

A GUIDE TO
**MEDICINE
MONITORING**
IN PUBLIC HOSPITALS



**Coalition Against
Corruption**

A Guide to MEDICINE MONITORING in Public Hospitals

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How to Use the Monitoring Report Forms

1. **Procurement Diagnostic Report** - use this in the Eligibility Checking to determine who are the eligible and ineligible bidders.
2. **Public Bidding Checklist** - use this to determine the competitiveness and transparency of the public bidding in relation to the provisions of the Government Procurement Reform Act (RA 9184).
3. **Observer's Diagnostic Report** - accomplish this after the Notice of Award has been issued or if there are violations of RA 9184. This must be submitted to the BAC Secretariat, Chief of Hospital/CHD Director, and Project Secretariat. The report shall be based on the Public Bidding Checklist and Procurement Diagnostic Report.
4. **Delivery Monitoring Report** - accomplish this after the delivery monitoring of drugs and medicines.
5. **Inventory Report Form** - accomplish this after inventory monitoring.

I. Red Flags of Corruption in Procurement

A. Collusion between bidders and project/procurement officials:

1. Reputation or history of corruption in the country or business line
2. Bid specifications are too narrow or too vague
3. Unreasonable pre-qualification requirements
4. Unreasonable short time to submit bids
5. Selection of unqualified bidders
6. Questionable disqualification of winning bidder and re-bidding

B. Local cartels or collusion between bidders: Several bidders might secretly agree to submit complementary high bids to allow pre-selected bidders to win.

1. Persistent high bid prices
2. Few bidders, same bidders
3. Excessive or unreasonable bid protests to exclude new bidders
4. Bid prices drop when new bidder enters
5. Apparent connections between bidders affiliated companies, common addresses, personnel, phone numbers, same fax numbers on bidding documents, etc.

C. Excluding qualified bidders

1. A significant number of qualified bidders fail to bid
2. Unreasonably narrow contract specifications
3. Allowing an unreasonably short time limit to bid
4. Adopting unreasonable "pre-qualification" procedures
5. The failure to adequately publicize requests for bids, e.g., using only local publications, or failing to publicize the request for bids

D. Leaking of bid information

1. Poor controls on bidding procedures, e.g., failure to enforce deadlines, non-public opening of bids,
2. Winning bid just under the next lowest bid acceptance of late bids
3. Bid due date extended unnecessarily
4. Late bidder is the lowest bidder

E. Advertisement

1. Publication of the Invitation to Apply for Eligibility and to Bid is made on a limited edition of a newspaper
2. Invitation contains limited information while some favored bidders already have advance information regarding the project to be bid out
3. Favoring only one specific qualified bidder/supplier through insertion of a special requirement/qualification in the published invitation, which discourages others from participating
4. Shortened period of the last day of the publication and the actual opening of bids

F. Pre-bid Conference

1. Pre-bid conference is limited to favored participants only
2. No pre-bid conference is conducted despite the material amount of the project
3. No minutes of the pre-bid conference are prepared and the participants are not informed
4. Bid Bulletin is not issued despite a material modification in the terms of bidding

G. Receipt and Opening of Bids

1. Published date of opening of bids is changed without appropriate notice to all participants
2. Bids are accepted even if they do not meet the eligibility requirements
3. Bid modification is done even after the deadline for the submission and receipt of bids
4. Questionable withdrawal of bids

II. Red Flags Of Corruption In Delivery

1. Receiving officer - in connivance with the supplier - would issue approved schedule for delivery despite of incomplete documents (e.g., PO/contract, Delivery Receipt, Notice to Proceed)
2. Receiving officer - in connivance with the supplier - would record a complete delivery even if some items are lacking in quantity or have pilfered packaging
3. Receiving officer - in connivance with the supplier - would antedate a late delivery in consideration of some amount from the supplier
4. Suppliers attempt to bribe the inspection team to consider their delivery even with remarkable findings
5. Inspection team is being treated out for dinner and even offered with tokens/gifts

III. Red Flags of Corruption in Inventory

1. Unrestricted access to inventory storage areas by unauthorized persons
2. No segregation of duties between:
 - Receipt of inventory and issuing of materials
 - Recording of inventory accounts and ordering materials
 - Identification of obsolete and surplus materials and sale and disposal of such materials
3. Systematic pattern of improperly labeled inventory
4. Lack of regular physical inventories carried out by an independent personnel

Sources: Department of Health; Adapted from W. Michael Kramer, JD, (www.wmkramer.com)