



Development Corporation defining its powers, functions and responsibilities, and for other purposes

- 972 – Promulgating an act to promote an accelerated exploration, development, exploitation, production and utilization of coal
- 1362 – Allowing Radio Broadcasting and Television Stations to import radio or television equipment, spare parts and allied technical and program materials to be used exclusively in their broadcast operations subject to certain conditions
- 1491 - amending section 8 of Presidential Decree numbered five hundred thirty-eight; (Presidential Decree No. 538 August 13, 1974 creating and establishing the Phividec Industrial Authority and making it a subsidiary agency of the Philippine Veterans Investment Development Corporation defining its powers, functions and responsibilities, and for other purposes)
- 1869 - consolidating and amending presidential decree nos. 1067-a, 1067-b, 1067-c, 1399 and 1632, relative to the franchise and powers of the Philippine Amusement and Gaming Corporation (PAGCOR)
- Republic Act Nos.
 - 6847 - An act creating and establishing the Philippine Sports Commission, defining its powers, functions and responsibilities, appropriating funds therefore, and for other purposes.
 - 7156 - An act granting incentives to mini-hydroelectric power developers and for other purposes.
 - 7157 – An act revising Republic Act No. 708, as amended (amending the provisions pertinent to the grant of reward under Republic Act No. 4712 and Republic Act No. 4713, entitled, "An act amending certain sections of the Tariff and Customs Code of the Philippines" and "An act amending certain sections of Commonwealth Act numbered four



8.0 Service Realization

hundred sixty-six as amended, otherwise known as the National Internal Revenue Code", respectively).

- 7160 – An act providing for a Local Government Code of 1991.
- 7229 - An act approving the merger between Globe Mackay Cable and Radio Corporation and Clavecilla Radio System and the consequent transfer of the franchise of Clavecilla Radio System granted under Republic Act No. 402, as amended to Globe Mackay Cable and Radio Corporation, extending the life of said franchise, and repealing certain sections of Republic Act No. 402, as amended.
- 7277 - An act providing for the rehabilitation, self-development and self-reliance of disabled person and their integration into the mainstream of society and for other purposes.
- 7306 - An act providing for the establishment of The People's Television Network, Incorporated, defining its powers and functions, providing for its sources of funding and for other purposes.
- 7354 - An act creating the Philippine Postal Corporation, defining its powers, functions and responsibilities, providing for regulation of the industry and for other purposes connected therewith.
- 7459 - An act providing incentives to Filipino Investors and expanding the functions of the technology application and promotion institute, appropriating funds therefore, and for other purposes.
- 7653 - The New Central Bank Act.
- 7686 - An act to strengthen manpower education and training in the Philippines by institutionalizing the dual training system as an instructional delivery system of technical and vocational education and training, providing the mechanism, appropriating funds therefore and for other purposes.



8.0 Service Realization

- 7884 - An act creating the National Dairy Authority to accelerate the development of the Dairy Industry in the Philippines, providing for a Dairy Development Fund, and for other purposes.
- 7925 - An act to promote and govern the development of Philippine Telecommunications and the delivery of Public Telecommunications Services.
- 8291 - An act amending Presidential Decree No. 1146, as amended, expanding and increasing the coverage and benefits of the Government Service Insurance System, instituting reforms therein and for other purposes.
- 8292 - An act providing for the uniform composition and powers of the governing boards, the manner of appointment and term of Office of the President of Chartered State Universities and Colleges, and for other purposes.
- 9369 - An act amending Republic Act No. 8436, entitled "An act authorizing the commission on elections to use an automated election system in the May 11, 1998 national or local elections and in subsequent national and local electoral exercises, to encourage transparency, credibility, fairness and accuracy of elections, amending for the purpose Batas Pambansa Blg. 881, as amended, Republic Act No. 7166 and other related election laws, providing funds therefore and for other purposes".
- 9497 - An act creating the Civil Aviation Authority of the Philippines, authorizing the appropriation of funds therefore, and for other purposes.
- 9500 - An act to strengthen the University Of The Philippines as the National University.
- 9511 - An act granting the National Grid Corporation Of The Philippines a franchise to engage in the business of conveying or transmitting electricity through high voltage back-bone system of interconnected



transmission lines, substations and related facilities, and for other purposes.

- 9513 - An act promoting the development, utilization and commercialization of renewable energy resources and for other purposes.
- 9520 - An act amending the Cooperative Code of the Philippines to be known as the "Philippine Cooperative Code of 2008".
- 10072 - An act recognizing the Philippine National Red Cross as an independent, autonomous, nongovernmental organization auxiliary to the authorities of the Republic of the Philippines in the Humanitarian Field, to be known as the Philippine Red Cross.
- Executive Order Nos.
 - 70 - Reducing the Rates of Duty on Capital Equipment, Spare Parts and Accessories Imported by Board of Investments (BOI)- Registered New and Expanding Enterprises.
 - 226 - The Omnibus Investments Code of 1987".
 - 1037 - Creating the Philippine Retirement Park System, Providing Funds Therefore and for Other Purposes".
- UNESCO Florence Agreement
- Automatic Appropriation under the General Appropriation Act
- Bilateral/International Agreements with duty/tax exemption provisions

MDFO

The process of fund administration is guided by applicable statutory and regulatory requirements in the delivery of its services, as identified, but not limited to the following:



8.0 Service Realization

- Presidential Decree No. 1914, s. 1984 “Creating a Special Revolving Fund for Purposes of Foreign Assisted Projects Applicable to Local Governments”;
- Executive Order No. 41, s. 1998;
- DOF-COA-DBM Joint Circular No. 6-87 “Restatement with Modification of the Guidelines Implementing PD No. 1914 Entitled ‘Creating Special Revolving Fund for Purposes of Foreign-Assisted Projects Applicable to Local Government’”;
- Presidential Decree No. 1445 “Auditing Code of the Philippines”; and
- PGB Resolutions

8.3 Customer – Related Processes

Customer requirements trigger the process wherein specified and implied needs and expectations of the customer are reviewed and acted upon.

The RO undertakes review of the submitted application and necessary supporting documents based on the applicable statutory requirement on the tax exemption being applied. A checklist of requirements is utilized to ensure that the receiving of complete documents are verified prior to acceptance. Likewise, operational requirements indicated in the process flow, DOs, and Operations Manual, etc., are used as basis to evaluate customer requirements for both of the above mentioned processes.

In the process of fund administration, the MDFO undertakes discussions and/or consultation meetings with donors, IAs and LGUs relating to fund administration. On the other hand, in the granting of tax exemption on importations, customer requirements are reflected in the application.

Results of review of customer requirements are embodied in the following documented information:

RO

- Checklist of requirements
- Claim stub

MDFO

- Memorandum of Agreements



8.0 Service Realization

- Bilateral/Multilateral Loan Agreements
- Sub-Project Loan Agreements/Sub-Project Financing Agreements/Accession Undertaking
- Checklist of requirements
- Letter advice

In the event that there are changes or amendments in the indorsements or in the agreement with customer, the concerned DOF office ensures that relevant documents are amended and customer and concerned personnel are informed of any changes and make appropriate adjustments/implementation. Communication of changes to the indorsements or agreement is embodied in the revised documented information mentioned above.

8.4 Customer Communication

The DOF implements effective mechanism for communicating with customers in relation to the process of granting of tax exemption on importations and fund administration. These are achieved by:

- Writing correspondences like disapproval of applications/deficiency letters, advance authority to import, payments of duties and taxes on local purchases, transfer of shipments to Board of Investment's (BOI) authorized entities and extension/cancellation of re-export bonds, transfer/ship-out for calibration/re-export returns to consignors and notice of inspection or monitoring; and,
- Writing correspondences or e-mails to Donors, IAs, and LGUs on any deficiencies, amendments, or project-related issues.

Likewise, customer information relating to tax exemption and fund administration are being provided, including handling of inquiries, feedbacks, and complaints by the different offices in DOF, such as the following:

- Feedback Forms;
- Response to queries through letters, phone, email;
- Conduct Inspection/field visit for validation and monitoring;
- Training evaluation;



8.0 Service Realization

- Focus group discussions; and,
- Meetings

8.5 Design and Development

This is an exclusion to the requirements of ISO 9001:2008 QMS Standard. Please refer to the Section 4 on the justification.

8.6 Purchasing

The purchasing process of the DOF is performed in accordance with R.A. 9184 or the Government Procurement Reform Act and other legal and regulatory provisions regarding the procurement of goods and /or services.

8.7 Service Provision

Control of Service Provision

The DOF identifies and plans service processes to ensure that these are carried out under controlled conditions, which include but not limited to the following:

- The availability of information that describes the characteristics of the service through Operations Manual;
- Compliance with laws, rules and regulations;
- Department/Office orders on the authorized or designated accountable officials/personnel;
- Concerned personnel ensures that all suitable equipment necessary to the provision of services where necessary are maintained at all times;
- Availability of information communication technology, systems and peripherals, computers and servers; and
- Monitoring and control of suitable and available services follows a series of reviews and approvals at different levels of processes.



Validation of Processes and Service Provision

The intent of validating a process is to ensure it is capable of achieving the planned results and the organization can demonstrate this capability. In case of failure to get the planned results, the DOF institutionalizes the following:

- The RO has established operating arrangement with the BOC. Hence, the BOC is allowed to return TEIs for amendments or corrections.
- TEIs released and forwarded to the BOC are subject to conditions such as if any manifestation or representation made in any of the underlying documents submitted for the obtention of the tax/duty exemption requested is false, fraudulent, misleading, faulty, inaccurate or not in accord with findings in an audit that DOF may conduct post importation, the exemption embodied shall be deemed nullified and voided, without prejudice to any legal action that DOF may pursue against the persons responsible for such misrepresentation.
- The Division Chief, Director III and Director IV review the completeness and accuracy of the requirements and compliance to laws, rules and regulations and may require inspection, inventory and monitoring at any stage during the processing of the application to ensure quality of the output.
- ODAD-MDFO follows the checklist of requirements for CAF issuance and fund release as embodied in the SPLA/SFA/AU. Ensures that the CAF issued, fund transfer, as well as letters and other communications are being transmitted and received by the LGUs and IAs. Validation of financial and physical accomplishments at the LGU level is being conducted to confirm that the funds released are disbursed solely for the approved LGU sub-project.

Identification and Traceability

The DOF ensures that service delivery is adequately identified and traceable by acceptable means throughout the realization process. In the granting of tax exemption on importations, a unique identification such as a trace number is assigned to each application to ensure that it is traceable and preserved at all



stages of service realization. Likewise, the applicant/consignee name serves as an identification to ensure that only duly authorized applicant/representative can communicate/process and submit the specified requirements. Identity of the authorized person for the release of the application is traced through signature verification and presentation of valid ID and claim stub. In the absence of the filer, authorization letter with valid IDs of the filer and authorized representative must be submitted.

In the fund administration process, the transactions are identifiable according to name of the LGU, project and sub-project name, and a control number for each of the prepared CAF and letter advice.

Customer Property

The DOF protects and safeguards customer property while under custody or being used. Confidentiality on customer information is observed. Customer property is returned to clients/applicants after the processing of tax exemption. For fund administration, the funds are safely transferred to each LGUs bank accounts on a bank to bank transaction. In case of lost, damage, and other untoward incidents, appropriate actions on customer notification is strictly implemented and monitored through memo, communication or incident report.

Preservation of Documents

The DOF undertakes appropriate identification, handling, packaging, storage and protection of documents/records during processing. Records obtained from the processing of transactions are stored and maintained in an accessible manner, and where deterioration or damage is minimized through, but not limited to the following:

- Digitization and database
- Labels, tags, signage
- Envelopes, folders
- Use of boxes with proper labels
- Filing cabinets and vaults



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8.8 Control of Monitoring and Measuring Equipment

This is an exclusion to the requirements of ISO 9001:2008 QMS Standard. Please refer to the Section 4 on the justification.



9.0 Support Processes

The support processes provide vital inputs in the delivery of core services to its customers. Each support process is described below and illustrated in the respective Procedures Manual.

9.1 Documents and Records Management

The DOF has defined its QMS documentation as shown in Figure 3. The degree of documentation is consistent with the following:

- a. Communication of Information - as a tool for information transfer and communication. The type and extent of the documentation is dependent on the nature of the QMS covered products and processes, the degree of formality of communication systems and the level of communication skills within DOF, and the organizational culture.
- b. Evidence of conformity - provision of evidence that what was planned, has actually been done.
- c. Knowledge sharing - to disseminate and preserve the organization's experiences.

DOF follows the documentation structure as illustrated below which adopts four (4) levels of documentation, as follows:

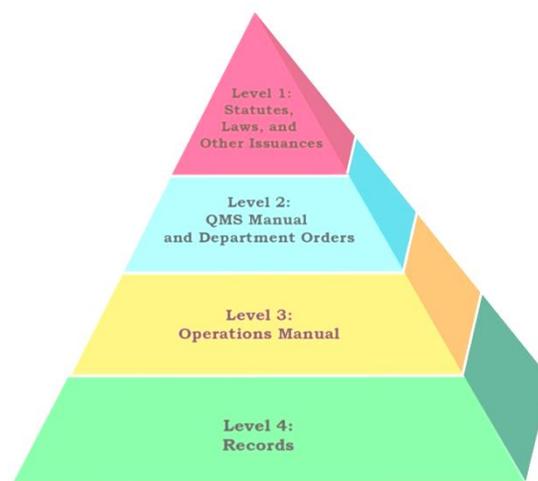


Figure 3: Documentation



Level 1: Statutes, Laws and other Issuances – These are operational guides on statutory, regulatory and departmental requirements on what the Department does and how it achieves stated policies. It also provides guidance on how to communicate and perform various functions.

Level 2: QMS Manual – Primary Systems Manual containing the quality policy, organizational structure, quality procedures, resource management, quality control and improvement, and forms implemented by the various offices in DOF. The quality procedures are Control of Documents, Control of Records, Control of Non-Conforming Service, Corrective and Preventive Action and Internal Quality Audit.

Level 3: Operations Manual – This contains the policies, organizational structure, systems and procedures, prescribed guidelines, work instructions, processing time, and forms used by a specific functional area. This manual clearly describes the sequence of processes necessary to ensure service delivery and customer satisfaction.

Level 4: Records – These include records that provide evidence of activities performed or results achieved.

Control of Documents

The DOF establishes and maintains a documented procedure for the creation, revision, approval, and issuance of the Quality Management System (QMS) documents. It ensures that pertinent issues of documents and data that relate to the requirements of QMS are controlled, reviewed and approved by authorized official prior to use or release. It likewise ensures that current versions of relevant documents are available at point of use and any changes or revisions are identified for traceability. After a revision is issued, obsolete hard copy documents are promptly removed from points of issue and use. The obsolete master document is archived and may be retained for legal and/or knowledge preservation purposes. The obsolete point of use copy is disposed. Documents of external origin determined by the Department to be necessary for the planning and operation of the QMS are identified and their distribution is controlled as well. Please refer to Procedures Manual on Control of Documents.



9.0 Support Processes

Control of Records

The DOF maintains records to demonstrate conformance to specified requirements and the effective operation of the QMS. Control provides for the identification, collection, indexing, filing, access, storage, maintenance, and disposition of records. All hardcopies of records are stored in such a way that prompt retrieval is possible and the records are protected from damage, loss and deterioration due to environmental condition. All electronic records are stored in protected folders and subject to periodic back-up procedure. At the end of nominated retention time, records are disposed in accordance with the approved DOF Records Disposition Schedule and the National Archives of the Philippines' (NAP) General Records Disposition Schedule. Please refer to Procedures Manual on Control of Records.

9.2 Human Resources Management

The DOF implements human resource management to maximize employee performance in service of an employer's assigned roles and responsibilities. HRM is primarily concerned with the management of people within DOF, focusing on policies and on systems. HR unit in DOF undertakes a number of activities, including employee benefits design, employee recruitment, training and development, performance appraisal, and rewards. HR also concerns itself with organizational change. Human Resources Management in the DOF is handled by the Personnel Services Division (PSD), Central Administration Office. The PSD is in-charge of all personnel actions which includes recruitment and promotion, leave administration and time monitoring, incentives and benefits, learning and development and payroll and voucher processing.

The DOF ensures that qualified human resources are recruited based on merit and fitness, and as far as practicable, by competitive examination. Recruitment is done in accordance with existing Civil Service Law and Rules and CSC-approved DOF Merit Promotion Plan. The DOF Selection Board deliberates on the merits of the candidates for appointment to positions based on the Qualification Standards Manual of the Civil Service Commission and competency requirements for the job. Appointees should meet the qualification standards of the position in terms of appropriate civil service eligibility, education, training and experience. Integrity



9.0 Support Processes

check is also integrated in the selection process to ensure that the moral integrity of the person is above board.

Putting premium on human resources as its greatest assets, the DOF provides opportunities for continuing growth and development to capacitate the staff towards more efficient and effective work performance aiming for quality service. It seeks to actively engage, empower and motivate the staff in transforming the DOF into a high performing organization. Towards this end, Scholarship guidelines approved by the Personnel Career Development Committee (PCDC) are strictly observed giving fair chance for all DOF personnel to attend various scholarships, trainings and other learning programs, and thus, enhance their knowledge, skills, competencies, managerial acumen, work ethics and attitude on activities related to the quality system. This is aligned with the DOF's belief that the behavior and performance of every individual directly impacts on the quality of services provided.

To ensure the competence of the personnel, the Department of Finance, through PSD, in collaboration with concerned divisions undertakes the following:

- Orients the personnel on the relevance of their roles and responsibilities and how they contribute to the achievement of the quality policy and objectives of the DOF;
- Determines the capability building needs of the DOF personnel in work affecting service quality through Training Survey and Training Needs Assessment;
- Organizes HR interventions based on the Training Plan;
- Evaluates the effectiveness of HR interventions (how/what is the approach used for evaluating interventions); and,
- Facilitates the career pathing of qualified personnel to meet the capacity requirements of operations.

The training of personnel includes both formal and informal modes. Aside from scholarships, local and foreign degree or non-degree courses, seminars and training workshops, and in-house seminars, employees are also given coaching and mentoring sessions, on-the-job-training, secondment and cross-posting. It also includes orientation and cascading sessions conducted by the ISO Core Team.



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The PSD maintains the training records on the education, skills, and experiences each employee has achieved that identify the competency of his/her current position. Personal Data sheets are updated regularly and filed in the respective 201 File together with records of academic qualifications, trainings and other relevant information of the personnel. The 201 files of the employees are maintained by the PSD in a secured, locked room.

Please refer to Procedures Manual on Human Resource Management and applicable CSC issuances.

9.3 Infrastructure Management

It is the policy of the DOF to determine, provide and maintain the infrastructure needed to in order to deliver the required services by its stakeholders in accordance with its agency mandate.

Asset Management

While DOF Management determines the basic infrastructure facilities that it has to provide for its personnel, it is through the General Services Division (GSD) that these facilities are properly maintained for purposes of delivery of the required agency services. Please refer to Procedures Manual on Asset Management.

Buildings, workspace and associated facilities

The GSD, aside from its existing in-house maintenance personnel who performs minor carpentry, electrical and plumbing works engages the service providers to maintain the infrastructure associates of the DOF to achieve conformity to the structural requirements of the National Government and of DOF employees and customers. Likewise, the GSD ensures that government standards pertaining to infrastructure (e.g structural, electrical and environmental) have been complied with and permits whenever required have been properly secured by the prior to the start of every project related with building, workspace and utilities. Facilities which are highly technical in nature such as elevators, air-handling units, chillers, generator set and fire suppressant are being maintained by service providers to ensure its continuous quality performance on a 24/7 basis. The DOF premises



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and records observed problems. In instances when employees make a complaint the in-house personnel is dispatched and appropriate action is provided.

Aside from the reports being prepared by the service provider regarding the upkeep of a particular facility, an Administrative Officer (indicate the order) of the GSD on a daily basis conducts an ocular inspection.

Transportation

The needs for transportation are identified by the users and adequately provided through provision of shuttle services for employees and availability of motorpool. The MDFO maintains its own motor pool for official travels of its personnel. Preventive maintenance service is implemented through designated service center and daily routine check-ups by the respective drivers.

ICT Management

The Central Management Information Office – Information Technology (CMIO-IT) and Municipal Development Fund Office – Management Information Systems and Records Division (MDFO-MISRD) manage the information systems and ICT infrastructure in the DOF, and monitor services through the IT Helpdesk System. They likewise provide support services to the different functional areas of the DOF as follows:

- Website Management
- Information Systems Development
- Backup, Restoration and Migration
- User Account Administration
- IT Equipment Management
- Systems Administration
- Data Warehouse and Business Intelligence Administration
- Value Added IT-Related Tasks

Please refer to Operations Manual, IT policies and applicable issuances.



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9.4 Work Environment

The work environment of the DOF pertains to the place of work as well as its immediate surroundings. The kind of environment to which employees and customers are exposed to, directly affects work performance and satisfaction level. Since human resource is considered as vital assets, the DOF promotes personal well-being, satisfaction and motivation of its personnel and customers. In order to achieve this, the Top Management sees to it that the employees and customers are provided with a quality work life through a conducive, healthy and safe work environment. A positive environment can motivate personnel towards the attainment of the DOF objectives. The DOF management is continuously exerting efforts to improve the work environment in consideration with the following factors:

- Suitability to the process (work processes suitability)
- Ergonomics
- Temperature, humidity, air quality
- Lighting
- Noise control
- Hygiene and cleanliness

9.5 Procurement Management

Procurement management is governed by the Republic Act No. 9184, otherwise known as the Government Procurement Reform Act and its revised implementing rules and regulations, and ensures that the basic principles are being adhered to, such as transparency, competitiveness, streamlined procurement process, system of accountability and public monitoring. In instances when the source of funds is from a foreign donor, applicable procurement guidelines are followed.

The PPMP is prepared annually by the respective offices in the DOF based on the appropriation and approved agency budget. The PPMPs are submitted to the Budget Division for consolidation, approved by the Director of the Central Financial Management Office (CFMO) and submitted to the BAC Secretariat for preparation of the Annual Procurement Plan (APP).



9.0 Support Processes

Procurement activities are performed by the GSD. The mode of procurement follows the requirements of Republic Act No. 9184. For monitoring purposes, all procurement activities are indicated in the Procurement Monitoring Report (PMR) and submitted to the Government Procurement Policy Board Technical Support Office (GPPB-TSO) semi-annually. This is further validated by representatives of the GPPB-TSO using the Agency Procurement Compliance and Performance Indicators (APCPI). The APCPI monitors the effectiveness of procurement reforms as well as its implementation in the DOF. Please refer to Procedures Manual on Procurement Management and Implementing Rules and Regulations on RA 9184.

9.6 Financial Resource Management

The DOF financial resources management process emanates from the General Appropriations Act approved by the Congress and releases by the Department of Budget and Management to the DOF to implement its plans and programs. The function of financial resource management rests with the Central Financial Management Office with objectives that all obligations incurred in the Department of Finance (Proper) are based on the purposes as authorized by the GAA within the time limits applicable to the appropriation, exercise due diligence and are accounted and monitored within 24 working hours upon receipt of complete documents and maintain documentary evidence in support of all financial transactions.

This procedure covers payment for Personnel Services (PS) Maintenance and Other Operating Expenses (MOOE) and Capital Outlays (CO) starting from the receipt of Budget Request and Status (ORS) from end-user, processing of payment (Disbursement Voucher), approval of payment to release of payment either through check issuance or LDDAP-ADA. Please refer to Procedures Manual on Financial Resource Management.

9.7 Legal Services Management

Legal Services Management is handled by the Legal Affairs Office (LAO) to provide support services to various DOF offices in carrying out their functions. The LAO essentially renders legal support to different offices and units of the DOF upon an official request. Likewise, the DOF's organic units primarily responsible for



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specific matters may request for the opinion of the LAO on the legal aspects of said matters. The LAO conducts its legal research on the legal aspects referred to it and renders an advisory opinion thereon, for the final consideration of the unit primarily responsible for the matter. The LAO's advisory opinion is meant for internal purposes of the DOF only and is not meant as a substitute for the judgment and discretion of the unit primarily responsible for the matter. In connection with its function of preparing draft opinions and rulings of the DOF, it is also, from time to time, assigned as the Secretariat of committees specially constituted to render rulings on certain specific matters under the authority of the Secretary of Finance. As the need arises, legal services is outsourced by the respective offices. In case of MDFO contracts such as MOAs, SPLAs, SFAs among others, these are being reviewed by an Outsource Legal Specialist. Please refer to Procedures Manual on Legal Services Management.



10.1 Feedback Management

DOF monitors the service delivery in terms of meeting the customers' requirements and expectations. Periodic gathering of customers' feedback and perception is conducted through the following approaches:

- **Suggestion/Feedback Form and Customer Satisfaction Survey**

This activity aims to measure stakeholders' immediate satisfaction level as soon as service has been delivered. It is likewise used as an instrument to monitor the DOF's performance in terms of meeting the customers' requirements and expectations. The survey is administered by the respective offices.

- **Social Media and Other Web-Based Platform**

Feedback gathered through Social Media and Other Web-Based Platform is handled by the Office of the Secretary and the CMIO-IT. This enables publishing of DOF-related information for the public to access information, collaborate on a common effort, or build relationships. It is the quickest means of soliciting unstructured and anecdote-based feedback from the transacting public, like the Pera ng Bayan, etc.

- **SMS/Text Messages**

The customers provide instant feedback from their mobile devices. The MDFO has three official mobile numbers, 0917-541-7174, 0917-633-1173, 0920-967-4811, dedicated to catering customer feedback. Response is provided and data is monitored accordingly.

- **Focus Group Discussion**

The MDFO conducts meetings to discuss with stakeholders specific concerns and gather feedback. This activity is intended to surface the current and future development concerns of customers as they are relevant in defining and/or aligning the DOF's plans and programs.



Results obtained from above sources of feedback are analyzed, evaluated, provided appropriate necessary correction, corrective, corrective actions and presented during Management Review. Please refer to Procedures Manual on Feedback Management.

10.2 Monitoring and Evaluation

Monitoring and Measurement of Processes

The Department of Finance-Strategic Performance Management System (DOF-SPMS) links and monitors the Agency's vision, mission and strategic goals with the specific work of each DOF personnel in view of maximizing organizational productivity and driving employees' performance.

The DOF – SPMS process consists of four stages:

- **Target-Setting and Commitment**

Offices set performance objectives that are aligned to the DOF's Major Final Outputs and other key priority areas. Division Chiefs and individual employees then set performance objectives that are aligned with the approved office performance objectives.

- **Target Monitoring and Performance Coaching**

Done regularly during the performance rating period done by Head of Office, Division and Office Heads and the individual employees. The objective is to create an enabling environment to improve team performance and develop individual potentials.

- **Review and Evaluation**

Done at regular intervals to assess both individual and office performance. The same Performance dimensions of quality, efficiency and timeliness and Rating Scale should be used from Office down to the Division and Individual Success Indicators.



10.0 Monitoring, Measurement, Analysis, and Improvement

- **Reward Management and Development Planning**

Reward Management – PMT identifies potential top performers and provides inputs to the PRAISE Committee for grant of awards and performance-based incentives according to the final ratings of employees as approved by the Director.

Based on the results of the performance review and evaluation, appropriate developmental interventions shall be made available to employees. The Professional Development Plan provides developmental opportunities mutually agreed upon by the employee and his/her supervisor to address performance gaps, career paths and alternatives.

The DOF-SPMS covers all performance monitoring of career and non-career employees occupying first and second level positions in the Department of Finance.

Monitoring and Measurement of Services

The DOF processes in its quality management system are monitored and measured if possible, to ensure that performance is achieved and planned results are attained. Each process output and result is reviewed to determine whether the expected results that were planned per the objectives are done. When results do not meet expectations, the control of non-conformance and corrective action is implemented.

The information on customer satisfaction and/or dissatisfaction is one of the measurements of performance of the QMS. Customer satisfaction information is obtained from customer feedback and by analyzing customer responses in the survey form. A customer satisfaction survey form is given to the client and results are used to determine conclusions on the quality of service provided. The findings are reported to management and presented at management review meetings quarterly.



Performance Evaluation

Evaluation is regularly done semi-annually. If there is a need for a shorter or longer period, the minimum appraisal period is at least ninety (90) calendar days or three (3) months, while the maximum is more than one (1) year. During the monitoring and coaching period, Performance Monitoring and Coaching Journal is used to regularly monitor the performance of offices, divisions and employees. Performance Coaching can be done once per rating period or as often as necessary.

At the end of the performance rating period, the duly accomplished OPCR, DPCR and IPCR shall be reviewed to assess job performance of offices, division and individual employees, respectively. Assessment is done by measuring actual accomplishment of set targets based on identified success indicators using a rating scale.

Please refer to Procedures Manual on Performance Evaluation.

10.3 Internal Quality Audit

The DOF annually conducts an effective internal quality audit to determine whether its quality management system is effectively implemented, maintained, and conforms to the requirements of ISO 9001:2008. The Internal Quality Audit (IQA) process is implemented in accordance with the IQA procedures. All audits are conducted by qualified and competent personnel who are independent of the activity to be audited. An audit program is planned taking into consideration the status and importance of the processes and areas to be audited, as well as, the results of the previous audits. The audit criteria, scope, frequency and methods are defined in the audit plan. The audit findings are brought to the attention of the concerned personnel having responsibility in the audited area and makes timely corrections and corrective action on the non-conformities identified during the audit. Internal audit results are reported to the DOF management during the Management Review to allow assessment of the effectiveness of the quality system. Follow-up audits are performed to verify and record the implementation and effectiveness of the corrective actions taken. Records of audits and the



results, including the corrective actions are maintained as quality record. Please refer to Procedures Manual on Internal Quality Audit.

10.4 Manage Improvement

Analysis of Data

The DOF gathers and analyzes data to demonstrate the suitability and effectiveness of the QMS and to identify improvements, including opportunities for preventive actions that can be made. Data is analyzed to provide information on the following:

- customer satisfaction
- conformity to product requirements indicated in the MFOs and SPMS, which are evaluated to determine rate of accomplishments and causes of non-attainment are identified;
- characteristics and trends of processes and products, including opportunities for preventive action
- audit findings, nonconformities and actions taken;
- suppliers performance evaluation

The DOF collects and analyzes QMS data that relate to the effectiveness and efficiency of products, services in the delivery of fund administration and tax exemption on importations, QMS processes, output, supplier performance, use of resources,, customer satisfaction, etc. Annual performance and periodic management reviews through trend analyses, determination of longer-term progress, identification of opportunities for further improvement or prioritizing corrective action for nonconformities are implemented. The DOF Management uses the presented data to focus on continual improvement.

Management Review

The Top Management reviews the QMS at least once a year or as deemed necessary, to ensure its continuing suitability, adequacy, and effectiveness. The review includes assessing opportunities for improvement and the need for changes to the QMS, including the Quality Policy and Quality Objectives.



10.0 Monitoring, Measurement, Analysis, and Improvement

Management Reviews are carried out during Annual Assessment Review or as the need arises. The agenda of the Management Review is prepared by the QMR and distributed to all concerned. Attendance and Minutes of the Management Review are recorded and maintained by the QMS Secretariat

The review is led by the MR and input to this review includes, but is not limited to the following:

- Follow up actions from previous Management Reviews;
- Quality Policy;
- Status of Objectives, Targets, and Plans;
- Results of audits (internal and certification body audits);
- Status of preventive and corrective actions;
- Stakeholders' feedback;
- Changes that could affect the QMS; and,
- Recommendations for improvement

The above inputs provide the DOF Management determine the status of the QMS and provide the basis for recommendations for improvement. The outputs of the the review process are the following:

- Improvement on the effectiveness of the QMS and its processes;
- Improvement on the services related to stakeholders' requirements; and,
- Identification of new or changes in the resource needs.

Approved items for improvement are monitored as Action Plans. Minutes of Management Reviews must be made available for personnel unable to attend the review and for tracking agreements and actions to be taken. Records of Management Reviews are kept and maintained in accordance to the Control of Records procedure.

Continual Improvement

The DOF strives to continually improve the effectiveness of the QMS through the use of the quality policy and objectives, audit results, analysis of data, corrective and preventive actions, and management reviews. Every DOF employee is



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encouraged to suggest new and innovative ideas for improving the services, processes, systems, productivity, and the working environment, including preventive actions.

Opportunities for improvement are evaluated and implemented through the management review process and internal quality audit. They are prioritized with respect to their relevance for achieving quality objectives. When opportunities for improvement are no longer supported by the current policy and objectives, the DOF Management establishes new quality objectives, and possibly change the policy, as deemed necessary.

Improvements are implemented through the supervisors of the operating Groups who ensure that they are validated and appropriate level of quality control is performed on an ongoing basis.

Corrective Action

The DOF establishes a procedure to eliminate the causes of nonconforming work or deviation from policies and procedures in the quality management system to ensure that nonconformities will not recur. This procedure includes the conduct of root-cause analysis and implementation of the needed action, and assessment of the effectiveness of the corrective action. Records of corrective actions taken are maintained.

Preventive Action

The DOF establishes a procedure to prevent nonconforming work or deviation from policies and procedures in the quality management system to ensure that nonconformities will not occur. This procedure includes the determination of cause and implementation of the needed preventive action, and assessment of the effectiveness of the preventive action. Records of preventive actions taken are maintained.



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