



07 DEC 2010

**CUSTOMS MEMORANDUM ORDER**  
NO. 48 - 2010

**SUBJECT: Guidelines in the Accreditation of Service Providers of Electronic GPS-equipped Barrier Seals**

Pursuant to Customs Administrative Order (CAO) No. 4-2010 as implemented by Customs Memorandum Order 24-2010, the following rules and regulations on the accreditation of Service Providers of Customs Electronic GPS-Equipped Barrier Seal Service Provider (CEGBSSP) are hereby issued:

### SECTION 1. OBJECTIVES

1. To effectively implement CAO No. 4-2010 on "Establishing an enhanced customs transit system with the use of global positioning system";
2. To develop and publicize clear and transparent procedures for the accreditation of the Service Providers;
3. To provide a fair and competitive environment for the accreditation process;
4. To ensure that only the most qualified and capable proponents are accredited;
5. To enhance the Bureau of Customs template for outsourcing to the private sector.

### SECTION 2. SERVICES TO BE OUTSOURCED

The services to be outsourced to the accredited Service Provider include but not limited to the following:

1. Provide a sufficient number of the specified Customs electronic GPS-equipped barrier seals to be attached to the container vans of transit cargo for imports and exports to service the needs of ports of entry;
2. Provide the necessary hardware and software to effectively track and monitor the condition of transit cargo while in transit;
3. Put in place a network of competent personnel deployed in designated customs ports to handle the attachment and removal, maintenance, transport, and security and ensuring availability of fully functioning (with fully charged batteries) customs electronic GPS-equipped barrier seals where such seals are required for transit cargo;
4. Conduct trainings on sealing, tracking, monitoring and audit for authorized officials of the BOC and its partner agencies.



5. Develop user manuals and have them widely distributed to end users both at central office and the field.

### SECTION 3. ACCREDITATION PROCESS

#### 1. Pre-Qualification

- a. Through the Committee on the Accreditation of Service Providers (henceforth called CASP), BOC shall publish in two (2) newspapers of general circulation and the BOC website, an invitation for qualified private entities to apply for accreditation as Service Provider of electronic GPS-equipped barrier seals, including the hardware and software required for the operation of the system. The publication shall include the Eligibility Requirements which applicants shall be asked to submit together with their application and proof of payment for the non-refundable processing fee in the amount of Fifty Thousand Pesos (P50,000.00).
- b. The application together with the Eligibility Requirements shall be submitted to the Secretariat seven (7) days after the publication. Upon verification by the Secretariat that the submitted documents in compliance with the Eligibility Requirements are complete, the applicant shall be given a copy of the Terms of Reference (TOR) upon presentation to the Secretariat of the BOC Official Receipt representing the non-refundable payment of the processing fee in the amount of Fifty Thousand Pesos (P50,000.00).
- c. The CASP shall proceed to shortlist eligible applicants by assessing the capability of each according to the following (numbers in parenthesis represent the maximum score that may be given to an applicant for each criterion, for the purpose of ranking applicants):
  - i. Relevant experience (65);
  - ii. Financial capability (25);
  - iii. Company Profile (10).
- d. Upon instruction from the CASP, the Quality Assurance Team (henceforth called QAT) shall conduct site visits to the office premises of each applicant for the purpose of short listing applicants. The QAT shall submit its findings and recommendations to the CASP, which shall serve as inputs to the pre-qualification process.
- e. The CASP shall shortlist the top three (3) service providers from those who have submitted their applications and have been determined as eligible. The Committee shall issue a Decision in writing approving or denying the application.
- f. The Secretariat shall notify in writing the applicants whose applications have been denied attaching the corresponding Decision with the information that subject Decision can be appealed by filing a motion for reconsideration within three (3) days from receipt of the customs decision. CASP shall resolve such motion within forty eight (48) hours from receipt of said motion.
- g. Shortlisted applicants shall likewise be informed in writing of the Decision and shall be invited to a conference with the CASP to discuss the technical and financial proposals required by the accreditation process and to answer questions on the TOR.



## 2. Qualification

- a. Shortlisted applicants shall be required to submit their technical and financial proposals to the Secretariat on or before the date to be announced during the abovementioned conference.
- b. The technical proposal shall include the following:
  - i. Authority of the signatory;
  - ii. The proposed CASP organizational chart. If the applicant is a consortium of firms, the relationship between the firms in the consortium should be shown and the roles and responsibilities of each should be clearly described. The chart should also show how the organization will link with collaborating units of the BOC.
  - iii. Approach and methodology, work plan, and schedule of implementation including pilot and roll-out strategies. This section should describe how the GPS-equipped transit system will be put in place, including the phasing of implementation. The roles of the relevant units of the BOC in this effort should also be described.
  - iv. Technical specifications of the required hardware and software, including the following:
    - The electronic GPS-equipped barrier seal, including the GPS system that supports it;
    - The hardware and software of the monitoring system;
    - The communications system.
  - v. List of key personnel to be assigned to the CASP organization, with their complete qualification and experience data;
  - vi. Certificate under oath of compliance with existing labor laws and standards;
  - vii. A sworn affidavit of compliance with the Disclosure Provision under Section 47 of R.A. 9184 (An Act Providing for the Modernization, Standardization and Regulation of the Procurement Activities of the Government and for Other Purposes) in relation to other provisions of R.A. 3019;
- c. The financial proposal shall lay out the price schedule of goods and services offered by the proponent Service Provider to include prices for one-time use of the electronic GPS-equipped barrier seal. The proposal shall also declare in sufficient detail the costs that underlie the price schedule, giving a clear picture as to how the prices were arrived at. It should also show how financial sustainability of operations is projected to be attained. Financing sources should be declared as well.
- d. The technical and financial proposals shall be submitted to the Secretariat (i) on or before the specified deadline, and (ii) in two (2) separate sealed envelopes, the first containing the technical proposal, and the second containing the financial proposal with the label "Technical (or Financial) Proposal, Customs Electronic GPS-Equipped Barrier Seal Service Provider Accreditation" and the name of the applicant in capital letters, addressed to the CASP. The two envelopes shall be further labelled: "Do not open before



(date and time of opening of proposals)." Both envelopes shall then be sealed in an outer envelope which shall be addressed to the Committee on the Accreditation of Service Providers of Customs Electronic GPS-Equipped Barrier Seals, Bureau of Customs.

- e. The CASP shall open the proposals at the time, date and place specified in the Invitation to Apply for Eligibility and Accreditation. The applicants or their duly authorized representatives may attend the opening of proposals. All members of the CASP or their duly authorized representatives during proposal opening, shall initial every page of the original copies of all proposals received and opened. The minutes of the proposal opening shall be made available to the public upon written request.
- f. Upon instruction from the CASP, the QAT shall conduct site visits and records verification to validate information declared by applicants in the technical and financial proposals. The QAT shall likewise conduct a testing and determination of the system requirements to be provided by the Service Provider. The QAT shall render a report of findings to the CASP.
- g. The CASP shall evaluate applications using the Quality-Cost Based Evaluation (QCBE) Method, applying the following criteria:
  - i. Ability to supply the required number of CEGBS units with the proper specifications, including the approach to deploying them (e.g., pilot and roll-out strategies) (20%);
  - ii. Tracking and monitoring system (20%);
  - iii. Communications system (10%);
  - iv. Organization and management, to distribute, manage, secure and maintain the CEGBS units deployed in the field (20%);
  - v. Price levels fees and charges (should be compared with fees and charges under the old transit system) (20%);
  - vi. Financial capability (10%).
- h. The CASP shall issue a Decision in writing approving or denying the application for accreditation, stating the reason and area of non-compliance in case of denial.
- i. BOC through the CASP shall select and accredit not more than three (3) Service Providers.
- j. The CASP shall notify the pre-qualified Service Providers whose applications have been denied attaching the corresponding Decision with the information that subject Decision can be appealed by filing a motion for reconsideration within three (3) days from receipt of the customs decision. CASP shall resolve such motion within forty eight (48) hours from receipt of said motion.
- k. In case of approval and upon payment of an initial accreditation fee in the amount of Php50,000.00 (for the probationary accreditation), a Certificate of Probationary Accreditation shall be issued by the CASP to the Service Providers, indicating the Official Receipt Number and the probationary status for six (6) month of such accreditation.



- l. After issuance of the Certificate of Probationary Accreditation, the CASP shall make an official announcement and/or publish the names of the accredited Service Providers for the information of the stakeholders.
- m. The accredited Service Provider shall undergo the aforesaid six (6)-month probationary period (technical evaluation) effective on the date stated in the probationary certificate of accreditation after which the BOC through the CASP shall decide whether or not full accreditation status shall be granted.
- n. Upon granting of full accreditation status and payment of the remaining accreditation fee in the amount of Php250,000, the applicant shall be issued an accreditation Certificate, indicating therein the Official Receipt Number and the period of validity of such accreditation.

## SECTION 6. CONDITIONS FOR ACCREDITATION

1. The selected Service Provider shall sign a Service Level Agreement (SLA) and a Non-Disclosure Undertaking (NDU).
2. **Performance bonds.** The accredited Service Provider shall post a Performance Bond issued by a BOC-accredited surety company in the amount of Ten Million Pesos (Php10M) in favor of the Bureau of Customs, conditioned upon the Service Provider's strict compliance with all of the requirements for its accreditation, which bond shall automatically be forfeited in favor of the Bureau of Customs in case of breach thereof.
3. **Technical Acceptance Tests.** The accredited Service Provider must successfully pass the technical acceptance tests that will be conducted by the QAT for the initial, the post probationary and the yearly performance evaluation, to qualify for continuous accreditation.
4. **Reservation to Change Accreditation Criteria.** BOC reserves the right to change any of the accreditation criteria as may be deemed necessary by the Commissioner upon the recommendation of the CASP.

## SECTION 7. PERIOD AND RENEWAL OF ACCREDITATION

1. The selected Service Provider shall be given accreditation status for a period of three (3) consecutive years, inclusive of the probationary period, and will be subject to renewal yearly thereafter.
2. An accredited Service Provider desiring to continue his services with the BOC is enjoined to file his accreditation renewal application with CASP at least sixty (60) days before the expiration of its three-year accreditation or one-year accreditation, as the case may be, subject to the evaluation of the quality of their performance as measured by the Service Level Agreement (SLA), and compliance to Eligibility requirements.
3. No application for renewal of accreditation shall be accepted if the Certificate of Accreditation has been suspended or revoked during the time of its subsistence, unless subsequently lifted by the CASP.
4. An application for renewal filed beyond the prescribed period for application for renewal shall be considered a new application for the purpose only of charging the appropriate processing fee mentioned above.



## SECTION 8. SCHEDULE OF FEES

1. **Accreditation and Renewal Fees Payable to BOC by the Accredited Service Provider.** A one time accreditation fee of Php300,000.00 (Php50,000.00 for probationary accreditation and balance of Php250,000.00 upon approval of full accreditation status) good for three (3) years and a yearly renewal fee of Php100,00.00 thereafter, shall be imposed.
2. **Fees Payable to Service Provider by the transacting public.** The Service Provider will determine its respective fee structures based on several factors such as market conditions and systems sustainability requirements, among others, which shall be submitted in the financial proposal. The schedule of fees as proposed shall be one of the bases for accreditation and shall not be increased without the prior approval by the BOC and the Department of Finance. The BOC shall not collect those fees in behalf of the Service Provider.

## SECTION 9. PRE-TERMINATION OF AGREEMENT OR CANCELLATION OF ACCREDITATION

1. BOC, through the CASP, may pre-terminate its Agreement with the accredited Service Providers or cancel Service Provider's accreditation for any of the following:
  - a. Violation of the provisions of this Order and related rules and regulations including SLA and NDU.
  - b. Violation of the Tariff and Customs Code of the Philippines, e-Commerce Act and other related laws.
  - c. Actions inimical to the security and integrity of BOC operations.
  - d. Other violations as maybe determined by the Commissioner of BOC.

## SECTION 10. REPEALING CLAUSE

All orders, memoranda, circulars and issuances inconsistent herewith are hereby repealed and/or deemed modified accordingly.

## SECTION 11. SEPARABILITY CLAUSE

If any part or provision of this Order is later on declared invalid or illegal, the remaining portion shall remain valid and unaffected.

## SECTION 12. EFFECTIVITY CLAUSE

This order shall take effect immediately.

  
ANGELITO A. ALVAREZ  
Commissioner

12/07/18

