



MASAGANANG SAKAHAN, INC. QUALITY MANAGEMENT SYSTEM MANUAL

Approval Date: January 31, 2018

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This Manual shall be distributed within Masaganang Sakahan, Inc. (MSI) and in accordance with the approved distribution list, controlled by the **Management Representative**. It shall be the responsibility of the holder to safe keep the copy.

Uncontrolled copy of the Manual maybe issued to outsider agencies/parties for general information duly marked with “uncontrolled copy” at the time of distribution.

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	CHAPTER 1: SCOPE AND APPLICABILITY		Revision No.:	0
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This Quality Manual applies to the Masaganang Sakahan, Inc.'s Quality Management System and covers the marketing and trading of agri-commodities including all of its management and support processes.

It contains the basic policies, objectives and guidelines set by MSI with regard to the different elements, which can be implemented as a tool for exceeding internal and external customers'/clients' expectations.

This manual embodies the operational policies, procedures and work instructions that govern the operations of MSI.

The ISO 9001:2000 Standards have been adopted by MSI and are being implemented to serve as the foundation of the quest to attain quality as a way of life in MSI.

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For the purposes of this manual, the terms and its definition as presented below shall apply:

AC	Accounting Center
Accredited Suppliers	Refers to suppliers that have accomplished, complied, and submitted the required documents for accreditation
ADLS	Agricultural & Development Lending Sector
Audit	Systematic, independent documented processes for obtaining audit evidence and evaluating it objectively to determine to which audit criteria are fulfilled
Audit Criteria	Set of policies, procedures and requirements necessary for the scope of audit
Audit Evidence	Includes records, factual statements; and other verifiable information that is related to the audit criteria being used
Audit Plan	Description of arrangement and activities for the conduct of audit
Audit Scope	Focus, extent of a particular audit
Auditee	Unit/Department being audited
Auditor	Person possessing specified qualification to conduct audit
BAC	Bank Assisted Cooperatives
BD	Business Department
BIR	Bureau of Internal Revenue
BOD/Board	Board of Directors
Certification	Confirmation of certain characteristics of an object, person or organization
Certifying Body	An organization accredited by a recognized accrediting body for its competence to audit and issue certification confirming that an organization meets the requirements of a standard
Conformity	Compliance with standards, rules or laws
Continual Improvement	Activities that the agency carries out in order to enhance its ability to meet requirements
Correction	Any action that is taken to eliminate nonconformity
Corrective Action	Steps that are taken to eliminate the causes of existing nonconformities in order to prevent recurrence. The corrective action process tries to make sure that existing nonconformities and potentially undesirable situations will not happen again
CSD	Corporate Services Department
CSR	Corporate Social Responsibility
Customer Satisfaction	Customer's perception of the degree to which the customer's requirements have been fulfilled
DACR	Daily Abstract Collection Report
Document	Any source of information relating to the agency's quality management system to ensure effective planning, operation and analysis
DR	Delivery Receipt
DV	Disbursement Voucher



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**CHAPTER 2: DEFINITION OF TERMS
AND ACRONYMS**

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Effectiveness	A degree to which a planned effect is achieved
GOCC	Government Owned and Controlled Corporation
HO	Head Office
Internal Audit	First party audit where organization audit themselves for internal purposes to declare compliance with the set standards and legal requirements
ISO	International Organization for Standardization
IT	Information Technology
KRA	Key Result Areas
LAC	LANDBANK Assisted Cooperative and/or organizations/associations
LBP	Land Bank of the Philippines
LBP LC	Land Bank Lending Center
MADC	MSI Agri-Development Center
Major Non Conformity	Absence or total breakdown of a system to meet the requirements of the ISO 9001 Standards and/or MSI's quality management system Number of nonconformities which represents consistent repeated similar deficiencies against a requirement
Management Review	Conducted to evaluate the suitability, adequacy and effectiveness of an organization's quality management system and look for improvement opportunities, assess opportunities to review the agency's policies and objectives, address resource needs, etc.
MC	Moisture Content
Minor Non Conformity	A nonconformity that is not likely to: <ul style="list-style-type: none"> • Result in the failure of the quality system, or • Reduce its ability to assure controlled processes, or • Result in the probable delivery of nonconforming product or service. It may be either <ul style="list-style-type: none"> • An isolated, inconsistent failure to fulfill a specified requirement, or • Of no impact to the achievement of customer's specified requirements, needs or expectations
MOA	Memorandum of Agreement
MR	Management Representative
MSI	Masaganang Sakahan, Inc.
Negotiation	Refers to the process of further negotiation with supplier that quoted the lowest price to arrive at the best terms and condition
Non Conformity	Refers to a failure to comply with requirements.
OR	Official Receipt
Outsourced	Any process that is part of MSI but is performed by a party that is



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Process	external to the organization
PAO	Payment Acceptance Order
PIK	Payment-in-Kind
PR	Purchase Receipt
Price Canvass	Refers to the process of requesting for supplier's open price quotation for volume order < 100 bags of rice
Procedure	Specified way to carry out activities which transforms inputs to outputs
QMS	Quality Management System
Qualified and Complying Accredited Suppliers	Refers to accredited suppliers that submitted documents/samples, etc. required during the conduct of sealed price quotation and/or price canvass
RAR	Risk Assessment Register
RCSA	Risk Control Self-Assessment
Record	Type of document that provides evidence that activities have been performed and results have been achieved
RM	Risk Management
RTR	Risk Treatment Register
Sealed Price Quotation	Refers to the supplier's price quotation for volume order of ≥ 100 bags of rice that is submitted in sealed envelope
SI	Sales Invoice
SOI	Standard Operational Instructions
SWOT	Strengths, Weakness, Opportunities, Threats
VP	Voucher Payable
Work Environment	All conditions and factors that affect work i.e., physical, social, psychological and environmental conditions

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3.1 Organizational Description

Masaganang Sakahan, Inc. (MSI) was conceived by the Land Bank of the Philippines (LBP) in the latter part of 1974 to create a corporate body to assist farmers in the field of agricultural development, which started operations in July 1975.

For the past years since its initial operation, MSI undertook various programs and projects in pursuit of its original mission, which was to improve the productivity and income of small farmers in the areas covered by the national government's agrarian reform program. While LBP provided continuing credit and technical supervision, MSI concentrated on providing developmental types of facilities and services that would boost or support his productivity and/or income-earning capability, thus ensuring in the end his ability to pay his debts to the bank. However, being a corporation, MSI had to provide these needed agri-business support and services while maintaining corporate financial viability.

At the start of MSI operation, LBP directed MSI to undertake developmental and pioneering types of facilities and services that would boost farmers' productivity and income.

MSI's current products and services are as follows:

- a. **Agricultural Facilities and Value-Adding Services.** Management of MSI Agri-Development Center with facilities for:
 - Solar Drying
 - Warehousing
 - Logistics
 - Rice Milling
 - Truck Scaling
- b. **Market Linkaging of Agricultural Commodities.** Procurement and/or trading of palay, milled rice, broken rice, by-products and other agricultural commodities. Market linkaging through direct marketing or tie-ups between farmer cooperatives and consumer cooperatives, corporations or other market outlets in urban centers.
- c. **Payment-in-Kind Scheme.** Facilitate and improve both the farmer's ability to pay credit loan and LBP's collection efficiency by assisting the farmers' loan payment in terms of their produce, e.g. palay or other agricultural commodities.

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3.1.1 Context of the Organization

MSI's vision, mission and core values shown below.

VISION

By 2025, MSI is a prime provider of developmental assistance to farmer cooperatives and organizations towards self-sustainability.

MISSION

MSI will provide Agri-related opportunities and services to farmer cooperatives and organizations to help improve their income capacity and exposure to developmental framework to further increase their level of productivity.

Core Values

Social Responsibility: Service to Community and Customer Satisfaction

Trust: Trustworthiness

Excellence: Quality and Competitiveness

Professionalism: Teamwork, Dedication, Commitment, Competence and Mutual Respect



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**CHAPTER 3: ORGANIZATIONAL
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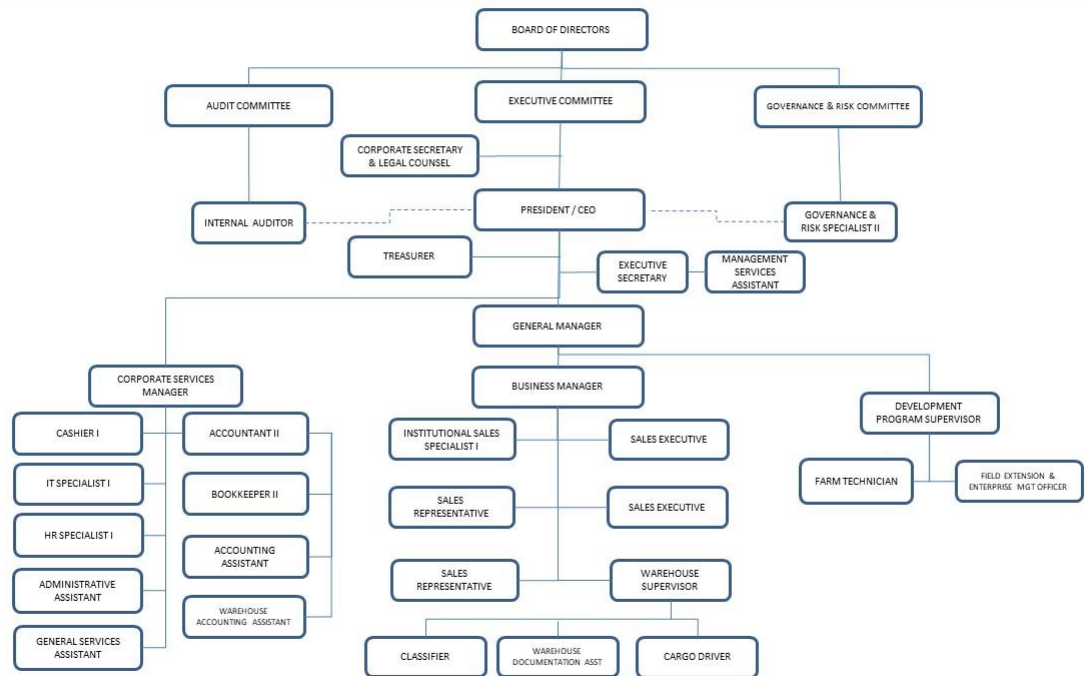
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3.1.2 Organizational Structure



MASAGANANG SAKAHAN, INC.
A LANDBANK SUBSIDIARY

ORGANIZATIONAL STRUCTURE



3.2 Stakeholder Groups

As a government entity, MSI considers its stakeholders and interested parties as key players in its operations due to their impact and relevance to the business. Updates on their activities and other pertinent information that may affect MSI are monitored and acted upon accordingly. The table below provides a description of MSI's stakeholders and interested parties, their requirements, needs and expectations:

Stakeholder Groups	Requirements/Expectations
Clients	Quality customer service and responsive to needs
Partners	Mutually-beneficial relationship
National Government	Dividends remittance, transparency and good governance, and payment of taxes
Regulatory Bodies	Compliance with laws, rules, regulations and policies
Employees	Fair compensation and benefits
Management	Supports the companies goals and objectives
Communities	Corporate Social Responsibility

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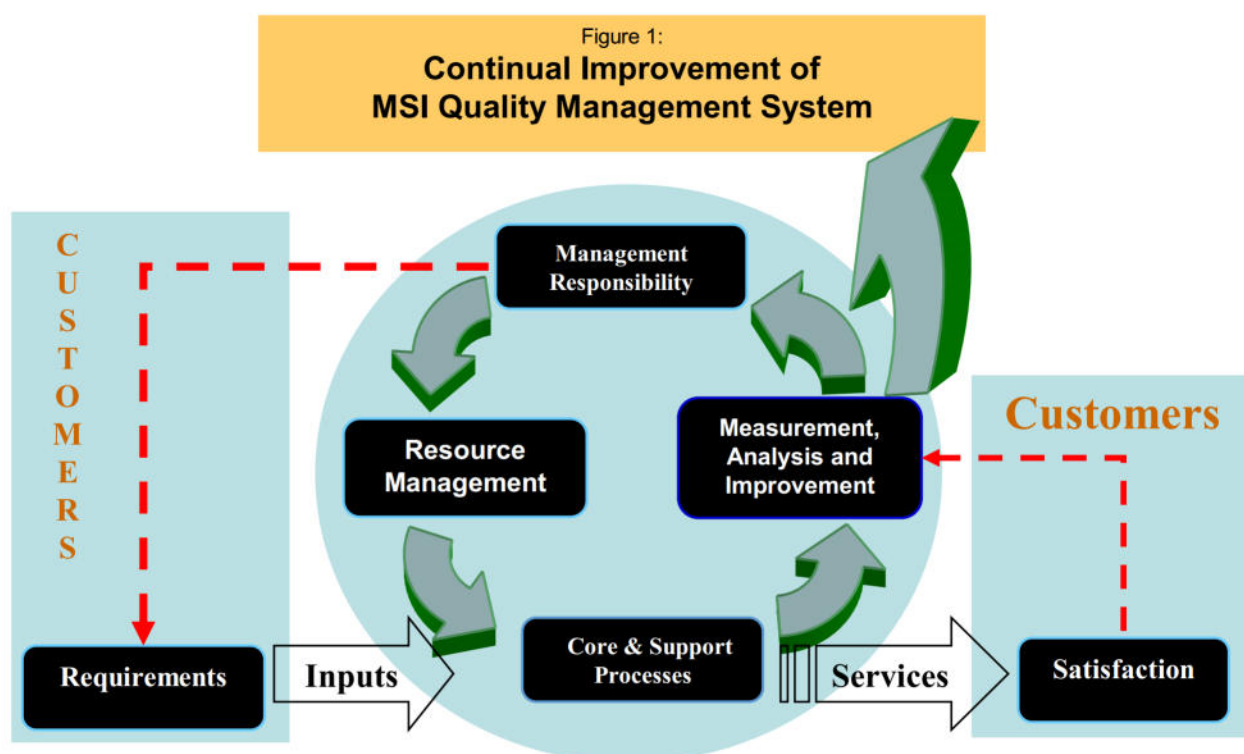
3.3 Quality Management System

MSI as a GOCC operates for the purpose of assisting farmers in the field of agricultural development. Hence, a process-based quality management system model as suggested by the ISO has been adopted.

The model (Figure 1) shows two (2) interacting processes. First, the internal processes cover the activities to: [a] communicate the importance of meeting customer/client and citizen requirements and expectations; [b] define the management responsibility; [c] provide adequate resources to implement the QMS; [d] implement project management system; and, [e] monitor, analyze and continually improve the management systems to meet and exceed customer expectations.

The second covers the external processes. It shows the processes for: [a] determining customer requirements, designing and implementing projects in line with customer requirements; and [b] expectations, determining customer satisfaction, and communicating with customers about MSI's service offerings.

Information derived from the customers is used for the continual improvement of both processes. Figure 1 shows the graphical representation of the processes.



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3.3.1 Documented Information

MSI's Quality Management System is designed to assure consistency in meeting the clients/customers and citizens' needs and expectations through the actual performance of the documented processes, procedures, work instructions and support policies, systems and procedures.

The MSI Quality System is described in the following documents:

Figure 2: MSI-QMS




Level 1: Quality Manual – The highest level of Quality System documentation. It contains the quality policy, organizational structure, resource management, and specific policies for business process and quality control and improvement.

Level 2: Standard Operational Instructions (SOI) Manual – Operational guide on what MSI does and how MSI achieves stated policies. It also provides guidance on how to communicate and perform various activities. The SOI Manual also includes operational instructions that describe the detailed series of steps in performing routine activities.

Level 3: Policies and Guidelines (Internal and External) – The Policies and Guidelines include records of MSI issuances such as Memorandum and Special Orders. It also includes Executive Orders and Memorandum Circulars issued by the Office of the President of the Philippines and/or particular oversight agencies which are relevant to the MSI's operations and should be complied with.

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Level 4: Quality Records – The Quality Records include records providing evidence of conformity to the established procedures and work instructions, as well as the MSI's QMS.

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4.1 Management Commitment

The Top Management recognizes the importance of understanding, meeting, and enhancing customer requirements. As such, the following Quality Policy is established for the purpose:

MSI is committed to provide agribusiness opportunities and services to farmer cooperatives and organizations as well as quality products to its customers and stakeholders.

To achieve these, MSI shall:

- **Promote high standard of professionalism, excellence, social responsibility, and integrity on all ranks from the Board, Management and Staff;**
- **Strengthen partnership with LandBank Assisted farmer cooperatives by providing services to improve their income capacity;**
- **Adherence to applicable laws, policies, and regulations; and**
- **Continuously improve processes to meet client's satisfaction.**

4.2 Organizational Roles, Responsibilities and Authorities

The responsibility, authority and interrelation of personnel who manage, perform and verify work affecting the quality management system are defined and included in the Job Description, Memorandum Orders, Codified Approving and Signing Authority (CASA), Manual of Operations, Charters and its Organizational and Functional Charts.

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5.1 Actions to Address Risks and Opportunities

MSI takes a proactive stance in dealing with possible or probable scenarios that would affect its operations, including those that might require rapid adjustments in its performance measurement system. To address vulnerabilities in its business, MSI has embarked on the Enterprise Risk Management of LandBank, which helps cushion MSI against the impact of sudden organizational or external changes.

5.1.1 General

Risk management (RM) is strongly embedded in MSI's business strategy. It is an integrative component of good governance wherein MSI Board of Directors through the Governance and Risk Committee and MSI Management ensures the adequacy of framework, policies, internal controls, RM systems and procedures to manage risks considering the issues, requirements from and compliance obligations to interested parties.

MSI ensures that existing and potential hazards are identified within its current and future operations, including new services, and its impact on the employees, customers, society and the environment. MSI also ensures effective implementation of controls to manage the risks identified in accordance with the established procedures.

The process of determining risks and opportunities are also identified to enable MSI to maximize the benefits arising from risk controls.

5.2 Planning

MSI Management actively steer the strategic planning process to establish attainable targets for MSI. Key factors are identified and challengers for each of the targets and inputs are solicited from the concerned departments and units. With the active participation of the officers of MSI, all inputs are discussed and analyzed. During the process, steps are laid down to aid in the accomplishment of the set targets.

Key performance indicators are established per identifies target to ensure consistent monitoring. In instances of shortfall, units are required to formulate catch-up plans to assure achievement of their goals and objectives.

MSI's strategic and operational plans are the results of the annual corporate planning process. This is the venue where the strategic thrusts of MSI are defined, commitments are obtained, and resource requirements are determined.


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Prior to the conduct of corporate planning activities, the various operating units conduct pre-planning activities to assess performance, gather information on stakeholder requirements and expectations and review and align future directions. The outputs of the planning process include, among others, strategies for business and operational improvement, pursuit of the MSI's mandates, product or service innovation and for enhancing customer/client and citizen-focused services.

5.3 Management of Change

In managing significant changes, MSI considers:

- the purpose of the changes and their potential consequences
- the integrity of the quality management system
- the availability of resources and
- the allocation or reallocation of responsibilities and authorities

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6.1 HUMAN RESOURCE MANAGEMENT

MSI believes that its human resources are its greatest assets. To ensure that the staff are equipped with the necessary knowledge and skills required to efficiently perform their functions, the Corporate Services Department has established and maintained procedures to ensure that personnel performing their functions are competent on the basis of education, training and/or experience. As such, the Corporate Services Department maintains the records in undertaking the following functions:

- Determining the capability building needs of personnel performing work affecting product/service quality;
- Organizing seminars and training courses to meet the identified needs;
- Evaluating the effectiveness of admin department interventions;
- Orienting the personnel on their roles and responsibilities as they affect achievement of objectives;
- Facilitating the placement of qualified personnel to meet the capacity requirements of operations;

It is the commitment of the MSI to provide its staff with the proper training for the constant improvement of their knowledge, skills, managerial acumen and attitude on activities related to the quality system. This is in recognition that the behavior and performance of every individual directly impacts on the quality of services provided. Training Needs Analysis (TNA) shall be conducted as demanded by organizational changes.

The training of personnel includes both formal and informal modes: coaching, cross-posting courses conducted by Corporate Services Department and other administrative trainings and orientations within MSI. It also includes orientation and cascading sessions conducted by the ISO Core Team.

Recruitment is handled by Corporate Services Department based on training, skills and education. Processing of employment is based on the recommendation of the concerned department heads after interviewing the applicant.

Appropriate records of academic qualifications and training are maintained for all personnel by the admin department.

6.2 INFRASTRUCTURE MANAGEMENT

It is the policy of the MSI to determine, provide, and maintain the infrastructure needed to produce products and deliver services required by the customers/client and citizens. This infrastructure includes workstations, facilities and equipment, transportation service, computer and internet/intranet facilities, software, storage

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facilities for supplies, and communications facilities, and areas for auxiliary services such as photocopying.

6.3 WORK ENVIRONMENT

It is the policy of the MSI to promote the well-being, satisfaction and motivation of its officers and staff by providing them a work environment that:

- promotes teamwork through sharing of project learning, inter-center collaborations, technologies sharing, etc.; and,
- is conducive for working and learning by defining workstations, and formulating and observing quality workplace standards.

The end objective of this is to establish a quality work-life for the MSI's staff in order to work more effectively and efficiently.

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7.1 Document Control

MSI has established and maintains a documented procedure for creation/revision, approval, and issuance of the Quality Manual and Operational Instructions (SOI) Manual. Document Control procedure provides for an organized monitoring, distribution, maintenance, and updating of procedures and operational instructions within the said manuals.

All documents included in the QMS are reviewed and approved for adequacy by authorized personnel prior to use. A master list, which indicates the current revision status of documents is maintained by the Document Controller and shall be made available to all. This will prevent the use of incorrect, invalid, or obsolete documents. Only the latest issues of documents are available at locations where business process operations are performed. Obsolete documents are identified, retrieved, and properly disposed of, retaining only the obsolete original copy document.

Any change in the QMS after its initial approval and issue are subjected to the document change procedure in Control of Documents.

7.2 Records Control

MSI has established and maintains documented procedures for identification, collection, indexing, access, filing, storage, maintenance and disposition of quality records. The procedures are incorporated in Control of Records procedure.


All departments maintain relevant quality records to demonstrate achievement of the required quality and effective operation of the QMS.

Quality records are legible and stored and retained in such a way that they are readily retrievable in storage facilities that provide a suitable environment to prevent damage, deterioration, or loss.

Retention periods of quality records are established, recorded and maintained in accordance with the Records Masterlist.

7.3 Control of Externally Provided Processes

As a general rule, MSI procures only from suppliers that are qualified under the Procurement Law (RA 9184). Factors that primarily influence supplier selection are: (1) compliance of offered goods/services with MSI's specifications, (2) availability of the goods/services within the prescribed delivery period, (3) track record of supplier, (4) supplier's compliance with government regulations, and (5) cost.

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Notices for public bidding are posted in the Philippine Government Electronic Procurement System (PHILGEPS) and MSI website (www.msi.gov.ph). Mechanisms for communication include email, meetings and phone calls.

7.4 Control of Nonconformities

MSI has established and maintains a documented procedure to ensure that product and/or service that does not conform to specified requirements is prevented from delivery to the client/customer and citizens.

Control of Nonconformity procedure provides for the identification, evaluation, disposition and recording of nonconforming products and services and for notification to the functions concerned.

The responsibility for review and disposition of nonconforming product and/or service is indicated in the Control of Nonconformity Matrix.

Nonconforming product and/or service are reviewed in accordance with documented procedures and may be reworked.


If a product and/or service does not conform to the Terms of Reference or to the agreed output as set forth during the contracting process, the responsible staff should be able to make the necessary corrective measures.

7.5 Corrective and Preventive Action

MSI has established, implements, and maintains a documented procedure for corrective and preventive actions in order to: efficiently and adequately address non-conformities; and eliminate the causes of actual or potential non-conformities in the QMS (IQA reports, third party audit report, etc.) and in its products and services.

Corrective and Preventive Action procedure includes:

- effective handling of customer complaints;
- investigating the causes of non-conformities and recording the results of such investigations;
- determining the corrective actions needed to eliminate the causes of non-conformities;
- determining the steps needed to deal with any potential problem requiring preventive actions;
- formulation, application, and implementation of controls to ensure the implementation of corrective and preventive actions and its effectivity;
- recording changes in procedures resulting from corrective actions;

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- use of appropriate information such as audit results, quality records, service reports and customer complaints to detect, analyze and eliminate potential causes of non-conformities; and
- ensuring that relevant information on actions taken is submitted for management review.

7.6 Internal Quality Audit

MSI establishes, implements, and maintains a documented procedure to verify whether quality activities and related results comply with planned arrangements and to determine the effectiveness of the Quality System. This is done through the Internal Quality Audit procedure.

Internal quality audits are conducted on a regular basis as scheduled in the IQA plan. Internal quality auditors shall be identified and trained. They are independent of the specific activities on areas being audited.

The results of the audits are recorded and reported. The report contains details of:

- a. non-conformance and non-conformities found during the audit;
- b. root-cause analysis; and
- c. corrective and preventive action including dates of completion and follow-up audit.

These findings are brought to the attention of the personnel having responsibility in the audited area. The lead auditor shall make timely corrective and preventive actions on the deficiencies found during the audit.


Follow-up audit activities are conducted for the purpose of verifying and recording the implementation and effectiveness of the corrective actions taken. IQA results are rendered and maintained by the IQA Team.

7.7 Management Review

The review of the established quality management system is conducted at least once a year and/or whenever deemed necessary by the MR to ensure continuing suitability and effectiveness of the system in satisfying the requirements of customers/clients, citizens, and other stakeholders.


The review may cover, but not limited to, the following agenda items:

- Status of Actions from previous Management Reviews
- Changes in external and internal issues that are relevant to the QMS
- Performance and effectiveness of QMS

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- Customer satisfaction and feedback from relevant interested parties
- The extent to which quality objectives have been met
- Process performance and conformity of products and services
- Nonconformities and corrective actions
- Monitoring and measurement results
- Audit results
- The performance of external providers
- The adequacy of resources
- Effectiveness of actions taken to address risks and opportunities
- Opportunities for Improvement

Minutes of the management review are maintained by the ISO Secretary. Results of the review are provided to the MR for proper reporting to the top management during official meetings.

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8.1 Monitoring and Measurement

As a mechanism to measure the performance of the established Quality Management System, MSI monitors implementation of the system through periodic conduct of Internal Quality Audits (as defined under Internal Quality Audit Procedure). Likewise, to monitor the product/service outcomes in terms of meeting the client requirements and expectations at different stages of the project, periodic gathering of customer feedback and perception are conducted through any of the following approaches:

- a. Focus Group Discussions. This activity is intended to surface the current and future development and productivity concerns of key stakeholders as they are relevant in defining or aligning the MSI's program thrusts and relevance areas.
- b. Client Satisfaction Survey. The determination of client satisfaction is designed to measure and monitor performance of the MSI's products and services in terms of meeting the client requirements and expectations. Results of the survey are examined during management reviews where improvement actions are identified for implementation accordingly.
- c. Review of client feedback. The gathering of client/customer feedback during business processes implementation and evaluation are used to ensure that client's acceptance of products/services is satisfactory.

Likewise, project scope monitoring is done periodically to keep track of project performance in terms of accomplishments and timeliness.

8.2 Data Analysis and Improvement

MSI uses applicable statistical techniques and tools to establish, control and verify process capability and characteristics. Data on customer satisfaction survey, conformity to product and process requirements and supplier performance are analyzed on a regular basis.

Graphs, diagrams, trend analysis, and variance analysis are the most common tools used for data analysis depending on the information needs of management during review meetings.

Continual improvement is a permanent objective of MSI. As such, various inputs are considered for continual improvement such as quality policy, objectives, audit findings, analysis of performance data, corrective and preventive actions and performance review meetings.