



Republic of the Philippines
PROVINCE OF NUEVA ECIJA
Provincial Capitol Bldg.
Brgy. Singalat, City of Palayan
Tel. No.: (044) 940-7793

OFFICE OF THE SANGGUNIANG PANLALAWIGAN

EXCERPT FROM THE MINUTES OF 17th REGULAR SESSION OF THE SANGGUNIANG
PANLALAWIGAN OF NUEVA ECIJA HELD AT AMPHI THEATER, PROVINCIAL CAPITOL
COMPOUND, BARANGAY SINGALAT, PALAYAN CITY, ON

OCTOBER 22, 2019

PRESENT:

VG. EMMANUEL ANTONIO M. UMALI	- Presiding Officer
BM. RAFAEL ANDREW R. VILLANUEVA	- Member
BM. EMARY JOY D. PASCUAL	- Member
BM. JO-MARIO ANGELO E. MATIAS	- Member
BM. NAPOLEON P. INTERIOR, JR.	- Member
BM. EDUARDO JOSE B. JOSON, VII	- Member
BM. TERESITA A. PATIAG	- Member
BM. ERIC DANIEL F. SALAZAR	- Member
BM. ESMERALDO B. ABALOS	- Member
BM. ROSELLER T. DE GUZMAN	- Member
BM. JOSEPH R. ORTIZ	- Member
BM. BELINDA E. PALILIO	- Member (President-PCL)
BM. ARIEL P. MATIAS	- Member (President-LnB)
BM. ANDREW N. BISCALOG	- Member (IPMR)
BM. MARY SWEET LIBERTY N. CRUZ	- Member (SK President)

ABSENT: (None)

**AN ORDINANCE INSTITUTIONALIZING THE
MEDICINES AND MEDICAL SUPPLIES
CONSIGNMENT SYSTEM IN THE PROVINCE OF
NUEVA ECIJA**

WHEREAS, Section 11 of Article XIII of the Constitution provides as follows:

“Section 11. The State shall adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health, and other services available to all the people at affordable cost. There shall be priority for the needs of the under privileged, sick, elderly, disabled, women and children. The state shall endeavor to provide free medical care to paupers;”

WHEREAS, Republic Act No. 6675, as amended, or the Generics Act of 1988, provides that it is the policy of the State to ensure the adequate supply of drugs with generic names at the lowest possible cost;

WHEREAS, it is the objective of the Provincial Government of Nueva Ecija to provide readily available cheap but quality medicines and medical supplies to its constituents seeking medical care in its ten (10) district hospitals;

WHEREAS, the consignment system is not a mode of procurement under RA 9184 or the procurement law;

WHEREAS, Section 7.3.2 of the IRR of Republic Act No. 9184 or the Revised Procurement Law provides that consignment arrangement is valid, if the following requisites are present: “(a) delivery of goods by their owner (consignor), without sale, to a government agency (consignee); (b) consignee must try to sell the goods and remit the price of the sold goods to the consignor; (c) consignee accepts without any liability except for failure to reasonably protect them from damage; (d) no disbursement of government funds is involved; and at terms not disadvantageous to the GOP.”;

WHEREAS, the Drug Consignment system has been adopted and institutionalized by the Department of Health through its Administrative Order No. 145 series of 2004;

WHEREAS, the funds allotted for the procurement of these supplies and medicines will be freed up and may be utilized by the Provincial Government for other public purposes;

WHEREAS, no budgetary allotment is required in these transactions since payment will be based on actual drugs and medical supplies sales of the respective hospital pharmacies.

NOW THEREFORE, under the suspended rules and on motion of Board Member Roseller T. De Guzman and unanimously seconded by all Members present.

BE IT ORDAINED BY THE SANGGUNIANG PANLALAWIGAN OF NUEVA ECIJA, in session assembled, that:

ORDINANCE NO. 32-S-2019

**AN ORDINANCE INSTITUTIONALIZING THE
MEDICINES AND MEDICAL SUPPLIES
CONSIGNMENT SYSTEM IN THE PROVINCE OF
NUEVA ECIJA**

Section 1. TITLE - This Ordinance shall be known as the “**MEDICINES AND MEDICAL SUPPLIES CONSIGNMENT SYSTEM OF THE PROVINCE OF NUEVA ECIJA**”

Section 2. SCOPE AND COVERAGE - This Ordinance shall cover all district hospitals and other hospitals under the control and supervision of the Provincial Government of Nueva Ecija.

Section 3. DEFINITION OF TERMS.

- 3.1 Consignor – a duly accredited supplier that undertakes to place its goods on consignment basis with the province;
- 3.2 Consignee – the Provincial Government of Nueva Ecija or any of the concerned department/s, as the case may be;
- 3.3 Consignment/Consignment System – a method of assuring availability of stocks wherein a consignor places its goods at the pharmacies of the consignee for sale and being paid by the consignor for only the quantity consumed using

the money generated from the sale of the consigned goods within an agreed period of time.

- 3.4 Accreditation Certificate Requirements – certificate issued by the Provincial Government of Nueva Ecija through its Bids and Awards Committee which grants authority to a supplier to competitively participate in consignment.
- 3.5 Consigned good or items – drugs, medicines, supplies, and other items which the consignor delivers to the consignee under a consignment agreement.
- 3.6 Replenishment of goods or items – drugs and medicines, supplies and other consigned items which the consignor delivers to the consignee as replenishment for those sold by the consignee or as replacement to delivered goods which expiration date results to a remaining shelf life not allowable by the consignee or as replacement to delivered goods which deterioration is beyond the control of the consignee.
- 3.7 Consignment Request (CR) – a list of items requested by the consignee to be placed under the consignment system.
- 3.8 Consignment Order (CO) – an accomplished form directing consignor to effect the delivery of specified drugs and medicines, supplies, equipment and other items with required quantities and qualities as determined by the consignee within the applicable period of time. This shall serve as a contract between the consignor and the consignee.

Section 4. COMMITTEES/OFFICES.

4.1 **The Bids and Awards Committee (BAC)** shall have the following functions:

- 4.1.1 Shall accredit prospective consignors, suppliers, manufacturers and dealers in accordance with existing laws and policies;
- 4.1.2 Shall recommend to the Consignment Committee activities to be performed that will determine the responsive consignment;
- 4.1.3 Shall post the province's intention to consign certain items and/or consignment request.

4.2 **THE CONSIGNMENT ADVISORY COMMITTEE** – There shall be created a Consignment Advisory Committee (CAC) with the following composition and functions, to wit:

4.2.1 **COMPOSITION** - The CAC shall be composed of the following:

Chairman: The Provincial Governor

Co-Chairman: Provincial Administrator

Members:

Provincial General Services Officer

Provincial Treasurer

Provincial Budget Officer

Provincial Accountant

Provincial Health Officer

The CAC may form such sub-committees it sees fit and/or if circumstances warrant.

4.2.2 **FUNCTIONS** - The CAC shall have the following functions:

- 4.2.2.1 Conduct a continuing study for the improvement of the consignment system;

- 4.2.2.2 Formulate and recommend policies for adoption and approval by the Honorable Governor and/or SP authorization;
- 4.2.2.3 Recommend the implementation of action plans and operational policies to the line offices and other committees involved in the consignment implementation;
- 4.2.2.4 Formulate specific guidelines or implementing rules and regulations (IRR) for the continuing improvement of the consignment system;
- 4.2.2.5 Recommend appropriate accounting and auditing forms and procedures for the consignment system;

4.3 THE CONSIGNMENT COMMITTEE - There is hereby created the Consignment Committee (CC) which shall be responsible for the consignment of drugs, medicines and medical supplies for the different hospitals under the supervision and control of the Province, with the following membership and functions, to wit:

4.3.1 Membership - The CC shall be composed of personnel to be designated by the Honorable Governor;

4.3.2 Functions - The Consignment Committee shall have the following functions:

- 4.3.2.1 Consolidate and approve the list of items to be consigned;
- 4.3.2.2 Advertise items for consignment and/or the Consignment Request (CR);
- 4.3.2.3 Open the consignment offers from accredited consignors including the canvassing of prices of the items to be consigned;
- 4.3.2.4 Recommend the signing of Consignment Orders (CO) to the Governor or his authorized representative;
- 4.3.2.5 Determine the price of items to be consigned including the reselling price.

4.4. OTHER SUPPORT OFFICES – Other departments of the provincial government, directly or indirectly involved/needed in the implementation of the system are hereby enjoined to ensure success in its operation.

4.5 THE EXISTING THERAPEUTIC COMMITTEES OF THE RESPECTIVE PROVINCIAL AND DISTRICT HOSPITALS -The existing therapeutic committees of the different district hospitals of the provincial government shall be responsible for recommending and submitting the list of items to be consigned to the Consignment Committee indicating therein the specifications, quantity, suggested price, and other desired qualities of the consigned products. Medical practitioners in the hospital who are not members of the therapeutic committee may also recommend for the consignment of drugs/medicines/supplies which are not included in the list prepared by the therapeutic committee, provided a justification why such item should be included is submitted.

Section 5. GENERAL GUIDELINES.

5.1 ACCREDITATION/REGISTRATION – Accreditation of suppliers, manufacturers, and consignors of drugs/medicines, supplies, equipment, and other items to be consigned shall be undertaken by the Province's Bids and Awards Committee in coordination with the Consignment Committee.

There shall be an accreditation/registration fee of Five Thousand Pesos (P5,000.00) to be imposed on every prospective consignor seeking accreditation for the first time and Three Thousand Pesos (P3,000.00) for the renewal of their accreditation annually.

5.2 MULTIPLE SOURCES (SUPPLIERS/CONSIGNORS). Multiple consignors/suppliers of consigned drugs, medicines and supplies shall be allowed in instances that the responsive consignor cannot adequately fill-up or deliver the required quantity within a given consignment period. The CC may invite suppliers which participated in the previous Price Offer submission for consignment to enter into Consignment Agreement provided that they satisfy all parameters of the eligibility and responsiveness and that they agree to sell their goods at the lowest price offered.

5.3 CONSIGNED ITEMS.

5.3.1 The listing of drugs, medicines, and supplies for consignment shall be based from the consolidated list approved by the Consignment Committee;

5.3.2 Only drugs and medicines listed in the latest edition of the Philippine National Formulary (PNF) and have complied with the provisions of Republic Act No. 6675, otherwise known as the "Generic Act of 1998" shall be included in the Consignment System;

5.3.3 Whenever practicable, there shall be at least three (3) available varying brands of products (generic, locally branded and multi-national branded) for a specific medicine or good to be consigned to meet the preferences and financial capabilities of individual patients/clients;

5.4 SELLING PRICE – The selling price of consigned item/s to the public, together with any mark up by the consignee, shall be competitive with the price of the same items in local private pharmacies and outlets;

5.5 FUND MANAGEMENT - Income generated from the sales of the consigned items shall be used in the payment of dispensed or utilized consigned items after the inventory shall have been conducted. Revenue generated from the program shall be deposited in a trust fund created for the purpose. The system, upon consultation and approval of the Governor may devise a "Consignment Fund" from the "Revolving Fund" to serve as a buffer fund for indigent patients, Philhealth patients, etc. as the laws and government rules and regulations may allow;

5.6 QUALITY CHECK - The consigned items shall be available to random sampling inspection and testing by the consignee and other appropriate support agencies and submit the same to the Bureau of Food and Drugs and other regulating agencies to ensure quality of stocks and compliance to specifications without cost on the part of the consignee.

5.7 AUTHORITY TO INSPECT - The consignee or any of its duly authorized representative/s are hereby given power and authority to inspect the consigned items for legal, technical, accounting, auditing, and administrative purposes.

5.8 INTER AND INTRA AGENCY TRANSACTION – Other government agencies including Local Government Units may also buy items from the consignment system following the policies on “government” or “department to other department” transactions.

Section 6. OTHER PROVISIONS.

6.1 PRODUCTS COVERED – The items to be consigned shall be based on the Consignment Order duly signed by the Governor.

6.2 EFFECTIVITY OF OFFER/ORDER AND REORDERS – The prices, units, quantity and quality of the items that are offered by the consignors, as specified in the Consignment order, shall be effective without changes for a duration of six (6) months, reckoned from the acceptance of the items delivered by the consignor. With its consent, the consignor is allowed to deliver additional stocks at the same price beyond the six (6) months period upon the issuance of a new Consignment Order by the consignee. The agreement may be terminated by either party and withdrawal of a consigned items shall only be done upon service of at least thirty (30) days prior notice.

6.3 OWNERSHIP OF CONSIGNED ITEMS – The ownership, legal and beneficial title to the products consigned shall remain with the consignor until the products have been used, dispense, or sold by the consignee. The consignee shall be responsible for the care and custody of the items delivered by the consignor.

6.4 DELIVERY - Deliveries of items for consignment shall be in accordance with the terms and conditions specified in the Consignment Order (CO). Unless specified in the Consignment Order (CO), delivery shall be done within ten (10) days from receipt of the Consignment Order (CO) by the consignor. Failure to deliver within the specified order without justifiable reason shall cause the cancellation and shall subject the consignor to damages that may be suffered by consignee or the public at large for failure to deliver the medicines under the Consignment Order (CO).

The products especially the medicines and drugs delivered to the consignee shall be covered by a corresponding Stocks Delivery Slip duly signed by the consignor and receipt shall be duly acknowledged by the consignee or his representative containing the following information:

1. Name of Consignor
2. Date of the Stocks Delivery Slip
3. Stock Delivery Slip Number
4. Consignment Order Number
5. Name of Consignor or his representative effecting the...
 - a. Generic name
 - b. Dosage Form

- c. Strength
- d. Batch Number/Lot Number
- e. Assay Report
- 7. Sub-packing Unit
- 8. Quantity
- 9. Unit
- 10. Unit Price
- 11. Total Price
- 12. Other applicable description.

6.5 INVENTORY AND PAYMENT - For purposes of paying the consignor, inventory of items RELEASED OR SOLD shall be jointly conducted by the consignor and the consignee after thirty (30) days from the date of delivery and acceptance of the consigned items, and payment shall be done on or before sixty (60) days from the date of every inventory.

6.6 SALE/DISPENSING OF ITEMS - The consignee shall provide appropriate storage facilities for the products and shall observe the "First Expiry – First Out" basis in the use and dispensing or sale of the same.

6.7 AGENCY/ASSIGNMENT - Consignor shall not assign any of its rights and obligation under the consignment system without the prior consent of the consignee;

6.8 FORCE MAJEURE, PILFERAGE AND THEFT – Neither party shall be liable for any failure to perform its obligations under the consignment system where such failure is due to Acts of God or any cause beyond the reasonable control of the parties. Where applicable, the party affected shall make all reasonable efforts to comply with its obligations to avoid damages. The warehouse or any other responsible officer charged with the receipt and custody of consigned goods shall be bonded to answer in case of loss, pilferage or damage. Losses of consigned items before acceptance by the consignee, shall be shouldered by the consignor.

6.9 AUTHORITY AND CAPACITY OF THE CONSIGNOR - A consignor who enters in consignment agreement with the province must show:

6.9.1. It is duly authorized by the law to enter into consignment agreement;

6.9.2. Its products are manufactured according to specification and standards in compliance with the laws;

6.9.3 The products are duly registered and approved by regulators agencies for public use such as the Bureau of Food and Drugs and other appropriate licensing/regulatory agencies.

6.9.4 The products are not misbranded or adulterated within the meaning of the Food, Drug and Cosmetics Act, the Consumer Act, etc and

6.9.5 Its products have expiry dates of at least one (1) year from the date of delivery.

6.10 RECALL OF CONSIGNED ITEMS – Should any of its products be banned by competent authorities or has expired or has been declared non-suited for use and dispensing, the consignor has the obligation to inform the consignee and recall the items at no cost to the later. The consignee has the right to inform the consignor and caused the withdrawal of banned, reclassified and expired items declared unfit for use and consumption without cost on its part.

6.11 LEGAL CLAIMS AND VENUE OF ACTION – The consignor shall hold the consignee free and harmless from and shall be solely responsible for any claim, action, suit, cost of expenses, and damages and liabilities arising from or in connection with, or resulting from the use of the consigned goods. Furthermore, the venue for any legal action or suit arising from the consignment of goods shall be exclusively in Palayan City, Nueva Ecija only.

Section 7. AUTHORITY OF THE GOVERNOR – The Governor is given authority to implement the provisions of this ordinance and may issue an executive order for the purpose;

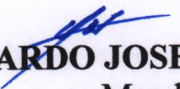
Section 8. SEPARABILITY CLAUSE – In the event that any provision of this ordinance is held invalid by competent authority, the remaining provisions shall not be affected thereby;

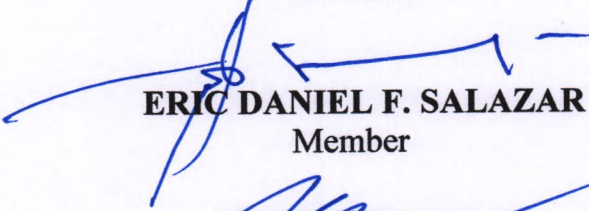
Section 9. EFFECTIVITY – This ordinance shall take effect upon its approval and after a copy thereof is posted in the bulletin board of the Capitol Building in Palayan City, Nueva Ecija.

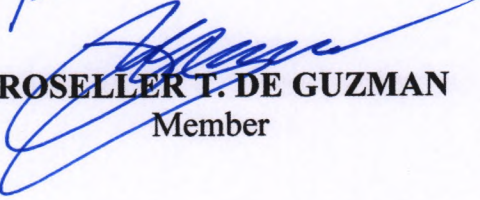
ENACTED, October 22, 2019, Palayan City.

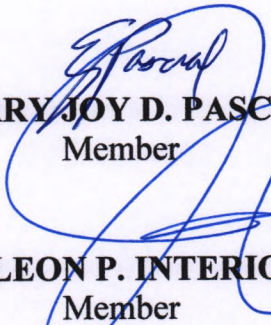

RAFAEL ANDREW R. VILLANUEVA
Member


JO-MARIO ANGELO E. MATIAS
Member

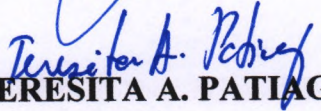

EDUARDO JOSE B. JOSON, VII
Member

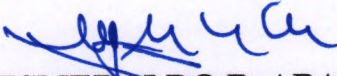

ERIC DANIEL F. SALAZAR
Member

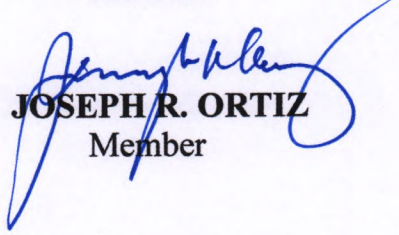

ROSELLER T. DE GUZMAN
Member

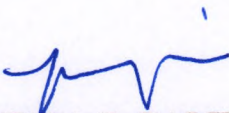

EMARY JOY D. PASCUAL
Member


NAPOLEON P. INTERIOR, JR.
Member

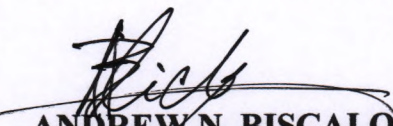

TERESITA A. PATIAG
Member

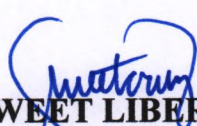

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JOSEPH R. ORTIZ
Member

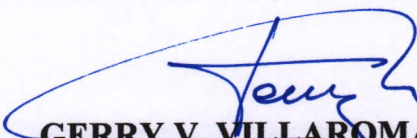

BELINDA E. PALILIO
Member (President-PCL)

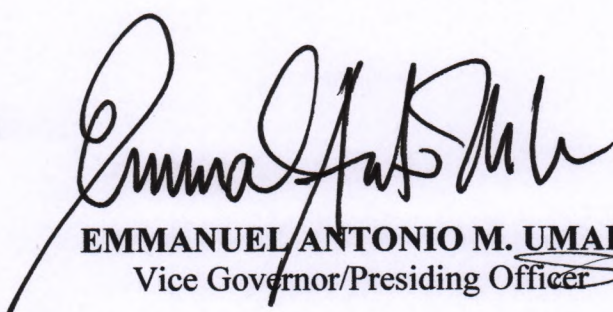

ARIEL L. MATIAS
Member (LnB President)


ANDREW N. BISCALOG
Member IPM Representative

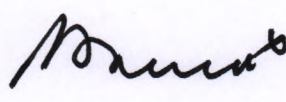

MARY SWEET LIBERTY N. CRUZ
Member (SK President)

WE HEREBY certify to the correctness of the foregoing ordinance.


GERRY V. VILLAROMAN
Acting Secretary to the Sang. Panlalawigan
Board Secretary V


EMMANUEL ANTONIO M. UMALI
Vice Governor/Presiding Officer

APPROVED


AURELIO M. UMALI
Governor

Date