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CERTIFICATE

01 100 1432569

Audit Report as per

TRCERT - ISO 9001:2015

for

**BASES CONVERSION AND
DEVELOPMENT AUTHORITY (BCDA)**

**BCDA Corporate Center, 2/F, Bonifacio Technology
Center, 31st Street corner 2nd Avenue, Bonifacio
Global City, Taguig City, Philippines**

Client	Standard(s)	Certification Number(s)	Audit Type
BASES CONVERSION AND DEVELOPMENT AUTHORITY	ISO 9001:2015	01 100 1432569	Second Follow Up

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The Bases Conversion and Development Authority (BCDA) is a government instrumentality vested with corporate powers under Republic Act (RA) No. 7227 (Bases Conversion and Development Act of 1992), signed into law by former President Corazon C. Aquino last March 13, 1992. The BCDA Charter was as amended by R.A. No. 7917 in 1995, and further amended by R.A. No. 9400 in 2007.

Mandated to transform former US military bases into alternative productive civilian use, BCDA has remained committed to deliver on its mandate of contributing to the modernization of the Armed Forces of the Philippines, to impact regional synergy and socio-development, and to generate economic opportunities for all arising from gains in its special economic zones.

BCDA engages in public-private partnerships to push forward vital public infrastructure such as tollways, airports, seaports, and also major real estate developments. It is one of the key agencies driving “Build Build Build,” the national government’s most ambitious infrastructure plan in Philippine history. This infrastructure plan hopes to provide bold solutions that will reduce congestion, create jobs and alleviate costs in the Philippines.

Through the years, BCDA has proven to be one of the most successful government agencies in attracting investments, creating jobs for the Filipino people and boosting the Philippine economy. It has successfully developed economic centers with the private sector giving rise to booming economic districts—Bonifacio Global City in Fort Bonifacio, Newport City in Villamor Air Base and also vital infrastructure such as the 93.77-kilometer Subic-Clark-Tarlac Expressway.

BCDA is positioning Clark as the next investment center in Asia through high-impact projects such as the New Clark City—a new metropolis that is smart, green, resilient and truly inclusive and the expansion of the Clark International Airport. Among its other big-ticket projects are the Subic-Clark Cargo Railway and the BGC-NAIA Bus Rapid Transit. *(Note: Distilled from the Corporate Profile of the BCDA corporate website at <http://www.bcda.gov.ph>)*

2.2 Scope of certification

Scope of certification: (per standard):	Provision of Conversion and Development Services, Real Estate Management and Engineering for Land and Assets under the Jurisdiction and Control of the Bases Conversion and Development Authority (BCDA)
ISO 9001 standard requirements which are not applicable:	None
Reasons for non-applicability:	N/A

The following sites and their scopes are included in the scope of certification:

Site No. (CN ext.)	Sites included in cert. Name/address of site	No. of emp.	Scope and processes	Stand-ard(s)	Au-dited
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01	<p>Central office: Bases Conversion and Development Authority (BCDA) BCDA Corporate Center, 2/F, Bonifacio Technology Center, 31st Street corner 2nd Avenue, Bonifacio Global City, Taguig City, Philippines</p> <p>Project Site: New Clark City, Capas, Tarlac - Construction of Airport to New Clark City Access Road Phase 1</p>	141 (regular personnel)	Provision of Conversion and Development Services, Real Estate Management and Engineering for Land and Assets under the Jurisdiction and Control of the Bases Conversion and Development Authority (BCDA)	ISO 9001:2015	<input checked="" type="checkbox"/>
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3 Changes in the management system / Contract review

No major changes have been made to the management system and the management system documentation since the last audit except for a reduction in the number of regular employees which as of the audit, 10 July 2019 was 141 compared to 2018 FA1 recorded headcount which was 150 (organic personnel).

The description of the scope in the certificate still appropriately reflects the scope of the management system.

The audit plan was not changed during the audit although the sequence of the processes to be audited were re-arranged to accommodate the client's request. The sequence was confirmed and agreed during the opening meeting.

4 Audit findings

The audit findings related to the audited standards are listed in the Annexes to this report (see. Annex ISO 9001). All information gained during the audit will be treated with strict confidentiality by the audit team and the certification body. In view of the sampling approach applied to the audit, weaknesses and nonconformities may still exist which have not been identified during the audit.

No.	Unit/Department Site	Positive findings
1.	Organization	The series of progressive projects of the Organization (BGC, Clark, Tarlac) and the rate of phase / key milestone completion is very commendable.
2.	Internal Audit	The identification of the consequence in the Corrective Action Request is worth noting as this identifies the risk that can be triggered by the nonconformance. This additionally indicates the practice of the organization in promoting the risk based thinking approach.
3.	Documented Information	The general documentation requirements for project management (sampled project: Airport to NCC Access Road 9 Phase 1), Subsidiaries, Affiliates & Project Monitoring Department and the Planning Process are very evident.

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The following recommendations and opportunities for improvement provided by the audit team are intended to contribute to the continuous improvement of the management system.

No.	Unit/Department Site	Recommendations and opportunities for improvement
1.	Risk Assessment Process / Actions to address risks and opportunities	<ul style="list-style-type: none"> ▪ Based on the Risk Registry that was available, the organization still needs to consider how to systematically evaluate whether the actions / controls that have been defined, to address the identified risks, have been effective in reducing the Level of Risk. ▪ Consider to align the risk rating methodology used in the risk registers. While most had a quantitative rating, one process was seen to use a qualitative rating approach. ▪ Aside from the risks, consider to also identify opportunities in the key processes of the organization and their corresponding opportunity action.
2.	Sampled Project: Construction of Airport to New Clark City Access Road 9(Phase 1)	<ul style="list-style-type: none"> ▪ Consider having a list of testing and calibration equipment to facilitate the monitoring of expiration / validity. ▪ May consider to let the site engineer/s have a logbook/notes of activities. ▪ Further improve Quality Control Testing Program to include the required strength/specification (e.g. compressive strength) ▪ It was observed during the audit, that there are Acetylene and oxygen cylinders without chain or adequate support system. Consider securing all gas cylinders these to prevent untoward incidences. ▪ Incomplete PPEs were observed (no vest).
3.	Internal Audit	<ul style="list-style-type: none"> ▪ The current process of following up the response to issued corrective action reports is done by calling or emailing the CAR recipients. This resulted to some responses not meeting the internal timeline of “15 working days after the issuance of the CAR”. The organization may consider to review the feasibility of using an auto-notification / reminder system similar to that developed to remind employees to submit their Training reports and training effectiveness assessments.
4.	Records Control of Negotiable Instruments and Land Titles	<ul style="list-style-type: none"> ▪ Consider to review the environmental requirement (i.e. temperature, humidity) for the area / vaults where the land titles are being stored to ensure the integrity of these important documents are preserved.
5.	Organization Development & Management Dept./ HR	<ul style="list-style-type: none"> ▪ Ensure to establish a Training Plan for the instituted BCDA competency framework.

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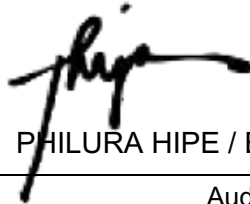
5 Dates

Due Date for the next audit 2020-06-27

Agreed date for the next audit 2020-06

10 July 2019

Date



PHILURA HIPE / ELISA CRUZ, FRONIE ALIGWAY

Audit Leader / Auditor(s)

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Annex ISO 9001:2015

Item	Audit result
Context of the organization	<p>The organization has determined internal and external issues related to the following subject areas (Note: subject areas can be legal requirements, co-operations, competition, community etc.)</p> <ul style="list-style-type: none"> • Threats <ul style="list-style-type: none"> ○ Legal and Policy Environment ○ Political and national policy stability ○ Resources • Weakness / Opportunities / Strengths <ul style="list-style-type: none"> ○ Management ○ Organization ○ Resources ○ Partnership <p>The organization has identified interested parties and the requirements of these parties. Examples for such parties are:</p> <ul style="list-style-type: none"> • Internal <ul style="list-style-type: none"> ○ Employees ○ Management ○ Board of Directors ○ Other Departments ○ Subsidiaries • External <ul style="list-style-type: none"> ○ Suppliers ○ Regulators ○ Legislators ○ Armed Forces of the Philippines ○ Community (Project affected people) ○ Media ○ Beneficiary agencies
Policy / objectives	<p>Top Management has declared its quality policy binding and implemented. The quality policy is appropriate and provides a framework for the respective quality objectives. It commits all employees to pursue continuous quality system improvement. Key quality objectives include:</p> <p><u>BCDA Performance Scorecard 2018</u></p> <ul style="list-style-type: none"> • Social Impact/Stakeholders. <ul style="list-style-type: none"> ○ SO1. Develop the Baselands into World-Class Economic Centers Based on Best Use and Best Time. 2018: 100% Met ○ SO2. Optimize the Benefits if the Country from the Conversion and Development of Baselands. 2018: 100% Met • Financial <ul style="list-style-type: none"> ○ SO3. Achieve Best Value from the Disposition of Lands. 2018:100% Met • Internal Business Process <ul style="list-style-type: none"> ○ SO4. Strengthen and Streamline Project Management Process. 2018:100% Met

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	<ul style="list-style-type: none"> ○ SO5. Optimize the Use of Information Technology. 2018:100% Met ● Learning and Growth <ul style="list-style-type: none"> ○ SO6. Develop a Quality Management System for All Processes. 2018:100% Met ○ SO7. Establish a Competency-Based Framework for BCDA Personnel. 2018:100% Met <p>The above annual performance information showed BCDA scoring 100% accomplishment which is well beyond the minimum score of 90% to be eligible for the Performance Based Bonus (PBB). The annual report was submitted in March 4, 2019 to the Governance Commission for GOCCs (GCG) Chairman.</p> <p>Process Specific 2019 Objectives :</p> <ul style="list-style-type: none"> ● Land and Asset Development <ul style="list-style-type: none"> - 90% Survey plans approval by DENR - 90% Survey plans processed and approved by BCDA - 90% GCP's established - 90% of SP applications endorse to OP - 90% of SP applications submitted to DENR - 90% Titles issued in the name of BCDA ● ICTD Process <ul style="list-style-type: none"> - 100% Quality/ Effectiveness (accuracy) - 90% Quality/ Effectiveness (non-written work) - Satisfactory feedback for IT equipment & software deployed <p>These are measurable and are controlled, communicated and up-dated regularly.</p>
Process control including outsourced processes	<p>The processes available in the organization have been identified and documented. Process workflows and interactions have been described and appropriately controlled. The processes are evaluated at regular intervals by means of key performance indicators.</p> <p>Key processes within the scope of product realization include:</p> <ul style="list-style-type: none"> ● Business Development ● Land & Assets Development <ul style="list-style-type: none"> ○ Surveying and Titling ○ Master Planning ○ Appraisal ○ Inventory of Properties ● Project Management ● Real Estate Management <p>The following processes have been outsourced:</p> <ul style="list-style-type: none"> ● Consultancy Services – Master Planning, Appraisal, Surveys, Special Studies, Financial, IT Construction Design, Project Management

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	<ul style="list-style-type: none"> • Construction and Infrastructure Works • Engineering Services • General Support and other Allied Services (e.g. Janitorial & Security Services – for the Head Office & Controlled Properties) <p>These processes are appropriately reviewed and controlled.</p>
Risk-based thinking	<p>The requirements for risk-based thinking are being realized in the organization as follows:</p> <p>Risk-based thinking has been applied for the following processes:</p> <ul style="list-style-type: none"> • Business Development • Subsidiaries, Affiliates and Projects Monitoring Dept • Land and Assets Development Process • Information and Communication Technology <p>Examples of risks and opportunities of processes identified are:</p> <ul style="list-style-type: none"> • Delay in the implementation of development projects • Deviation by JV partner / locators from approved development plans • Delay in survey works • Outdated or unsupported ICT systems <p>Examples of measures taken to react on identified risks are:</p> <ul style="list-style-type: none"> • Strengthen relationship with private sector partner, partner agencies, PAP, etc. through continuous coordination. Priority for management attention required. • Periodic inspections of JV partner's/locator's implementation of development plans; subject submitted plans to rigid review; Performance security • Regular dialogues between BCDA and major stakeholders & concerned LGUs • Preventive and corrective maintenance <p>Examples of risks and opportunities concerning the context of the organization are:</p> <ul style="list-style-type: none"> • Legal and Policy Environment. Vague provisions in the previous contracts prevents BCDA / BCDA Subsidiaries to maximize revenues. (R) • Political and national policy stability. Volatility of Peso leading to increasing interest rates for lending. (R) • Organization. Compliance with COA Rules and regulations to avoid disallowances (O) • Partnership. Build better relationship with and increase trust and confidence of the AFP (O) <p>Concerning risk based thinking the following tools are used:</p> <ul style="list-style-type: none"> • SWOT Analysis • Risk Analysis

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Customer-related and other requirements	<p>The organization analyses and evaluates customer requirements and/or enquiries and any documented, assumed, statutory and regulatory requirements within the scope of a production and feasibility study performed in a team.</p> <p>Offers are prepared and approved by the Business Development Department and approved by President & CEO. The person who prepared the offer reviews the contract to ensure its compliance with the offer and documents this compliance in an order confirmation. The same procedure applies to amendments.</p> <p>The following process requirements significantly affect product or service quality:</p> <ul style="list-style-type: none"> • Competence of engaged surveying agency • Accuracy of surveys / alignment with Philippine Land Registration Authority (LRA) records • Completeness of legal documentation required for titling and registration (e.g. Memorandum of Agreement, Tax Declaration, Tax Clearance, Approved Technical Description) • Approved Master Plan • Project Plans and Monitoring (e.g. S-Curve, GANTT chart) • Approved endorsements from the AFP • Letter of Intent / Letter of Interest / Valid contracts / Notice-of-Award (NOA) / Notice-to-Proceed (NTP) • Property Appraisal Reports <p>Key regulatory, statutory and customer-related requirements include:</p> <ul style="list-style-type: none"> • BCDA Charter of 1992 (R.A. 7227) / IRR of BCDA (E.O. 62, S.1993) / Amendment of R.A. 7227 (R.A. No. 7917) / Amendment of R.A. 7227 (R.A. 9400) • Revised AFP Modernization Program (R.A. No. 10349) • GOCC Governance Act of 2011 (R.A. No. 10149) • Government Procurement Act (R.A. No. 9184) • Anti-Red Tape Act of 2007 (R.A. 9485) • National Archives of the Philippines Act of 2007 (R.A. 9470) • Civil Service Commission (CSC) Rules and Regulations • National Building Code of the Philippines • National Structural Code of the Philippines • Fire Code of the Philippines • DPWH Standard Specifications • DOLE / BWC / OSHC
Customer satisfaction and complaints	<p>The organization maintains documented and effective procedures governing the handling of information, data analyses, improvement actions and responses to customer feedback.</p> <p>Based on the 2018 Customer Satisfaction Survey report done by Market Relevance Corp. (3rd Party survey organization), BCDA scored 96% against a target of 95% for both BCDA and GCG. BCDA is one of the agencies that scored a high rating according to Market Relevance. For 2019 though, the GCG target for Customer Satisfaction has been reduced to 90%.</p>

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	<p>There were no customer complaints received through the different official medium made available by BCDA. The Corporate Communications Office however, was scheduling a Press Conference with the Mayor of Capas, Tarlac in 11 July 2019 (day after the audit), for an issue published in the newspaper related to the displacement of Aetas because of the New Clark City Project.</p>
Internal audit and management review	<p>The organization measures MS implementation, maintenance and effectiveness by means of annually scheduled system audits. The organization reliably carries out these audits. Records of the 2019 Internal Audit Program were reviewed and verified:</p> <ul style="list-style-type: none"> • 25 Processes scheduled for audit scheduled in May '19 • 25 auditors qualified to perform internal audits • 28 nonconformities raised <ul style="list-style-type: none"> ○ 7 of 28 nonconformities recurring from 2018 ○ 10 of 28 Closed as of the audit • Audit Analysis for 2019 QMS IQA Report dated 4 June 2019 was also available • For 2018, All 32 nonconformities were Closed <p>Not all the nonconformities identified in these internal audits had been corrected by the time the audit documented in this report was performed. Challenge is seen in the follow-up of audit responses. Hence, the improvement opportunity raised related to the organization considering an improvement through the possible automation of their corrective action notification and follow-up process.</p> <p>Top management reviews the organization's quality management system at regular intervals and in line with the requirements to ensure its continuous suitability, adequacy and effectiveness. The management reviews are spread in the weekly Mancom Meetings and covers the areas of Satisfaction Survey of BCDA's Business Partners, IQA Results, nonconformities and corrective actions and effectiveness of actions taken to address risk and opportunities. Mancom Meetings: (1) 29 May 2019 covered the detailed review of the 2018 Satisfaction Survey of BCDA's (a) Business Partners and (b) ALL Stakeholders. (2) 4 June 2019 Results of QMS IQA and status of corrective actions. Audit analysis which included among others top contributors to the nonconformities by ISO 9001:2015 clauses/sub-clause (Cl.7.5.3 – 32%, Cl.7.1.4 – 28%) and by process type (Management (19%), Core (13%) and Support (44%) processes) and a summary of the opportunities for improvement.</p>
Use of certificate and logo	<p>The logo and the certificate are used in compliance with the requirements. This has been checked by sampling. The sampling included business cards, company brochures or websites or others.</p>

Chapter of standard	4.1	4.2	4.3	4.4	5.1	5.2	5.3	6.1	6.2	6.3		
Rating *	1	1	1	1	1	1	1	1	1	1		
No. of nonconformity												
Chapter of standard	7.1	7.2	7.3	7.4	7.5	8.1	8.2	8.3	8.4	8.5	8.6	8.7
Rating *	1	1	1	1	1	1	1	1	2	1	1	1
No. of nonconformity												
Chapter of standard	9.1	9.2	9.3	10.1	10.2	10.3						

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Rating *	1	1	1	1	1	1						
No. of nonconformity												

- * **Rating:**
- 1 = conforming
 - 2 = not audited in this audit
 - 3 = failed/nonconformity (see nonconformity report)
 - 4 = not applicable