GOVERNMENT QUALITY MANAGEMENT COMMITTEE

MEMORANDUM CIRCULAR NO. 2016-1

December 07, 2016

TO : **All Heads of Departments, Bureaus, Offices and Other Agencies of the National Government, Constitutional Offices, Congress, the Judiciary, Office of the Ombudsman (OMB), State Universities and Colleges (SUCs), Government-Owned or -Controlled Corporations (GOCCs), and Local Water Districts (LWDs)**

SUBJECT : **Guidelines on the Validation of the ISO 9001 Quality Management System (QMS) Certification or ISO-Aligned QMS Documents as a Requirement for the Grant of the FY 2016 Performance-Based Bonus (PBB)**

1.0 BACKGROUND

1.1 **Memorandum Circular (MC) No. 2016-1**[1] **dated May 12, 2016** was issued by the **Administrative Order (AO) No. 25**[2] **Inter-Agency Task Force (IATF)** to provide the criteria and conditions for the grant of the FY 2016 PBB.

As indicated under **Item 5.2.b** of said MC, one of the conditions for the grant of the FY 2016 PBB is either of the following:

1.1.1 Establishment of a QMS for at least one (1) core process certified by any international certifying body approved by the AO 25 IATF; **or**

1.1.2 ISO-aligned documentation of its QMS for one (1) core process as evidenced by the presence of the following documents in the agency Transparency Seal: *(a)* approved Quality Manual; and *(b)* approved Procedures and Work Instructions Manual, including Forms.

For LWDs, **Item 5.2.c** of the AO 25 IATF MC provides that those classified as A and B under the Revised Local Water District Manual on Categorization and Re-Categorization, s. 2011 should comply with the Support to Operations (STO)-QMS requirement in Item 5.2.b.

On the other hand, LWDs classified as C and D are not obliged to comply with said requirement. Instead, they should adopt the operating standards and corresponding reportorial requirements based on established business policies and practices in the water utilities sector as enunciated under the Commercial Practice System (CPS), as well as present their financial statements in accordance with the accounting principles under the New Government Accounting System (NGAS) as prescribed by the Commission on Audit (COA).

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[1] *Guidelines on the Grant of the Performance-Based Bonus for Fiscal Year 2016 under Executive Order (EO) No. 80 and EO No. 201* dated May 12, 2016

[2] *Creating an Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems* dated December 21, 2011

1.2 As further provided under **Item 6.2.h** of the AO 25 IATF MC, the ISO 9001 QMS Certification **or** the ISO-aligned QMS Documents should be posted in the Agency Transparency Seal, as part of the Good Governance Conditions (GGCs) prescribed therein.

1.3 The **Government Quality Management Committee (GQMC)**[3] is tasked to conduct the validation of compliance of agencies with the PBB requirement for QMS Certification **or** ISO-aligned QMS documentation per **Item 11.0** of the AO 25 IATF MC.

1.4 Said AO 25 IATF MC also provides that the assessment of agency compliance with the GGCs and other PBB requirements shall be conducted starting **October 1, 2016** (**Item 6.3**), while the **deadline** for the validation of QMS Certification **or** the ISO–aligned QMS documentation is ***on or before January 15, 2017*** (**Item 15.0**).

1.5 Finally, agencies that are unable to comply with **all** the GGCs shall be considered **ineligible** for the FY 2016 PBB, as stipulated under **Item 12.0**.

2.0 PURPOSE

This Memorandum Circular is issued to prescribe the guidelines on the validation by the GQMC of the ISO 9001 QMS Certification or ISO-aligned QMS Documents.

3.0 COVERAGE

This Circular covers all Departments, Bureaus, Offices and other agencies of the national government, including Constitutional Offices, Congress, the Judiciary, OMB, SUCs, GOCCs, and LWDs classified as Category A and B, consistent with **Items 3.1** and **5.2.c** of said AO 25 IATF MC.

4.0 GUIDELINES ON DETERMINING COMPLIANCE WITH THE ESTABLISHMENT OF A QMS

ISO 9001 QMS Version

4.1 The GQMC allows the adoption of any of the two (2) versions of ISO 9001 QMS standards, as follows:

- **ISO 9001:2008**[4] for agencies with on-going effort to establish a QMS certifiable to ISO 9001:2008 or with valid ISO 9001:2008 QMS Certification/Recertification until December 31, 2016; or
- **ISO 9001:2015** for agencies with on-going efforts to establish a QMS certifiable to ISO 9001:2015 or transitioning from 2008 to 2015 version after the latter's publication on September 15, 2015; or with valid ISO 9001:2015 QMS Certification.

4.2 The agency should post the following prescribed documents in its Transparency Seal based on its ISO QMS Certification efforts within the period **October to December 2016:**

Certification Efforts	Prescribed Document
Installation/Implementation of ISO 9001:2008	Approved ISO 9001:2008-aligned QMS Documents
ISO 9001:2008 QMS Certification	Valid ISO 9001:2008 Certificate
ISO 9001:2008 QMS Certification Migrating to ISO 9001:2015 with approved ISO 9001:2015-aligned QMS Documents	Valid ISO 9001:2008 Certificate and Approved Documented Information on ISO 9001:2015-aligned QMS
Installation/Implementation of ISO 9001:2015 QMS[5]	Approved Documented Information on ISO 9001:2015-aligned QMS
ISO 9001:2015 QMS Certification	Valid ISO 9001:2015 Certificate

[3] Created under Executive Order No. 605 *(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

[4] ISO 9001:2008 standards would no longer be valid by end of September 2018, three (3) years after the publication of ISO 9001:2015 on September 15, 2015 *(http://www.iso.org/iso/iso_9001_-_moving_from_2008_to_2015.pdf)*

[5] For agencies obtaining its initial ISO 9001 QMS certification

ISO 9001 QMS Certification

4.3 The **validity of the ISO 9001 QMS Certification/Recertification**, as indicated in the Certificate, **must be until December 31, 2016 or a later date** (i.e., 2017 and beyond).

Agencies whose ISO 9001:2008 QMS Certification expired on December 31, 2015 or earlier, or would expire within 2016, shall endeavor to migrate its QMS to the **ISO 9001:2015 standard.**

4.4 The ISO QMS Certification Body (CB) could be any international CB which is included in the updated ISO Registrars (Certification Bodies)[6].

However, agencies' are **encouraged** to have their ISO QMS **certified by CBs which are duly accredited by the Philippine Accreditation Bureau**[7] of the Department of Trade and Industry (DTI), as the recognized *national accreditation body* pursuant to Executive Order No. 802[8]. The CBs contracted shall have been accredited to audit and certify QMS for specified scope, particularly under ISO 9001 QMS for IAF 36: **Public Administration scope**.

4.5 The **scope** of the agency's ISO 9001 QMS Certification shall cover at least one (1) core process or frontline service as mandated under its existing pertinent laws.

4.6 For agencies with several ISO QMS Certifications based on certain scope of the QMS being certified, all must be posted in its Transparency Seal.

4.7 A **certified-true copy of the Agency's ISO QMS Certificate/s** shall be submitted to the GQMC, thru the Department of Budget and Management (DBM) Secretariat - Systems and Productivity Improvement Bureau, immediately after obtaining an ISO QMS Certificate or Recertification not later than December 31, 2016, for verification purposes.

Approved ISO 9001-aligned QMS Documents

4.8 If an agency is yet to obtain an ISO QMS Certification, it should have prepared at least the ISO 9001-aligned QMS Documents which shall include the following:

- Quality Manual; and
- Procedures and Work Instructions Manual, including Forms.

(See Annex: **Guidelines on the Content of the ISO 9001-Aligned QMS Documents***)*

4.9 Agencies concerned are encouraged to engage the technical assistance of the Development Academy of the Philippines (DAP) in their ISO 9001 QMS Certification efforts, including the preparation of QMS Documents aligned to the ISO 9001 standards, considering that it is tasked by the GQMC to undertake the awareness and capability-building activities of the Government Quality Management Program[9].

4.10 The Agency ISO 9001-aligned QMS Documents shall be duly approved by the head of the agency or the designated approving authority, or the Governing Body in the case of Commissions, GOCCs, etc.

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[6] See Praxiom Research Group's Directory of ISO Registrars updated as of June 12, 2016 (http://www.praxiom.com/registrars.htm)

[7] Renamed from Philippine Accreditation Office under the approved Rationalization Plan of the DTI – Office of the Secretary

[8] *Strengthening and Recognizing the Philippine Accreditation Office Attached to the Department of Trade and Industry as the National Accreditation Body* dated May 18, 2009

[9] Pursuant to Administrative Order No. 161 *(Institutionalizing Quality Management System in Government)* dated October 5, 2004

5.0 GQMC VALIDATION RESULT

The GQMC – DBM Secretariat shall submit to the AO 25 IATF its findings on the compliance of agencies with the ISO QMS-related requirement to serve as basis for determining their eligibility to the FY 2016 PBB.

6.0 EFFECTIVITY

This Circular shall take effect immediately.

DEPARMENT OF BUDGET AND MANAGEMENT

By:

Secretary BENJAMIN E. DIOKNO
Chairman

Department of Budget and Management
OSEC-2016-000797

DEPARTMENT OF TRADE AND INDUSTRY

By:

Secretary RAMON M. LOPEZ
Co-Chairman

DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT

By:

Secretary ISMAEL D. SUENO
Member

DILG
DILG-OSEC 07012016-5503

INTERNAL AUDIT OFFICE, OFFICE OF THE PRESIDENT

By:

Deputy Executive Secretary ALBERTO A. BERNARDO
Member

DEVELOPMENT ACADEMY OF THE PHILIPPINES

By:

President ANTONIO D. KALAW, JR.
Member

GOVERNMENT QUALITY MANAGEMENT COMMITTEE

Contents of the ISO 9001-Aligned QMS Documents

Introduction

To build on the FY 2015 PBB requirements related to the establishment of a Quality Management System (QMS) aligned to ISO 9001, the Operations Manual shall be updated and enhanced by the agencies to:

- Further align the documentation to ISO 9001 standards, and
- Upgrade the existing documentation to move forward to ISO 9001 QMS certification.

A. PBB requirements for 2015: Operations Manual

As a reference, the following are the contents required for the Operations Manual in 2015:

1) Introduction on the Manual (scope of operations manual, content, system of amendment and revision, distribution)
2) Definition of terms and acronyms
3) General Information about the agency and the Selected Areas of Operation
4) Organizational Structure and Responsibilities of Relevant Roles (indicates the organizational structure, duties and responsibilities of relevant roles)
5) Control of Records and Documents (optional)
6) Operational Control and Supervision (describes the powers of authority, supervisory and operational controls)
7) Operating Procedures (describes the step-by-step procedures and work instructions in narrative form or with the use of activity flow charts, including the flow of forms

B. PBB Requirements for 2016

Per AO 25 IATF MC-2016-01, the documentation requirements to qualify for the PBB are as follows:

1) Approved Quality Manual – shall refer to the updated Operations Manual that should contain items in *Item C (1)* of this Annex, as appropriate
2) Approved Procedures and Work Instructions Manual (PAWIM), including Forms – shall refer to documentations listed in *Item C (2)* of this Annex, as appropriate, that may be a separate document or part of the Quality Manual or Operations Manual

C. Approved Documents/ Documented Information Requirements

The following documents shall be **completely** complied with by agencies that are working towards ISO 9001:2008 or 2015 certification:

ISO 9001:2008-Aligned QMS	ISO 9001:2015-Aligned QMS
1) Approved Quality Manual – refers to *Item A* of this Annex but with additional requirements to include the following documents either as part of the manual or as supplemental documents: a) Approved Quality Policy; b) Statement of QMS Scope, including the Process Model/Map showing the processes covered by the QMS; c) Justification of exclusion, if there is any; d) Description of the processes covered by the QMS, e.g. management, core and support processes, including the responsibilities and basic controls applied to ensure effective operations; e) Approved quality objectives of all offices/units, e.g. Office Performance Commitment and Review (OPCR) and Division Performance Commitment and Review (DPCR) forms, quality objectives and plans, balanced scorecards, and other documented performance targets <u>demonstrating the current Administration's directive to improve frontline or core processes' performance;</u> f) List of internal and externally-generated references/documents necessary for the effective planning and operations of the QMS, include the document title, document code, originator (source of document), effective date, and revision number, if applicable; and g) Mechanisms for determining customer satisfaction and feedback (e.g. customer satisfaction survey form or procedure)	1) Approved Quality Manual – refers to *Item A* of this Annex but with additional requirements to include the following documents either as part of the manual or as supplemental documents: a) Approved Quality Policy; b) Statement of QMS Scope, including the Process Model/Map showing the processes, products and services covered by the QMS; c) Justification for ISO 9001 requirement(s) that is (are) not applicable to the scope of the QMS, if there is any; d) Description of the processes covered by the QMS, e.g. management, operational and support processes, including the responsibilities and basic controls applied to ensure effective operations; e) Approved quality objectives of all offices/units, e.g. OPCR and DPCR forms, quality objectives and plans, balanced scorecards, and other documented performance targets <u>demonstrating the current Administration's directive to improve frontline or core processes' performance;</u> f) List of internal and externally-generated references/documents necessary for the effective planning and operations of the QMS, include the document title, document code, originator (source of document), effective date, and revision number, if applicable; g) Description of relevant interested parties and their requirements; h) Approved list of identified relevant interested parties, including their issues, and corresponding action plans to address the issues; i) Description of the organizational context, e.g. PESTLE (Political, Economic, Social, Technological, Legal and Environmental), SWOT (Strength, Weakness, Opportunity and Threat) or other framework or tool to analyze and monitor internal and external issues that may have impact in the organization; j) Description of type and extent of

ISO 9001:2008-Aligned QMS	ISO 9001:2015-Aligned QMS
	control of external providers to ensure that externally provided processes, products and services meet requirements; and k) Approved list of identified risks and opportunities with corresponding action plans
2) Approved PAWIM, including Forms – refers to the following documents: a) Operating procedures of the frontline or core process(es) covered by the QMS (same as *Item A (7)* of this Annex) b) ISO 9001:2008 Mandatory Documented Procedures, including forms and templates: i. Control of Documents (same as *Item A (5)* of this Annex, mandatory) ii. Control of Records (same as *Item A (5)* of this Annex, mandatory) iii. Internal Quality Audit iv. Control of Non-Conforming Products/Services v. Corrective Action vi. Preventive Action	2) Approved PAWIM, including Forms a) Operating procedures of the frontline or core process(es) covered by the QMS (same as *Item A (7)* of this Annex) - shall include the operating procedures of the frontline or core process(es) covered by the QMS, with clear description of the control of service delivery, i.e. characteristics of the products to be produced, the services to be provided, or the activities to be performed and the results to be achieved, and the implementation of actions to prevent human errors b) Tools, forms, templates, guidelines or procedures, for the following processes: i. Control of Documented Information ii. Internal Audit for the QMS iii. Control of Non-Conforming Outputs iv. Nonconformity and Corrective Action v. Monitoring and Measurement of Client Satisfaction vi. Management Review *Optional: (May also be submitted as the following documented information are required by ISO 9001:2015)* vii. Risk Assessment and Controls viii. Managing Organizational Knowledge and HR Competency Development Program ix. Evaluation of External Providers x. Monitoring of Customer and External Provider's Property, if applicable xi. Maintenance Program for Monitoring and Measuring Resources/Equipment, if applicable xii. Maintenance Program for Infrastructure and Work Environment

Note: Submitted approved Operations Manual in 2015 shall be re-submitted for verification of the availability of operating procedure of the covered frontline or core process of the QMS and the clear description of the control of service delivery. For agencies that did not comply with the Operations Manual in 2015, they still have to develop it as part of the 2016 requirement and may refer to the suggested outline, ***Item D*** of this Annex.

D. Suggested Outline of ISO 9001:2008 Quality Manual/Operations Manual with Annexed PAWIM

Agencies which have not prepared their Operations Manual in 2015 or those which would want to improve their Operations Manual using the ISO 9001:2008 or 2015 standards, may follow the following outline:

ISO 9001:2008	ISO 9001:2015
I. Introduction on the Manual (scope of the Operations Manual, content, system of amendment and revision, distribution)	I. Introduction on the Manual (scope of the Operations Manual, content, system of amendment and revision, distribution)
II. Definition of terms and acronyms	II. Definition of terms and acronyms
III. General Information about the Agency and the Selected Areas of Operation	III. General Information about the Agency and the Selected Areas of Operation
IV. Organizational Structure and Responsibilities of Relevant Roles (indicates the organizational structure, duties and responsibilities of relevant roles)	IV. Organizational Structure and Responsibilities of Relevant Roles (indicates the organizational structure, duties and responsibilities of relevant roles)
V. Operational Control and Supervision (describes the powers of authority, supervisory and operational controls)	V. Operational Control and Supervision (describes the powers of authority, supervisory and operational controls)
VI. Statement of QMS Scope, including the Process Model/Map showing the processes covered by the QMS	VI. Statement of QMS Scope, including the Process Model/Map showing the processes, products and services covered by the QMS
VII. Justification of exclusion, if there is any	VII. Justification for ISO 9001 requirement(s) that is (are) not applicable to the scope of the QMS, if there is any
VIII. Description of the processes covered by the QMS, e.g. management, core and support processes, including the responsibilities and basic controls applied to ensure effective operations	VIII. Description of the processes covered by the QMS, e.g. management, core and support processes, including the responsibilities and basic controls applied to ensure effective operations
	IX. Description of the organizational context, e.g. PESTLE (Political, Economic, Social, Technological, Legal and Environmental), SWOT (Strength, Weakness, Opportunity and Threat) or other framework or tool to analyze and monitor internal and external issues that have impact in the organization
	X. Description of type and extent of control of external providers to ensure that externally provided processes, products and services meet requirements
	XI. Description of key stakeholders and their requirements and expectations
IX. Annexes:	XII. Annexes:
1. Approved Quality Policy	1. Approved Quality Policy

ISO 9001:2008	ISO 9001:2015
2. Approved quality objectives of all offices/units, e.g. OPCR and DPCR, quality objectives and plans, balanced scorecards, and other documented performance targets demonstrating the current Administration's directive to improve frontline or core processes' performance	2. Approved quality objectives of all offices/units, e.g. OPCR and DPCR, quality objectives and plans, balanced scorecards, and other documented performance targets demonstrating the current Administration's directive to improve frontline or core processes' performance
3. List of internal and externally-generated references/documents necessary for the effective planning and operations of the QMS, include the document title, document code, originator (source of document), effective date, and revision number, if applicable	3. List of internal and externally-generated references/documents necessary for the effective planning and operations of the QMS, include the document title, document code, originator (source of document), effective date, and revision number, if applicable
4. Mechanisms for determining customer satisfaction and feedback (e.g. customer satisfaction survey form or procedure)	4. Mechanisms for determining customer satisfaction and feedback (e.g. customer satisfaction survey form or procedure)
5. Operating Procedures (describes the step-by-step procedures and work instructions in narrative form or with the use of activity flow charts, including the flow of forms	5. Operations procedures - shall include the operating procedures of the frontline or core process(es) covered by the QMS, with clear description of the control of service delivery, i.e. characteristics of the products to be produced, the services to be provided, or the activities to be performed and the results to be achieved, and the implementation of actions to prevent human errors
6. Control of Documents	6. Tools, forms, templates, guidelines or procedures, for the following processes: a. Control of Documented Information b. Internal Audit for the QMS c. Control of Non-Conforming Outputs d. Nonconformity and Corrective Action e. Monitoring and Measurement of Client Satisfaction f. Management Review
7. Control of Records	
8. Internal Quality Audit	
9. Control of Non-Conforming Products/ Services	
10. Corrective Action	
11. Preventive Action	
	7. Approved list of identified relevant interested parties, including their issues, and corresponding action plans to address the issues
	8. Approved list of identified risks and opportunities with corresponding action plans
	9. *Optional: (May also be submitted as the following documented information are required by ISO 9001:2015)* a. Risk Assessment and Controls b. Managing Organizational Knowledge and HR Competency Development Program

ISO 9001:2008	ISO 9001:2015
	c. Evaluation of External Providers d. Monitoring of Customer and External Provider's Property, if applicable e. Maintenance Program for Monitoring and Measuring Resources/Equipment, if applicable f. Maintenance Program for Infrastructure and Work Environment