

## CONTRACT FOR CONSULTANCY SERVICES

### KNOW ALL MEN BY THESE PRESENTS

This **Consultancy Contract** for IT Audit Consultant is made and entered into by and between:

The **PHILIPPINE HEALTH INSURANCE CORPORATION** a government owned and controlled corporation duly organized and existing by virtue of Republic Act No. 7875 (as amended by Republic Act No. 9241), with principal office at 709 Citystate Center, Shaw Blvd., Brgy. Oranbo, Pasig City, and duly represented herein by its President and Chief Executive Officer, **DR. EDUARDO P. BANZON** hereinafter referred to as **PHILHEALTH**;

and -

**MR. TEDDY N. BERGADO, JR.** --- of legal age, and residing at **110-A Batino Street, Brgy. Amihan, Project 3, Quezon City** hereinafter referred to as the **CONSULTANT**;

### WITNESSETH

**WHEREAS**, PhilHealth is mandated by law to provide financial risk protection to its members by providing affordable, accessible and adequate healthcare services and supplementary benefit packages under the National Health Insurance Program (NHIP);


**WHEREAS**, it is imperative for the Corporation to improve the internal audit system of PhilHealth with the adoption of technology-assisted auditing by a professional Auditor on the targeted audit projects for the second semester of 2012, and the introduction of measures for the institutionalization of the use of computer-assisted audit tools and techniques (CAATTs) in IT Audit.

**WHEREAS**, PhilHealth needs to contract the services of a Certified Information Systems Auditor (CISA) to aid the Task Force IT Audit (TFIT) and the Chief Audit Executive (CAE) in reviewing the Information Technology Infrastructure and Data Integrity, and in identifying the gaps in the processes and procedures of information systems designed to maintain data integrity, safeguard assets, allows organizational goals to be achieved effectively and uses resources efficiently.

**NOW, THEREFORE**, for and in consideration of the premises, the parties have mutually agreed to the following terms and conditions:


#### **Scope of Consultancy Services**

The IT Audit Consultant shall provide the following services:

  
Dr. Eduardo P. Banzon  
President and CEO

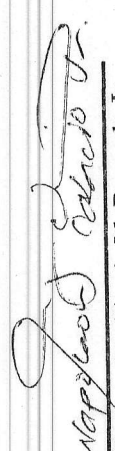
  
Teddy N. Bergado Jr.  
Consultant


  
Edgar Julio S. Asuncion  
SVP- Legal Sector


  
SM Cynthia D. Corvite  
End-User/ Senior Manager,  
Task Force on IT Audit


  
Willie M. Bumacod  
Fiscal Controller IV, DRAS


  
PETER ANTHONY T. TAPANG  
Witness for Teddy N. Bergado Jr.

  
Witness for Teddy N. Bergado Jr.

  
Dr. Eduardo P. Banzon  
President and CEO

  
Teody N. Bergado Jr.  
Consultant

  
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SM Cynthia D. Corvite  
End-User/ Senior Manager,  
Task Force on IT Audit

  
Willie M. Bumacod  
Fiscal Controller IV, DRAS

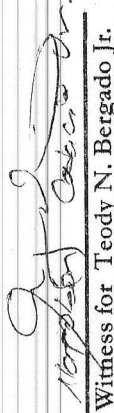
1. Submit an inception report which shall indicate the proposed activities and timeline; offices involved and the extent of involvement; the list of information needed and the consultative meetings to conduct.
2. Study the existing computing scenario and assess/validate IT Audit Task Force's IT Audit Framework.
3. Guide the IT Audit in strengthening its capability by orienting the IA staff on an evaluation of adequacy and effectiveness of general & application controls on IT infrastructure and information system that impact data integrity.
4. Identify technology-based audit tools and techniques after the conduct of business impact analysis (BIA) of identified risk that correlate with the techniques appropriate for each audit areas of acquisition, development, operations, maintenance, and security of information systems.
5. Submit a customized Computer-Assisted Audit Tools and Techniques (CAATTS) and wherein the IT Auditor were taught of its use for regular audit and to monitor anomalies.
6. Prepare a Terms of Reference (TOR) for the procurement of a customized CAATTS as accepted/approved for each audit program for the Operations Audit and Financial Audit Departments and for the Task Force on IT Audit that would:
  - a) assess the nature and magnitude of risks;
  - b) identify and quantify actual fraud;
  - c) recommend fraud prevention; and
  - d) Identify the existing systems' and databases' increased vulnerability arising from system errors.
7. Access web-based CAATTS for IT Infrastructure audit and orient the Internal Audit of its use in actual audit and preparation of Audit Observations Report
8. Present the results of his/her study, assessment and recommendations to the PhilHealth Management and the Audit Committee/Board.

The expected output/ deliverables from the Consultant:

The Consultant is expected to submit monthly progress reports at the end of each month and the following project outputs indicated in the Inception Report as recommended by the Project Proponent and the Chief Audit Executive (CAE). The basis for payment of monthly fees will be the monthly written progress reports accepted by the Project Proponent and the outputs as specified below. Payments shall be made 15 days after acceptance/approval of the reports/outputs subject to the existing accounting and auditing rules and regulations.

Outputs	Duration (in 24 weeks)	Approving Authority
1) Project Inception Report	2	OCIO & IAG
2) Validated IT Audit Framework and Recommendations on an IT Audit Organizational Structure and the Proposed Qualifications of IT Auditor for Outsourcing for the Next Three Years.	3	OCIO & IAG
3) Report on the Orientation of Internal Audit on A Preliminary Evaluation of General and Application Controls	3	CAE

  
Peter Anthony T. Tapang  
Witness for Teody N. Bergado Jr.

  
Teody N. Bergado Jr.  
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Teody N. Bergado Jr.  
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End-User/ Senior Manager,  
Task Force on IT Audit

Willie M. Bumacod  
Fiscal Controller IV, DRAS

on PhilHealth's IT Infrastructure and Information Systems That Impact Data Integrity			
4) Report on Alternative Technology- based Audit Techniques Appropriate for each Audit Area Commensurate with the Risks Assessed and Business Impact of: a) acquisition b) development c) operations d) maintenance e) security of information systems	5		CAE
5) Customized Computer-Assisted Audit Tools and Techniques (CAATTS) that the use were taught to the IT Auditors for regular audit and to monitor anomalies etc.	5		OCIO & IAG
6) IT Infrastructure Audit Observations Report Based on the Results of Actual IT Infrastructure Audit Conducted Including Project Completion Report	6		OCIO & IAG
Total number of weeks	24		

#### Term

The Consultant shall be engaged for a period of **Six (6) months** starting on SEPT. 13, 2012 until MARCH 12, 2013 unless sooner terminated by any of the parties for valid grounds and upon prior written notice at least thirty (30) days from the intended termination.

#### Compensation

The Consultant shall be compensated in the total amount of **Two Hundred Sixty Two Thousand Five Hundred (P262,500.00) Pesos payable on a monthly basis of Forty Three Thousand Seven Hundred Fifty (P43,750.00) Pesos** inclusive of imposable taxes upon submission of a monthly report to the Senior Manager of Task Force IT Audit (SM-TFIT).

#### Program Administration

The Consultant shall directly report to the SM-TFIT who shall approve notices and acceptance of deliverables, activities and other related tasks.

#### Confidentiality

The Consultant shall not disclose any proprietary or confidential information relating to PhilHealth or to this agreement without prior written consent from the latter. For this purpose, the Consultant shall accordingly execute and faithfully abide by the Non-Disclosure Agreement (NDA) to be issued by PhilHealth which shall form an integral part of this Agreement.

PERC. ANTHONY J. TAPANG  
Witness for Teody N. Bergado Jr.

Witness for Teody N. Bergado Jr.

### Data Ownership

All deliverables of the Consultant shall be the sole and exclusive property of PhilHealth and shall not be used for any other purposes other than what is stipulated under this Agreement. Immediately upon completion or termination of this engagement, the Consultant shall return all copies, files, documents, papers, materials, and any other property in his possession that belong or relate to the interest of PhilHealth.

### Amendments and Entirety of the Agreement

This document along with the identified annexes and attachments as specified in this Agreement shall constitute the entire agreement between PhilHealth and the Consultant. The specific provisions of this Consultancy Agreement shall supersede any and all prior negotiations, understanding, contracts and/or undertakings relating to the same subject matter.

Any revision or amendment of this Agreement shall require prior written consent of all parties.

### Acceptance and Effectivity

The Parties hereby accept the terms of this Agreement and have hereunto set their hands this 13<sup>th</sup> day of September, 2012, at MASIG, Philippines.

The date of signing constitutes the effective date of the Agreement which shall remain in full force and effect, unless sooner revoked or terminated by mutual agreement of the Parties.

#### PHILIPPINE HEALTH INSURANCE CORPORATION

By

Dr. Eduardo Banzon  
President & Chief Executive Officer

#### CONSULTANT

By

Mr. Teody N. Bergado Jr.  
Consultant

Signed in the presence of

Napoleon Calaciao Jr.

PETER ANTHONY T. TAPANG

Prof. 09-7012-216  
O/H 2012-09-11



**ACKNOWLEDGEMENT**

**REPUBLIC OF THE PHILIPPINES)**

**PASIG CITY) s.s**

**BEFORE ME** this SEP 27 2012 day of 27 2012 in Pasig City, Philippines personally appeared **DR. EDUARDO P. BANZON** in his capacity as President and CEO of the Philippine Health Insurance Corporation and **TEODY N. BERGADO, JR.**, Consultant, exhibiting to me their respective Government I.D. Nos. 1008870, issued on OCT. 17, '11 at PASIG and 0121278, issued on 11/06/07 at Manila respectively, known unto me to be the same persons who executed the foregoing Consultancy Contract and acknowledged that the same is their voluntary act and deed.

This instrument consisting of four (4) pages including the page on which this acknowledgement is written has been signed thereof.

**WITNESS MY HAND** and seal on the date and place first above written.

Doc. No. 163  
Page No. 43  
Book No. 111  
Series of 2012 \_\_\_\_\_

**ATTY. BENJAMIN M. MENDOZA**  
**NOTARY PUBLIC**  
PTR # 7514604/1-02-2012/PASIG CITY  
TBP # 867503/1-03-2012/PASIG CITY  
VALID UNTIL DEC. 31, 2014  
TIN # 113-425-074-000  
MCLE # IV-0001109 1-04-11  
ROLL NO. 15636