

BIDS AND AWARDS COMMITTEE FOR GOODS (BAC-G)

**RESOLUTION NO. BACG-XGB-2021-01
PROCUREMENT OF GROCERY ITEMS FOR THE 2021 BCDA GIFT BASKETS**

WHEREAS, the Bases Conversion and Development Authority (BCDA), through the Human Resources & Management Department (HRMD) and 2021 Yuletide Committee, intends to procure the Grocery Items for the 2021 BCDA Gift Baskets as part of Corporate Give-aways for the 2021 BCDA Yuletide Season;

WHEREAS, on 29 October 2021 (attachment herewith as **Annex "A"**), BCDA Officer-in-Charge (OIC) Aristotle Batuhan approved the following: (1) 2021 Yuletide Celebration Plans and Programs in the total amount of **Four Million Nine Hundred Seventy Six Thousand and 00/100 (Php 4,976,000.00)**, chargeable against the 2021 budget for Christmas Activities; and 2) Designation of the Special Disbursing Officer of the 2021 Yuletide Committee with a cash advance of **Php 4,976,000.00**;

WHEREAS, in its memo of 11 November 2021 (attachment herewith as **Annex "B"**) to BAC-G, the 2021 Yuletide Committee requested BAC-G to process the procurement of the Grocery Items for the 2021 BCDA Gift Baskets through Negotiated Procurement pursuant to Agency-to-Agency Agreement in accordance with Section 53.5 and Annex "H" of the 2021 Revised Implementing Rules and Regulations (RIRR) of Republic Act No. 9184;

WHEREAS, the 2021 Yuletide Committee requested authority from the BAC-G to procure the grocery items from the AFP Commissary and Exchange Services with a total amount of **Three Million Seven Hundred Ninety-Two Thousand Pesos (Php3,792,000.00)**, breakdown of which is shown below:

Items	Quantity	Target Recipients	Budget Cost per Basket (in Php)	Total Budget Cost (in Php)
Christmas Baskets	480	BCDA Directors, Plantilla Employees, Staff, Contract of Service, Consultants	7,000	3,360,000.00
Christmas Baskets	144	Security Services Personnel	3,000	432,000.00
Total	624			3,792,000.00

WHEREAS, based on the representations of the 2021 Yuletide Committee, the following applicable conditions for Agency-to-Agency arrangement are complied with considering that:

1. Based on the initial canvass, the prices of items offered by the Armed Forces of the Philippines Commissary and Exchange Services (AFPCES) are lower than the prices offered by other grocery stores, hence AFPCES has the lowest calculated bid (please see attached Abstract of Quotations as **Annex "C"**). Hence, it is more

efficient and economical for the government to enter into an Agency-to-Agency Agreement with the AFPCES.

2. The AFPCES is a national government unit that has the mandate to deliver the goods required by BCDA (attachment herewith as **Annex "D"**).
3. The AFPCES has the capacity to deliver the required items based on the results of the accomplished Request for Quotation submitted by AFPCES.


NOW, THEREFORE, foregoing premises considered, we, the Members of the BAC for Goods hereby **RESOLVE**, as it is hereby resolved, to recommend the following:

1. Procurement of the grocery items for the 2021 Christmas Baskets through Agency-to-Agency Agreement under Negotiated Procurement, pursuant to Section 53.5 and Annex "H" of the RIRR of RA 9184;
2. Award the contract to the **Armed Forces of the Philippines Commissary and Exchange Services (AFPACES)** for the procurement of grocery items for 624 Christmas Baskets in the total amount of **Three Million Seven Hundred Ninety-Two Thousand Pesos (Php 3,792,000.00)**;
3. To issue the corresponding Notice of Award to **Armed Forces of the Philippines Commissary and Exchange Services**. (Copy Attached); and
4. To direct the Human Resources and Management Department (HRMD) and 2021 Yuletide Committee, being the end-user units, to facilitate the preparation and execution of the Notice to Proceed and agreement/contract and furnish the same to BAC-G together with the duly conformed Notice of Award (NOA).

RESOLVED, at the BCDA Corporate Office, this 17th day of November 2021.

BIDS AND AWARDS COMMITTEE (BAC) FOR GOODS


JOSHUA M. BINGCANG
Chairperson


JOCelyn L. CANIONES
Vice Chairperson


SAMUEL JOHN VIDALLON
Member


CHRISTIAN T. DULDULAO
Member


RITCHIE P. PACLIBAR
Member

Approved By:


AILEEN ANUNCIACION R. ZOSA
Executive Vice President

INTERNAL MEMO

FOR THE OFFICER-IN-CHARGE OF THE OFFICE OF THE PRESIDENT AND CEO 

THRU : **AILEEN ANUNCIACION R. ZOSA**  10-26-2021
Executive Vice President

PATRICK ROEHL C. FRANCISCO 
Officer-in-Charge, OCSG

FROM : **GERBER SO-ERESMAS** 
Chairperson, 2021 Yuletide Committee

DATE : **19 OCTOBER 2021**

SUBJECT : **2021 BCDA YULETIDE CELEBRATION**

BACKGROUND

We refer to the Special Order No.156, Series of 2021 issued on 24 September 2021 for the creation of the 2021 BCDA Yuletide Committee, wherein one of its tasks is to submit a specific action plan / program with a corresponding budget to the management on or before 03 November 2021.

DISCUSSIONS

The Yuletide Celebration in BCDA is an annual tradition which aims to give back to its employees for the hard work and success of the year in spite of the current circumstances through the joyous celebration of Christmas.

This 2021, the BCDA Yuletide Committee is proposing the following activities in line with **"SAYA AT PAG-ASA SA LIKOD NG MASKARA: BCDA 2021 PASKO ARIBA!"** as the official theme:

1. CHRISTMAS VIRTUAL PARTIES

Considering that the threat of infection from COVID-19 is still feasible and in anticipation that mass gathering will still be prohibited by December, the Yuletide Committee hereby propose a virtual Christmas Party for the BCDA family tentatively scheduled in the afternoon of 17 December 2021.

The BCDA personnel can join via online platform to be announced before the event while others can watch via Facebook Live in the official BCDA Facebook Mga Kawani ng BCDA. On the other hand, the platform to be used for the virtual mass to be arranged by the Committee will be announced once the schedule is finalized.

Prior to this event, we would also like to propose that a simple virtual Kiddie Christmas Party be held as well tentatively scheduled on 14 December 2021 in the afternoon. This was based on the survey we conducted on BCDA staff wherein 92% of the 101 respondents supported the idea of this activity. Approximately 146 kids are expected to participate in this activity.

The Christmas Virtual Parties is expected to incur a cost of **Two Hundred Sixty Thousand and 00/100 Pesos (Php 260,000.00)**, detailed on the table below:

PARTICULARS	COST
Virtual BCDA Personnel Christmas Party	
Program (meals, prizes for online games)	70,000.00
Raffle	100,000.00
Mass	20,000.00
Virtual BCDA Kiddie Christmas Party	
Program	70,000.00
Sub-Total (Christmas Program)	260,000.00

2. CHRISTMAS BASKET AND GIFT CERTIFICATE

Following the 2020-approved Christmas Program, the 2021 BCDA Yuletide Committee intends to procure grocery items and gift certificates for BCDA Manpower and Security Personnel following the matrix below:

PROPOSED RECIPIENTS	CHRISTMAS BASKETS		GIFT CERTIFICATES
	Php 7,000 each	Php 3,000 each	Php 2,000 each
BCDA Organic	155	-	155
CoS	10	-	10
DBPSC	220	-	220
Board of Directors	7	-	-
Consultants	9	-	-
SCRP	40	-	-
Security			
BTC	12	-	-
PDS / BMHI	-	12	-
BCDA Open Area	-	43	-

BTP	-	23	-
BCDA Facilities	-	29	-
New Clark City	-	37	-
Buffer	27	-	27
Total	480	144	412

The 412 personnel will receive the full package of Christmas Basket and Gift Cheque, while the rest of the recipients will only receive the Christmas Basket.

The approved budget since 2018 for the Christmas Basket was Php 6,000 per employee. However, we note that the grocery items have already increased based on the initial quotation we received from the AFP Commissary. In this regard, we would like to propose that the budget for the Christmas Basket for this year be set at Php 7,000 and Php 3,000 for BCDA Manpower and Security Personnel, respectively.

The estimated cost for the Christmas Basket and Gift Certificate is **Four Million Six Hundred Six Thousand Thousand and 00/100 Pesos (Php 4,616,000.00)**, detailed as follows:

PARTICULARS	COST
Christmas Basket	
BCDA Manpower (441 x Php 7,000)	3,087,000.00
Security Personnel - BTC (12 x Php 7,000)	84,000.00
Security Personnel - Other areas (144 x Php 3,000)	432,000.00
Buffer (27 x Php 7,000)	189,000.00
Gift Certificate	
BCDA Manpower (385 x Php 2,000)	770,000.00
Buffer (27 x Php 2,000)	54,000.00
Sub-Total (Christmas Basket and Gift Certificate)	4,616,000.00

3. CHRISTMAS OUTREACH PROGRAM

Consistent with the theme and to remain in the spirit of Christmas despite the pandemic, the Committee would also like to propose an Outreach Program that will benefit our modern day heroes to recognize their contribution in uplifting the wellbeing of our fellow Filipinos. Further details of this plan will be prepared in collaboration with the Public Affairs Department who are handling the Corporate Social Responsibility Programs of BCDA.

The proposed budget for this activity is **One Hundred Thousand and 00/100 Pesos (Php 100,000.00)**.

To summarize, the total proposed budget of the 2021 Yuletide Committee is **Four Million Nine Hundred Seventy Six Thousand and 00/100 (Php 4,976,000.00)** while the overall budget for the Christmas Activities based on the approved Annual Procurement Plan (APP) under the code BG2021-091 is Five Million and 00/100 Pesos (Php 5,000,000.00).

PARTICULARS	COST
2021 Christmas Activities Approved Budget	5,000,000.00
Less these requirements:	
Christmas Virtual Parties	260,000.00
Christmas Basket and Gift Certificates	4,616,000.00
Christmas Outreach Program	100,000.00
Total of the 2021 Yuletide Celebration Program	4,976,000.00
Balance	24,000.00

All procurement activities shall be made in accordance with the Republic Act No. 9184 and its Implementing Rules and Regulations.

REQUESTED ACTIONS

In view of the above, may we respectfully request for the approval of the following:

1. Approval of the Officer-in-Charge of the budget for the 2021 Yuletide Celebration in the total amount of **Four Million Nine Hundred Seventy Six Thousand and 00/100 (Php 4,976,000.00)**, chargeable against the 2021 budget for Christmas Activities.
2. Approval of the attached Special Order designating the 2021 Yuletide Chairperson as the Special Disbursing Officer for the amount of **Four Million Nine Hundred Seventy Six Thousand and 00/100 (Php 4,976,000.00)**; and
3. Approval to commence procurement process.

FOR YOUR KIND CONSIDERATION AND APPROVAL, PLEASE.

THANK YOU.

Attachments

Annex A - Draft Special Order

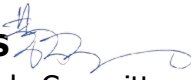
Annex B - Special Order No.156, Series of 2021

Annex C - Initial Proposal from the AFP Commissary

Annex D - Excerpt from the 2021 Annual Procurement Plan

INTERNAL MEMO

FOR THE CHAIRMAN AND MEMBERS OF THE BAC FOR GOODS

From : **GERBER SO-ERESMAS** 
Chairperson, 2021 Yuletide Committee

Date : **11 NOVEMBER 2020**

Subject : **PROCUREMENT OF THE 2021 CHRISTMAS BASKET FOR BCDA AND ITS SECURITY PERSONNEL**

BACKGROUND

We refer to the plans and programs for the 2021 Yuletide Celebration of BCDA approved last 29 October 2021. The approved program includes the procurement of Christmas Baskets for the BCDA and its Security Personnel.

DISCUSSION

The Special Order No.156, Series of 2021 was issued on 24 September 2021 for the creation of the 2021 BCDA Yuletide Committee who was tasked to submit a specific action plan / program with a corresponding budget to the management on or before 03 November 2021.

On 29 October 2021, the proposed budget in the amount of **Four Million Nine Hundred Seventy Six Thousand and 00/100 (Php 4,976,000.00)** was approved by the Officer-In-Charge of OPCEO to finance the various expenses to be incurred for 2021 Yuletide Celebration.

Included in the proposed plan was the procurement of the Christmas Basket for the BCDA and Security Personnel for a total of **Three Million Seven Hundred Ninety-Two Thousand Pesos (Php 3,792,000.00)** with breakdown as follows:

ITEMS	PROPOSED BUDGET
480 pcs of Christmas Basket @ PHP 7,000.00	Php 3,360,000.00
144 pcs of Christmas Basket @ PHP 3,000.00	Php 432,000.00

The Yuletide Committee requested for a proposal from four various suppliers summarized on the table below:

	AFP Commissary	Puregold Price Club, Inc.	Super 8 Grocery Warehouse	Waltermart Supermarket, Inc.
BCDA Personnel	Php 3,360,000	Php 3,520,536	Php 2,846,448 (incomplete bid)	Php 3,599,760
Security Personnel	Php 432,000	Php 458,892	Php 462,564	Php 453,124.80

We have also attached the following documents for your reference:

- 1) Abstract of Quotations Report
- 2) Request for Quotation
- 3) Proposal from AFP Commissary, Purgeold, Super 8 and Waltermart
- 4) Document from AFPCES showing the Servicing Agency has the mandate to deliver the goods and services

As such, the Yuletide Committee finds it more efficient and economical to the government to adopt Negotiated Procurement (Agency-to-Agency) under Section 53.5 of the 2016 Revised Implementing Rules and Regulation of RA 9184.

REQUESTED ACTIONS

In view of the foregoing, the Yuletide Committee hereby requests authority for the following:

1. The procurement of the following Christmas Baskets from the AFP Commissary and Exchange Services with a total amount of **Three Million Seven Hundred Ninety-Two Thousand Pesos (Php 3,792,000.00)**:
 - a. 480 pieces of Christmas Baskets worth Seven Thousand Pesos (Php 7,000.00) each for the BCDA Personnel, with a total amount of **Three Million Three Hundred Sixty Thousand Pesos (Php 3,360,000.00)**;
 - b. 144 pieces of Christmas Basket worth Three Thousand Pesos (P 3,000.00) each for the Security Personnel, with a total amount of **Four Hundred Thirty-Two Thousand Pesos (Php 432,000.00)**;
2. Issuance of the BAC-G Resolution indicating the amount of **Three Million Seven Hundred Ninety-Two Thousand Pesos (Php 3,792,000.00)** for the procurement of the 2021 Christmas Basket from the AFP Commissary and Exchange Services.

FOR THE BAC-G's CONSIDERATION. THANK YOU.


**Office of the President
BASES CONVERSION AND DEVELOPMENT AUTHORITY
ABSTRACT OF QUOTATIONS REPORT**


"ANNEX C"

Request No: 0002761
Requisition No: 000

Requisitioning Dept/s: HRMD
Bid Submission Date: 09 November 2021

Bidder Name:				AFP COMMISSARY AND EXCHANGE SERVICE			PUREGOLD PRICE CLUB - INC.			SUPER 8 GROCERY WAREHOUSE			WALTMART SUPERMARKET, INC.		
ITEM NO.	QTY	UNIT	DESCRIPTION	UNIT COST	TOTAL AMOUNT	BRAND	UNIT COST	TOTAL AMOUNT	BRAND	UNIT COST	TOTAL AMOUNT	BRAND	UNIT COST	TOTAL AMOUNT	BRAND
	480	LOT	ASSORTED GROCERIES												
00010	960	PC	HAM 1KG	520.00	499,200.00	PUREFOODS FIESTA	575.00	552,000.00	PUREFOODS FIESTA	575.00	552,000.00	PUREFOODS FIESTA	575.00	552,000.00	PUREFOODS FIESTA
00020	480	PC	QUEZO DE BOLA 500G	264.00	126,720.00	MAGNOLIA	295.00	141,600.00	MAGNOLIA	295.00	141,600.00	MAGNOLIA	295.00	141,600.00	MAGNOLIA
00030	480	PC	HOTDOG 1KG	178.50	85,680.00	PUREFOODS TENDER JUICY	190.00	91,200.00	PUREFOODS TENDER JUICY	191.90	92,112.00	PUREFOODS TENDER JUICY	190.00	91,200.00	PUREFOODS TENDER JUICY
00040	960	PC	ECO BAG	31.00	29,760.00		33.00	31,680.00		12.00	11,520.00		10.00	9,600.00	
00050	960	SET	SPAHETTI PASTA & SAUCE 1.7KG	106.75	102,480.00	ROYAL CELEBRATION SWEET	119.00	114,240.00	ROYAL CELEBRATION SWEET	119.00	114,240.00	ROYAL CELEBRATION SWEET	125.00	120,000.00	DEL MONTE
00060	480	PC	ELBOW MACARONI 400G	47.00	22,560.00	ROYAL	35.00	16,800.00	WK FIESTA	56.00	26,880.00	ROYAL	52.50	25,200.00	ROYAL
00070	480	PC	MAYONNAISE 470ML	165.25	79,320.00	LADY'S CHOICE	190.00	91,200.00	LADY'S CHOICE	157.45	75,576.00	LADY'S CHOICE	190.00	91,200.00	LADY'S CHOICE
00080	1,440	PC	FRUIT COCKTAIL 836G	98.25	141,480.00	DEL MONTE	79.50	114,480.00	DEL MONTE	79.50	114,480.00	DEL MONTE	79.50	114,480.00	DEL MONTE
00090	2,400	PC	LUNCHEON MEAT 340G	169.25	406,200.00	SPAM	179.00	429,600.00	SPAM	180.80	433,920.00	SPAM	179.00	429,600.00	SPAM
00100	1,440	PC	CORNER BEEF 380G	145.50	209,520.00	DELIMONDO	175.00	252,000.00	DELIMONDO	NO BID	NO BID		163.00	234,720.00	DELIMONDO
00200	2,400	PC	VIENNA SAUSAGE 130G	38.50	92,400.00	LIBBY'S	42.75	102,600.00	LIBBY'S	44.70	107,280.00	LIBBY'S	43.00	103,200.00	LIBBY'S
00210	2,880	PC	ALL PURPOSE CREAM 250ML	51.75	149,040.00	NESTLE	58.00	167,040.00	NESTLE	58.60	168,768.00	NESTLE	58.00	167,040.00	NESTLE
00220	1,920	PC	CONDENSED MILK 300ML	51.00	97,920.00	ALASKA	41.50	79,680.00	ALASKA	56.00	107,520.00	ALASKA	57.00	109,440.00	ALASKA
00230	480	PC	QUICKMELT 440G	197.50	94,800.00	MAGNOLIA	205.00	98,400.00	MAGNOLIA	205.00	98,400.00	MAGNOLIA	218.00	104,640.00	MAGNOLIA
00240	480	PC	CANNED MUSHROOM 400G, WHOLE	43.75	21,000.00	JOLLY	52.50	25,200.00	JOLLY	53.90	25,872.00	JOLLY	53.00	25,440.00	JOLLY
00250	480	PC	CANNED MUSHROOM 400G, SLICED	47.50	22,800.00	PACIFICA	48.90	23,472.00	JOLLY	41.55	19,944.00	JOLLY	49.50	23,760.00	JOLLY
00260	480	PC	COOKING OIL 900ML, CANOLA	116.50	55,920.00	BAGUIO CANOLA	138.75	66,600.00	UFC GOLDEN FIESTA	138.50	66,480.00	UFC GOLDEN FIESTA	133.00	63,840.00	BAGUIO CANOLA
00270	480	PC	OLIVE OIL 1LTR	485.75	233,160.00	DOÑA ELENA PURE OLIVE OIL	557.25	267,480.00	DOÑA ELENA PURE OLIVE OIL	586.65	281,592.00	DOÑA ELENA PURE OLIVE OIL	544.00	261,120.00	DOÑA ELENA PURE OLIVE OIL
00280	480	PC	COFFEE, 100G	265.25	127,320.00	NESCAFE GOLD	361.25	173,400.00	NESCAFE GOLD	319.00	153,120.00	NESCAFE GOLD	317.00	152,160.00	NESCAFE GOLD
00290	480	PC	COFFEE CREAMER, 250G	47.00	22,560.00	NESTLE COFFEEMATE	54.50	26,160.00	NESTLE COFFEEMATE	55.35	26,568.00	NESTLE COFFEEMATE	37.00	17,760.00	NESTLE COFFEEMATE
00300	480	PC	CHOCO POWDER 1.2KG	261.50	125,520.00	MILO ACTIV GO	298.00	143,040.00	MILO ACTIV GO	298.00	143,040.00	MILO ACTIV GO	298.00	143,040.00	MILO ACTIV GO
00310	480	PC	RED/WHITE WINE 750ML	479.00	229,920.00	NOVELLINO CABERNET	516.00	247,680.00	NOVELLINO CABERNET	NO BID	NO BID		330.00	158,400.00	TAVERNELLO
00320	1,920	PC	TUNA FLAKES IN OIL 180G	34.50	66,240.00	CENTURY	38.50	73,920.00	CENTURY	37.45	71,904.00	CENTURY	39.00	74,880.00	CENTURY
00330	480	PC	POTATO CHIPS 169G	84.50	40,560.00	PRINGLES	88.05	42,264.00	PRINGLES	NO BID	NO BID		86.00	41,280.00	PRINGLES
00340	1,440	PC	CHOCOLATE DRINK 275ML	105.25	151,560.00	STARBUCKS CHOCOLATE	NO BID	NO BID		NO BID	NO BID		140.00	201,600.00	STARBUCKS CHOCOLATE
00350	480	PC	CHOCOLATE TREATS 235G	236.25	113,400.00	HERSHEY'S KISSES 235G	280.00	134,400.00	HERSHEY'S KISSES 235G	NO BID	NO BID		266.00	127,680.00	HERSHEY'S KISSES 235G
00360	480	PC	CORNER BEEF 150G	27.00	12,960.00	PUREFOODS STAR	30.00	14,400.00	PUREFOODS STAR	28.40	13,632.00	PUREFOODS STAR	31.00	14,880.00	PUREFOODS STAR
			1 LOT SUPPLY				INCOMPLETE BID	NOT COMPLYING		INCOMPLETE BID	NOT COMPLYING				
Remarks: Recommend the award of 1 lot supply to AFP COMMISSARY AND EXCHANGE SERVICE having the Lowest Calculated and Responsive Bid (LCRB).															
Grand Total					PHP 3,360,000.00			PHP 3,520,536.00			PHP 2,846,448.00			PHP 3,599,760.00	
Total Lowest Bid					LCRB						INCOMPLETE BID				

Canvassed by: 
STEFANY A. MATEO

Recommended by: 
AL MIRA S. CLARIANES
Supervising Admin Officer IV

Date prepared: 09 November 2021
Reviewed ACCU PO#: _____

EXECUTIVE SUMMARY

A. INTRODUCTION

Pursuant to Proclamation No. 1081 (Proclaiming a State of Martial Law in the Philippines) dated September 21, 1972, then President Ferdinand E. Marcos issued Letter of Instruction (LOI) No. 31 dated October 23, 1972, authorizing the President of the Philippine Veterans Bank to set aside ₱5 million from the retained earnings of the Veterans Claims Settlement Fund at the disposal of the Armed Forces Ladies Cooperative Stores to be utilized for the management and operations of a commissary and exchange facilities in military establishments all over the country for the benefit of the veterans, their widows and orphans and the members of the Armed Forces of the Philippines (AFP) and their dependents. However, on November 20, 1972, LOI No. 31-A was issued amending the provision of LOI No. 31 placing the ₱5 million fund at the disposal of the AFP Commissary and Exchange Service (AFPCES). Upon the creation of the AFPCES Council pursuant to Staff Memorandum Number 5 dated December 5, 1972, the AFPCES was established.

On July 1, 1976, the AFPCES was formally organized as an AFP-Wide Support and Separate Unit of the AFP pursuant to General Order No. 920 dated July 13, 1976. It was organized as a military unit but functions as a morale and welfare arm through its retail merchandising activities wherein quality goods are offered at the lowest possible price. Thereafter, the AFPCES, hereafter called as Commissary, was activated as a regular unit of the General Headquarters, AFP effective January 31, 1987 pursuant to General Order No. 138 dated February 26, 1987.

The Commissary is not among the agencies listed in the General Appropriations Act (GAA) which receives allotment from the National Government. It receives tax subsidy from the Department of Finance through the Bureau of Internal Revenue (BIR) in the form of Tax Credit Certificates (TCC) for the amount of value-added tax (VAT) placed on purchases of general merchandise and excise tax on alcohol/beer, petroleum and cigarettes.

At present, AFPCES has eight Convenience Stores, six Drugstores and two Gasoline Stations situated in Metro Manila, and 26 Provincial outlets or a total of 42 outlets nationwide.

B. OPERATIONAL HIGHLIGHTS

The accomplishments of AFPCES for CY 2015 best demonstrated its continuing commitment to improve the lives of AFP Personnel and their families, in consonance with its mandate "to make available certain commodities at tax subsidized prices to the members of the AFP, retirees, reservists and veterans and their widows and orphan in order to help increase the purchasing power of their salaries and pensions. For CY 2015, the Commissary was able to serve about 330,413 authorized customers all over the country.

Some of the significant accomplishments of AFPCES for CY 2015 were as follows:

1. Facility Enhancement

AFPCES renovated its Villamor Air Base C&X outlet and same was blessed on 17 Feb 2015. The bigger and fully air-conditioned outlet gained higher customer patronage and raked in bigger sales this year. This clearly shows that the efforts to improve the store facilities make the customers want to keep going back for the upgraded shopping experience.

On December 15, 2015, the newly constructed Camp General Siongco C&X in Awang, DOS, Maguindanao, was inaugurated. This will increase the customer base in the area as it will bring services nearer to AFP personnel and their families who are based in the 6ID AOR.

2. Operational Innovation

In 2015, AFPCES put up a convenience store at the Command and General Staff College. The said store, which is an extension of the Main Annex Store and co-managed with CGSC, is one of the operational innovations of AFPCES to extend its products and services at the utmost convenience of its target customers.

AFPCES also explored a new marketing strategy through co-branding with three supplier partners namely: Philippine Spring Water for their "Nature Spring" drinking water, King Global Trading for their tissue line and lastly, SPICA Distributors for their detergent line and dishwashing products. Products under the co-branding agreements are sold at much lower prices compared to other products of same kind and quality.

3. Technology Advancement

As part of their efforts to be technologically updated, the Point of Sales System have been fully deployed in all provincial stores, as well as the existing system in GMA stores was upgraded. All stores nationwide are now linked with the Headquarters AFPCES POS server thus enabling Management to monitor

sales and inventory and get real time data from all its outlets. The system is undergoing a few more refinements which will soon enable sales operations to link with the accounting and treasury departments. These developments will not only increase speed and efficiency of internal processes, but will also generate savings due to paperless transactions.

4. Marketing Activities

As part of its marketing initiatives, AFPCES held trade fairs and product sampling activities jibed with the anniversaries of the Major Services. For 2015, we conducted two (4) product sampling activities dubbed as “Libreng Patikim” which were held at Fort Bonifacio on 19 March 2015 at Bonifacio Naval Station on 21 May 2015, at Villamor Air Base on 24 June 2015 and at GHQ Grandstand on 25 November 2015.

5. Security and Control

AFPCES management has intensified internal control by installing CCTV cameras in 2015 at the following outlets: Main Annex C&X, Warehouse, Minimart C&X, BNS C&X, AFPMC C&X, AFPMC Drugstore, VAB C&X, VAB C&X, VAB Drugstore, Main Gas, Park C&X, FB C&X, FB Drugstore, MAB C&X to minimize pilferages. This is complemented by frequent staff visits and spot audits.

C. FINANCIAL HIGHLIGHTS

A comparative schedule of assets, liabilities and government equity for the last two years is presented below:

Group of Accounts	2015	2014	Increase (Decrease)
Assets	772,683,151.12	865,942,846.04	(93,259,694.92)
Liabilities	240,316,045.95	440,717,460.07	(200,401,414.12)
Net Asset/Equity	532,367,105.17	425,225,385.97	107,141,719.20

RESULT OF OPERATIONS

Group of Accounts	2015	2014	Increase (Decrease)
Income	2,648,952,084.80	3,150,190,455.41	(501,238,370.61)
Expense	2,614,440,535.79	3,099,467,750.13	(485,027,214.34)
Excess of Income over Expenses	34,511,549.01	50,722,705.28	(16,211,156.27)

The CY 2014 figures were adjusted to conform with Philippine Public Sector Accounting Standards (PPSAS).

For CY 2015, AFPCEs was given Tax Subsidy in the amount of ₱381,518,718.06 to cover the taxes due on items purchased and sold to its intended beneficiaries, per FIRB Resolution No. 5-15 dated July 14, 2015, chargeable against Section 14 (c) of the FY 2015 General Appropriations Act, ₱290,420,942.90 of which was availed, as follows:

SARO No.	Quarter	Amount
SARO-BMB-D-15-0018914	1st and 2nd	₱143,912,034.00
SARO-BMB-D-15-0021342	3rd	71,087,009.00
SARO-BMB-D-15-0023554	4 th	75,421,899.90
TOTAL		₱290,420,942.90

D. SCOPE OF AUDIT

The audit covered the operations and financial transactions for CY 2015 of AFPCEs and its outlets throughout the country. However, the results of audit do not include those pertaining to AFPCEs outlets in Camp Capinpin, Sangri Point, Camp Riego de Dios, Fernando Air Base, Camp Guillermo Nakar, Camp Elias Angeles, Mactan Air base, Camp Lapu-Lapu, Camp Bautista, and Camp General Siongco because the Summary of Audit Observations and Recommendations (SAOR) were not received as of March 31, 2016.

E. AUDITOR'S REPORT

The auditor rendered a qualified opinion on the fairness of presentation of the financial statements of the AFPCEs in view of the deficiencies noted as shown in the attached Matrix of Analysis on the Effect of the Misstatements on the FS marked as Annex A and enumerated in the next page together with the recommendations.

1. Advances for Operating Expenses amounting ₱439,999.41 were not liquidated as at year end, of which ₱98,671.09 have remained outstanding for over two years contrary to COA Circular No. 97-002 dated February 10, 1997. It however included cash advances for local travel of ₱112,572.88, special purpose/time-bound undertakings of ₱266,453.63 and payment of honoraria of ₱5,175.00 which should have been recorded as *Advances to Officers and Employees, Advances to Special Disbursing Officer* and *Advances for Payroll*, respectively, which resulted in the overstatement of Advances for Operating Expense account by ₱384,201.51. (Observation No. 4)

We recommended that Management continue its efforts in strengthening the operation of controls in the grant, liquidation and monitoring of the cash advances by (a) enforcing strictly the liquidation of advances within the prescribed period, specially for prior years' balances; (b) sending demand letters to all accountable officers concerned; (c) requiring the Accounting Unit to closely monitor liquidation of cash advances and refrain from granting additional cash advances to accountable officers unless the previous ones are fully liquidated; and (d) imposing the sanctions and penal provisions specified in COA Circular 97-002. Also, the Chief Accountant should make the necessary reclassification/adjustment to correct the balances of the affected accounts in the Statement of Financial Position.

2. The correctness and reliability of PPE accounts of ₱104,171,093.21 could not be ascertained due to: (a) derecognition/dropping of ₱19,077,956.38 fully depreciated PPE items in the books of accounts although these were not yet disposed and without the required supporting documents; (b) unreconciled difference of ₱17,630,382.82 between Accounting records and Report on the Physical Count of Property, Plant and Equipment (RPCPPE); (c) misclassification of PPE items totaling ₱2,619,208.47; and, (d) small tangible items totaling ₱112,546.35 were classified as PPE, contrary to Section 82 of Philippine Public Sector Accounting Standards (PPSAS) No. 17, Section 66 of the MNGAS, Vol. II, COA Circular Nos. 2013-002 and 2005-002, respectively. (Observation No. 5)

We recommended that Management require the Accountant to (a) strictly adhere to the aforementioned provisions of PPSAS No. 17 in derecognition of PPE, (b) make the necessary adjusting entries on the erroneous classification of PPE and small tangible items, and (c) periodically reconcile PPELC against the records of supply/property officer; and (d) the Supply Accountable Officer to look into the details and conditions of the derecognized undisposed fully depreciated PPE items.

3. The accuracy/correctness of the Cost of Sales and Merchandise Inventory of ₱2,510,199,276.45 and ₱466,669,039.86, respectively, as of December 31, 2015 could not be relied upon due to: (a) total difference of ₱42,895,354.61 between consolidated year-end inventory report and reported total amount of ending inventory of outlets; (b) failure of the Point of Sale (POS) system to generate inventory reports and the amount cost of sales; (c) decrease in Sales is lower by ₱7,800,482.02 as compared to the decrease in Cost of Sales; and (d) absence of three-way reconciliation of balances per general ledger (GL), subsidiary ledger (SL) and inventory count contrary to PAG 2 and Paragraph 35 of IPSAS No. 12, Section 43 and 73 of the MNGAS, Volume I. (Observation No. 6)

We recommended that Management (a) reconcile the balances of the consolidated year-end inventory report and the reported amount of ending inventory of outlets and to revisit the contract and technical specification/functionality of the POS system to ensure that the benefits expected from it are achieved, as follows (i) preparation of accurate and up-to-date inventory reports on a regular basis, (ii) Providing of financial information to help management effect changes that will improve the operations such as inventory re-order point and analysis of fast and slow moving inventory items (iii) contribute promptly to detecting merchandise pilferage/losses; and, (iv) establish performance and accountability; and adhere strictly to the aforementioned provisions of PAG 2 and Paragraph 35 of IPSAS No. 12, Section 43 and 73 of the MNGAS, Volume I to present fairly the accounts balances in the Financial Statements.

F. OTHER SIGNIFICANT OBSERVATIONS AND RECOMMENDATIONS

1. Out of the Accounts Receivable – Trade of ₱10,973,934.34 as of December 31, 2015, ₱3,189,938.37 or 29.70 percent of it remained dormant for 14 to 22 years and its nature could not be determined due to absence of documents. Moreover, ₱881,781.73 or 8.04 percent had been outstanding in the books from one to over four years contrary to Section 73 of the MNGAS, Volume I and COA Circular 97-001; thus, rendering the collectability of the accounts uncertain. Further, three offices with unsettled balances of ₱1,528,908.47 denied having liability to AFPCES. (Observation No. 1)

We recommended that Management (a) intensify its collections efforts and file collection cases against those with overdue and delinquent accounts; and (b) conduct analysis and verifications of the receivables and determine those deemed uncollectible. If all possible avenues to collect have been exhausted and the same proved futile, request for write-off of the accounts following the guidelines set forth in COA-Circular No. 97-001 dated February 5, 1997 on the proper disposition/closure of dormant funds and/or accounts of National Government Agencies.

2. Funds transferred to the Philippine Army have accumulated to ₱9,560,802.32 as of December 31, 2015 due to the non-submission of liquidation documents for already completed projects and failure of AFPCES Management to enforce the liquidation/settlement of fund transfers and monitoring of the utilization as required under COA Circular No. 94-013 dated December 13, 1994. (Observation No. 2)

We recommended and Management agreed to make representation to the Philippine Army to liquidate/settle the outstanding amount and demand refund of any unused or unexpended balance and adhere strictly to the provisions of COA Circular No. 94-013.

3. Other Receivables – Non Trade of ₱68,596,381.43 remained outstanding in the books of which, ₱60,385,845.22 or 88 percent pertains to 241 accountable officers who are no longer in active service, AWOL and deceased. Majority of these receivables are dormant and aged five years to 30 years due to absence of documents; hence, collectability have become remote contrary to COA Circular 97-001. (Observation No. 3)

We recommended that Management (a) exhaust all possible means to obtain information on the present status and whereabouts of the concerned accountable officers and consider all legal measures to compel them to settle their accountabilities; (b) analyze and reconcile the dormant accounts and if analysis/review is not possible due to absence of records and documents, request for write-off from the COA following the guidelines set forth in COA-Circular No. 97-001 dated February 5, 1997 supported by (i) List of available records and extent of validation made on the accounts, and (ii) certification and reasons why the books of accounts/records, financial statements/schedules and supporting vouchers/documents cannot be located.

Other significant audit observations and recommendations were also noted and discussed in detail in Part II of this Report.

Deficiencies observed in the course of the audit were communicated through Audit Observation Memorandum (AOM) and discussed in the exit conference conducted on March 10, 2016 with the concerned AFPCES officials and employees. Their comments were incorporated in this report, where appropriate.

G. IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Out of the 37 audit recommendations embodied in CY 2014 Annual Audit Report, 16 were fully implemented, 17 were partially implemented and four were not implemented.