

REPUBLIC SURETY & INSURANCE CO, INC.	ACCOUNTING POLICY/ PROCEDURE	
	Doc. No. : ACC-05	Issue Date : January 2, 2013
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Title: <u>PURCHASING</u>		

1.0 PURPOSE

This policy details the steps in ordering items or services to ensure that the purchased item or services conforms to the required specification with the best price and quality.

2.0 POLICY- NON BID ITEMS

- 2.1 Purchases with a value of not exceeding One Thousand (P1,000.00) does not require a purchase order and can be taken from the petty cash.
- 2.2 Purchases with a value of over P1,000.00 to P10,000.00 should have at least two (2) written quotations.
- 2.3 Purchases with a value of more than P10,000.00 should have at least three (3) written quotations.
- 2.4 Purchase requisition initiated by the Division Manager must be approved by the Vice President.
- 2.5 Purchase requisition initiated by the Vice Presidents for capitalized asset and item for donation must be approved by the President.
- 2.6 Purchasing Officer shall not accept requisition forms with incomplete information.
- 2.7 Suppliers must sign on the conforme of the original copy of the purchase order.

3.0 PROCEDURES

3.1 Requisitioning

- 3.1.1 The department making the requisition shall accomplish a Requisition Form with the following information:
 - Detailed specification of the requested item
 - Quantity to be ordered
 - Required date of delivery
 - Department requesting the item
 - Purpose/justification of request/ budget/non-budget
 - TIN Number of supplier
- 3.1.2 Requisition form shall be signed by the Requisitioner who will then pass it to his Manager /Vice President for approval.
- 3.1.3 The Manager /Vice president shall review and check the validity of the requested item or service before submission to the Purchasing Officer.

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3.1.4 Requisition for capitalized asset and item for donation, must be initiated by the Vice President and for approval of the President. Supporting documents such as letters must be attached.

3.1.5 Requisition for computer related item/services must be reviewed by the IT Manager.

3.2 **Selection of Supplier**

3.2.1 Once the requisition is approved, the Purchasing Officer shall canvass from at least 2 or 3 suppliers depending on the amount and request for formal quotations .

3.2.2 A supplier shall be selected /approved and assessed in accordance with the following:

- Price
- Quality
- Delivery Time
- Terms

3.2.3 Canvass sheet shall be prepared by the Purchasing Officer summarizing the quotations of the suppliers. Fax, email or original copy of the quotations must be attached. Purchasing Officer shall evaluate and recommend the best quality and price.

3.3 **Preparation of the Purchase Order (PO)**

3.3.1 After selection of the supplier, the Purchasing Officer shall prepare the Purchase Order based on the approved quotation and requisition form.

3.3.2 The Purchase Order must contain the following information:

- Name and address of the supplier
- Quantity and unit price
- Detailed description of the item/service as per requisition form
- Agreed delivery date

3.3.3 The Purchasing Officer shall submit the PO to the IT Manager (for computer related items) and Chief Financial Officer for review and then to the President for approval.

3.4 **Receiving of Ordered Goods**

3.4.1 The Purchasing Officer shall check items being delivered in accordance with the purchase order. Off specification deliveries shall not be accepted.

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3.4.2 The Purchasing Officer shall take up with the supplier any discrepancy between the invoice and the PO which may be due to:

- Over/short delivery
- Non-delivery of some items
- Wrong pricing

3.4.3 Checked Invoices together with the supporting documents shall be forwarded to the accounting department for recording and payment on the due date.

3.4.4 Requested item shall be forwarded to the Requisitioner.

3.4.5 Stock supplies shall be kept in the stockroom. Logbook of supplies in the stock room shall be maintained.

4.0 RESPONSIBILITIES

4.1 Requisitioner

- Provides complete information on the requested items or services and advises the date the item or service is required.
- Submits to the Manager /Vice President/President a duly signed requisition form for approval.

4.2 Stockroom Custodian

- Releases requested office supplies and equipment as per requisition form
- Maintains log book of stocks kept in the stockroom.

4.3 Manager

- Checks and verifies the validity of the requested items/services of staff
- Approves requisition of staff

4.4 AVP/VP

- Approves requisition of Managers

4.5 Purchasing Officer

- Responsible for securing quotations in order to get the best price and quality
- Responsible for the preparation of canvass sheet and purchase orders
- Responsible for the ordering of requested items from the chosen supplier.
- Maintains and updates the services and suppliers list
- Receives items and services in accordance with the purchase orders as to quantity and quality.

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4.6 Chief Financial Officer

- Reviews and checks the canvass sheet and purchase orders.

4.7 President

- Approves the requisition of Department Heads and all items for donation, canvass sheet and purchase order

5.0 ATTACHMENTS

5.1 Requisition Form

5.2 Canvass Sheet

5.3 Purchase Order

6.0 REFERENCE

6.1 Standard Accounting Internal Control

Prepared By:	Reviewed By:	Approved by:		
LILIA S. DAYCO Manager-Budget & Control	CECILIA P. PALLON VP-Chief Finance Officer	WERHNER V. PAREL VP-Chief Underwriting	RICARDO G. HERNANDEZ VP-Chief Marketing	PEDRO P. BENEDICTO, JR President