Republic of the Philippines
APO PRODUCTION UNIT, INC.
2/F PIA Building, Visayas Avenue, Brgy. VASRA, Quezon City,
Metro Manila, Philippines 1128

APO PRODUCTION UNIT, INC.

BIDS AND AWARDS COMMITTEE (BAC)
RESOLUTION NO. 11-029-19
PB-18-19

RECOMMENDING AWARD OF CONTRACT FOR THE OF PROCUREMENT OF SECURITY FEATURES, ENHANCEMENT, AND APPLICATION SUPPORT/MAINTENANCE OF INTERNAL REVENUE INTEGRATED SYSTEM (IRSIS) FOR TOBACCO

WHEREAS, on 1 April 2019, Mr. Michael J. Dalumpines, Chairman and President, as Head of the Procuring Entity, approved the Annual Procurement Plan (*"APP"*) for CY 2019 upon favorable recommendation of the Bids and Awards Committee *("BAC")*;

WHEREAS, included in the APP of Revised APO for CY 2019 is the *Procurement of Security Features, Enhancement And Application Support/Maintenance of Internal Revenue Stamps Integrated System (IRSIS) For Tobacco* under Public Bidding No. 18-19 (PB-18-19). The Approved Budget for the Contract (*"ABC"*) for the said project amounts to Four Hundred Fifty Million Pesos **(PhP450,000,000.00)**;

WHEREAS, in compliance with the pertinent provisions of Republic Act *("RA")* No. 9184, otherwise known as the "Government Procurement Reform Act", the BAC Secretariat posted the Invitation to Bid for the abovementioned procurement on 15 August 2019 in the Philippine Government Electronic Procurement System (PhilGEPS), APO Website (www.apo.gov.ph), and in a conspicuous place at the premises of the APO Production Unit, Inc.

WHEREAS, likewise in furtherance of the pertinent provisions of RA 9184 that will ensure the transparency of the process, representatives from the Commission on Audit (COA) Resident Auditor, as well as observers from the private sector were invited to observe and witness the conduct of the Pre-Bid Conference and the Submission and Opening of Bids;

WHEREAS, on 28 August 2019, the BAC convened for the scheduled Pre-Bid Conference. Subsequently, seven (7) prospective bidders were present during the said conference, represented by: (i) Ms. Whelma Lanzuela, Mr. Peter Gocheng, Ms. Myrna Gonzales, and Mr. Ariel Dizon of **Kolonwel Trading**, (ii) Mr. Jean-Marie Cosquer, Mr. Geoffrey Webb and Ms. Myrna Webb of **Petrel**, (iii) Ms. Lisa Cueto, Ms. Mary Grace Eleazar, and Ms. Avegail De Guzman of **CAI-STA,** (iv) Mr. ArnelCelis of **Pilipinas Micro Matrix Technologies, Inc.,** (v) Mr. Ramil Esguerra and Ms. Bianca Herrera of **IRSIS Corporation**, (vi) Ms. Emily Bugas and Mr. Reginald Cabardo of **Nextix,** and (vii) Mr. Florieen Heider of **HueckFolien**;

WHEREAS, on 25 September 2019, the scheduled deadline for the Submission and Opening of Bids, representatives, along with their respective counsel, from four (4) prospective bidders were present: ***(i)*** **the Joint Venture (JV) of Kolonwel Trading and Holoptica LCC;** ***(ii)*** **JV of Unimasters Conglomeration, Inc., Latent Image Technologies Ltd., and CAI-STA Philippines, Inc.;** ***(iii)*** **JV of IRSIS Corporation and Mara Linux and Business Solutions, Inc.;** and ***(iv)*** **JV of Nextix, Inc. and Madras Security Printers Pvt., Ltd.**, in the order of purchase of the bidding documents. During the preliminary examination of bids, the BAC checked the submitted documents against the checklist of required documents to ascertain if they were all present;

BAC Resolution No. 11-029-19

Abstract of Bids "As Read"
(Please see **Annex "A"**)

Name of Bidder	Bid Amount (As Read)	% Variance from ABC
JV of Nextix, Inc. and Madras Security Printers Pvt., Ltd.	**PhP105,300,000.00**	**76.6**
JV of IRSIS Corporation and Mara Linux and Business Solutions, Inc.	**PhP202,450,113.60**	**55.01**
JV of Kolonwel Trading and Holoptica LCC	**PhP335,700,000.00**	**25.4**

Abstract of Bids "As Calculated"
(Please see **Annex "B"**)

Name of Bidder	Bid Amount (As Read)	% Variance from ABC
JV of Nextix, Inc. and Madras Security Printers Pvt., Ltd.	**PhP105,300,000.00**	**76.6**
JV of IRSIS Corporation and Mara Linux and Business Solutions, Inc.	**PhP202,450,113.60**	**55.01**
JV of Kolonwel Trading and Holoptica LCC	**PhP335,700,000.00**	**25.4**

WHEREAS, during the conduct of the detailed evaluation of bids (Please see Annex "A" for details), the BAC disqualified and rated **failed** the respective proposals of all the bidders primarily on the following grounds:

Name of Bidder	Ground/s for Disqualification
JV of Nextix, Inc. and Madras Security Printers Pvt., Ltd.	Failure to provide sufficient evidence of compliance with the Technical Requirements stated in the Bidding Document.
JV of IRSIS Corporation and Mara Linux and Business Solutions, Inc.	Failure to provide sufficient evidence of compliance with the Technical Requirements stated in the Bidding Document and failure to provide complete details in the Financial Components.
JV of Kolonwel Trading and Holoptica LCC	Failure to submit Audited Financial Statement as part of the Legal Documents stated in the Bidding Documents.

BAC Resolution No. 11-029-19

WHEREAS, the disqualified bidders questioned the decisions of the BAC by filing a request for reconsideration within the allowable period upon receipt of such notification;

WHEREAS, upon careful and judicious consideration of the arguments presented, the Motions for Reconsideration of the following bidders were granted based primarily on the grounds stated below:

Name of Bidder	Ground/s for Grant of Motion for Reconsideration
JV of IRSIS Corporation and Mara Linux and Business Solutions, Inc.	1) Failure to properly cite or refer to the Evidence of Compliance is not a ground *per se* for disqualification of the bid; 2) Submitted Affidavit of Compliance to Schedule of Requirements serves as sufficient Evidence of Compliance; 3) Information material for the computation of its bid and other necessary and relevant factors were present and can be validated despite minor insufficiencies in form
JV of Kolonwel Trading and Holoptica LCC	During the re-examination and extensive evaluation of the document submitted, this BAC opined that the appreciation as to whether or not the *U.S. Return of Partnership Income Form 1065* is the appropriate equivalent document in the US of the "prospective bidder's audited financial statements showing total and current assets and liabilities" is not proper during the bid evaluation stage.

WHEREAS, after the conduct of the detailed evaluation of bids, the BAC identified the bid submitted by the **JV of IRSIS Corporation and Mara Linux and Business Solutions, Inc.** as the Lowest Calculated Bid;

WHEREAS, on 13-20 November 2019, the TWG proceeded with the conduct of post-qualification process to determine whether the bidder concerned complies with and is responsive to all the requirements and conditions specified in the Bidding Documents (Please see **Annex "C"** for Post-Qualification Report);

BAC Resolution No. 11-029-19

WHEREAS, the TWG recommended that the bid of the **JV of IRSIS Corporation and Mara Linux and Business Solutions, Inc.** be found non-responsive based on the following findings stated in the Post-Qualification Report:

Requirement/s	Findings
1. Sworn Statement of all its ongoing government and private contracts, including contracts awarded but not yet started, if any, whether similar or not similar in nature and complexity to the contract to be bid, within a period of two (2) years;	**IRSIS Corporation:** Contract for the Procurement of Security Features and Delivery of Internal Revenue Stamps should be stated in its Statement identifying the bidders Single Largest Completed Contract (SLCC), hence non-responsive **Mara Linux and Business Solutions, Inc.:** Non-compliant with the prescribed form, hence non-responsive
2. Three (3) copies of Financial Bid Form, which includes bid prices and the bill of quantities and the applicable Price Schedules, in accordance with ITB Clauses 15.1 and 15.4 with the signature of the authorized signatory of the contractor including the Detailed Cost Breakdown for the security features and design, software and hardware component of the bid for SLA purposes	Non-responsive due to: a) Failure to complete all appropriate information necessary to evaluate the financial component of the bids for the computation of the Bid Proposal; b) Some portions of the Price Schedule (Quantity column) have not entry/data; and c) Both form for Goods offered from abroad and within the Philippines are submitted
3. Additional Post-Qualification requirement of Latest Income and Business Tax Returns	Submitted Quarterly Income Tax Returns were non-responsive since pursuant to Revenue Regulation No. 3-2005, the Latest Income Tax Return refers to the latest Annual Income Tax Return

WHEREAS, the BAC, upon careful study of the findings of the TWG in its Post-Qualification Report, and an extensive validation and verification of all the eligibility, technical, and financial requirements submitted by the **JV of IRSIS Corporation and Mara Linux and Business Solutions, Inc.**, has found sufficient reasons to find the Lowest Calculated Bid as **responsive** as detailed comprehensively below:

Requirement/s	Ground/s for declaring as responsive
Sworn Statement of all its ongoing government and private contracts, including contracts awarded but not yet started, if any, whether similar or not similar in nature and complexity to the contract to be bid, within a period of two (2) years;	**IRSIS Corporation:** The **Contract for the Procurement of Security Features and Delivery of Internal Revenue Stamps** is correctly stated as an **ongoing contract** as the Memorandum of Agreement for the Extension of the Contract for the Procurement of Security Features and Delivery of Internal Revenue Stamps Integrated System is merely an **extension**, and **not a separate contract**. The execution of the latter agreement has the effect of extending the period of the former contract until 27 November 2019, with all its original provisions carried over and subsisting.
	Mara Linux and Business Solutions, Inc.: As clarified during the Submission and Opening of Bids, **only the technical eligibility requirement of IRSIS Corporation shall be considered for the JV**. Notwithstanding GPPB NPM No. 003-2016 which states that the submission by both JV partners shall be considered during eligibility checking and post-qualification, the same opinion states that only **misrepresentation or change in the situation of the prospective bidder which will affect the capability of the prospective bidder to undertake the project** shall be a ground for disqualifying the bid.

Requirement/s	Ground/s for declaring as responsive
Three (3) copies of Financial Bid Form, which includes bid prices and the bill of quantities and the applicable Price Schedules, in accordance with ITB Clauses 15.1 and 15.4 with the signature of the authorized signatory of the contractor including the Detailed Cost Breakdown for the security features and design, software and hardware component of the bid for SLA purposes	The items in the Price Schedules for Goods offered from Abroad and Goods offered within the Philippines which have no entry in the "Quantity" column are either **not material to the computation of the bid price** or has **no cost component**. The first entry for both Price Schedules represents the total of all its component items and should not be considered for computation, as clarified during the Submission and Opening of Bids. Furthermore, such entries were counted as "1 Lot" in the said schedules. For the items in the Goods offered within the Philippines which lack entries in the "Quantity" column, these items fall under the subcategory of **maintenance and support** and hence not quantifiable. Also, these items have **no cost component**, making the lack of stated quantity **immaterial in the computation of the bid price**. In any case, **ITB Clause 15.4**, which enumerates all the necessary entries in the Price Schedule, does not specifically require the quantity/ies of the items, unless material to the bid price.
Additional Post-Qualification requirement of Latest Income and Business Tax Returns	Section 34.2, Rule X of the 2016 Revised Implementing Rules and Regulations of RA No. 9184 states that "***failure to submit*** *any of the post-qualification requirements* ***on time****, or a* ***finding against the veracity*** *thereof, shall disqualify the bidder for award..."* The Quarterly ITRs, were **submitted on time** with the intention of complying with the instruction of submitting the "latest income and business tax returns" – demonstrated by the fact that these Quarterly ITRs were filed during the immediately preceding period. A cursory perusal of the situation, bidder complied with the requirement. In the interest of fairness, due process, and expediency, the BAC can order the resubmission of the correct documents, subject to an examination of its veracity, as this is not prohibited by the Implementing Rules and Regulations.

BAC Resolution No. 11-029-19

WHEREAS, upon the submission by the **JV of IRSIS Corporation and Mara Linux and Business Solutions, Inc.** of its latest Annual Income Tax Returns, the BAC, through the TWG, found no incorrect, misleading, or fraudulent entries thereon;

NOW THEREFORE, We, the Members of the BAC, hereby RESOLVE, as it is hereby **RESOLVED**:

a) To **DECLARE** the bid of the **JV of IRSIS Corporation and Mara Linux and Business Solutions, Inc.** as the Lowest Calculated Responsive Bidfor the *Procurement of Security Features, Enhancement And Application Support/Maintenance of Internal Revenue Stamps Integrated System (IRSIS) For Tobacco* under Public Bidding No. 18-19 (PB-18-19), with PhilGEPS Reference Number 6395997;

b) To **RECOMMEND** for the approval and award of contract by the **HOPE** of APO Production Unit, Inc. the foregoing findings;

RESOLVED at APO Production Unit, Inc., Philippine Information Agency (PIA) Building, Visayas Avenue, Diliman, Quezon City this 21st day of November 2019.