



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO STREET, SAN MIGUEL, MANILA

August 14, 2020

ADMINISTRATOR JUDY CAROL L. DANSAL

National Food Authority (NFA)
Philippine Sugar Center Building
North Avenue, Diliman, Quezon City

Dear **Administrator Dansal**:

This pertains to the request¹ of the NFA for an exemption from its compliance with the ISO quality management system (QMS) certification requirement under Executive Order (EO) No. 605² and Administrative Order (AO) No. 25 Inter-Agency Task Force (IATF) Memorandum Circular (MC) 2020-1³ for FY 2020.

The NFA averred that prioritizing and giving focus on the implementation of ISO QMS-related activities, e.g., procurement, trainings, and conduct of external audit, would be difficult in view of the **1)** pending implementation of its Governance Commission for Government-Owned and Controlled Corporations (GCG)-approved organizational structure and staffing pattern (OSSP) under its restructuring plan⁴, with its separation incentive package (SIP) yet to be approved by President Rodrigo Roa Duterte, which will entail a lot of activities, evaluation and considerations on the part of the NFA; and **2)** NFA's workforce is currently focused on addressing the presidential directives to address the Coronavirus Disease 2019 (COVID-19) pandemic.

The NFA further highlighted that it would take about a year before the Corporation could be issued a certificate of registration by its certification body (CB).

¹ In a letter dated July 8, 2020 which was forwarded by the AO 25 Secretariat to the DBM-SPIB on July 21, 2020 for review and recommendation

² *Institutionalizing the Structure, Mechanisms and Standards to Implement the Government Quality Management Program, Amending for the Purpose Administrative Order No. 161, s. 2006* dated February 23, 2007. Said EO directs all departments and agencies of the Executive branch, including all government-owned -or controlled corporations and government financial institutions to adopt the ISO 9001 QMS as part of the implementation of a government-wide quality management program. The **QMS shall be certified** for demonstrated conformity with ISO 9001 and the applicable Government Quality Management Systems Standards, with priority to be given to frontline services.

³ *Guidelines on the Grant of the Performance-Based Bonus (PBB) for Fiscal Year (FY) 2020 under EO No. 80, s. 2012 and EO No. 201, s. 2016* dated June 02, 2020

⁴ Republic Act (RA) No. 11203 (*An Act Liberalizing the Importation, Exportation and Trading of Rice, Lifting for the Purpose the Quantitative Import Restriction on Rice, and For Other Purposes*) repealed the NFA's regulatory and licensing functions, among others, effective March 5, 2019. Pursuant with the implementing rules and regulations (IRR) of said RA, the NFA submitted its proposed restructuring plan to the GCG which was approved by virtue of GCG Memorandum Order (MO) No. 2019-13 [*Restructuring of the National Food Authority (NFA)*] dated **January 7, 2020**.

Upon checking the NFA's Transparency Seal (TS) webpage (<http://www.nfa.gov.ph/transparency#beneficiaries>), the Corporation has an existing ISO 9001:2015 QMS certificate conferred by the AJA Registrars⁵ with the scope *Conduct of Grains Postharvest In-house Technical Research and Provision of Technical Services on Quality Assurance, Engineering and Metrology*. Said certificate is valid from May 17, 2019 until May 16, 2022.

As coordinated with the NFA-Corporate Planning and Management Services Department, the Technical Research and Services Department (TRSD) had undergone its surveillance audit last May 15, 2020 and was recommended for continued certification.

May we note that pursuant to item 5.5.a of AO No. 25 IATF MC 2020-1, an agency is required to have at least one (1) critical frontline service or core process⁶ to be certified, wherein the ISO 9001:2015 QMS certification/recertification must be valid as of December 31, 2020 and must be posted on the agency's TS not later than December 31, 2020. Foregoing considered, the NFA may already be deemed compliant with said requirement.

Nonetheless, as informed by the NFA, once its new OSSP would be implemented, it would pursue a new certification in view of the changes in its processes and competency framework which may result in the cancellation⁷ of its existing certificate.

As verified with the SOCOTEC, during the surveillance audit in May 2020, the impending reorganization of the NFA due to RA No. 11203 was made known to them. However, at that time, there were no significant changes observed with the scope of registration of the NFA's QMS certification, albeit it was also aware that the Corporation is yet to implement its approved restructuring plan. Hence, the ISO 9001:2015 QMS certification of the NFA was recommended to be maintained.

Notwithstanding the foregoing, the CB concerned noted that a restructuring of an organization may affect its existing certification only if the same will bear direct changes with the scope of registration or business activity that was certified or if there will be changes with the site/s registered.

GCG MO No. 2019-13 provides that the implementation of the approved NFA OSSP shall commence within two (2) months from the approval of its SIP by the Office of the President (OP).

⁵ The AJA Registrars, which is now known as the SOCOTEC Certification Philippines, Inc. (SOCOTEC) after it was acquired by the SOCOTEC Group on March 20, 2018, is an accredited certification body of the UKAS Management Systems, which is an International Accreditation Forum (IAF) member. It is accredited to audit and certify QMS for public administration scope (IAF 36), among others.

⁶ However, for frontline agencies, they shall endeavor that their frontline processes are standardized, including those implemented at the regional, satellite, and extension offices. Accordingly, beginning FY 2020, departments/agencies shall secure an agency-wide QMS certifications for said processes and continue said efforts aimed at achieving the target concerned by the end of FY 2021.

⁷ The cancellation of certificate happens if the company advises the CB in writing that they do not wish to renew the certificate, or that they no longer offer the product, process or service for which they have been certified, or if the company has gone out of business. (<https://www.sgs.com/-/media/global/documents/technical-documents/legal-documents/sgs-ssc-codes-of-practice-en.pdf?la=en>)

Moreover, its approved OSSP includes 22 organization units in its Central Office, 15 Regional Offices, and 45 Branch Offices which has a corresponding total number of **2,644 plantilla positions**. Accordingly, the TRSD, which is headed by a department manager [Salary Grade (SG) 26], and is responsible for **1)** quality assurance; **2)** metrology; **3)** technical research and laboratory; and **4)** engineering service became a Technical Services Division, now headed by a division manager (SG 24), where the third function of the TRSD is no longer highlighted.

Nevertheless, it is noted that since March 5, 2019, the NFA should have undertaken its new functions pursuant to the IRR of RA No. 11203, which ultimately would be the basis for any changes in the Corporation's structure, processes and procedures, along with the law concerned. Therefore, even pending the implementation of its approved OSSP, the NFA could already foresee the changes in its documented QMSs as a result of the new law.

In view thereof, once the NFA commences the implementation of its approved SIP, it is expected that the corresponding changes in its documented QMSs would only be a matter of implementation, as well.

As regards the NFA's representation of having its workforce focused on responding to the directives to address the COVID-19 pandemic, may we note that even before the passage of the RA No. 11203 which provides that the NFA shall maintain the optimal level of buffer stocks at all times and make releases in response to emergencies, the NFA, pursuant to Executive Order No. 165⁸, is already mandated to ensure food security through buffer stocking, i.e., to maintain a minimum of 15-day strategic rice reserve year-round in government depots in times of calamities and emergencies. Thus, it should be able to properly adapt to such crises.

Nonetheless, considering that the COVID-19 pandemic maybe considered as an extraordinary emergency, and given that the NFA is expected to make transitions in its organization in view of the pending implementation of its new OSSP, the response of the NFA to the COVID-19 crisis may take priority over the efforts to maintain its ISO QMS certification or to pursue a new one.

Foregoing considered, since the implementation of the approved NFA OSSP has not yet commenced in view of the pending approval of its SIP by the OP, and in light of the COVID-19 pandemic wherein the NFA's responsibility to respond to the crisis may take precedence over its efforts to maintain or achieve a new ISO QMS certification, the NFA's request for exemption from the ISO QMS certification requirement for the grant of the FY 2020 PBB is ***favorably considered***.

Nonetheless, although the implementation of the NFA's new OSSP has not yet commenced, the Corporation could already prepare for the expected changes in its


⁸ Transferring the National Food Authority, National Irrigation Administration, Philippine Coconut Authority, and Fertilizer and Pesticide Authority to the Office of the President dated May 5, 2014

documented QMSs, with RA No. 11203 and its IRR, as well as the approved OSSP as guide.

Moreover, may we suggest that when the NFA implements its approved NFA OSSP, the Corporation also consider standardizing its relevant process/es across its offices, particularly those being implemented in its field offices and have an agency-wide QMS certification for said process/es.

Thank you.

Very truly yours,



LAURA B. PASCUA

DBM Undersecretary and
Chairperson of the AO 25 Technical Working Group

cc: Ms. Maria Rosario A. Ablan
Program Manager, AO 25 IATF Secretariat
Development Academy of the Philippines