



DR. PABLO O. TORRE
MEMORIAL HOSPITAL

RIVERSIDE MEDICAL CENTER, INC.



METRO PACIFIC HEALTH
THE HEART OF FILIPINO HEALTHCARE

DEPARTMENT: Total Quality Division		POLICY NUMBER: DPOTMH-APP-LIC-P004-(01)	
TITLE/DESCRIPTION: CONTRACT MANAGEMENT POLICY			
EFFECTIVE DATE: November 29, 2024	REVISION DUE: November 28, 2027	REPLACES NUMBER: DPOTM-EXEC-P002	NO. OF PAGES: 1 of 21
APPLIES TO: All Concerned Division/Department		POLICY TYPE: Administrative	

PURPOSE:

1. All contracts of The Riverside Medical Center, Inc. ("RMCI" or the "Company") and its subsidiaries, including contract amendments and contract renewals, shall be executed in a manner consistent with the Hospital policies and procedures. The process must be consistent, transparent, and efficient to promote sound financial and ethical decisions that represent the core values and beliefs of the Hospital.
2. This policy establishes the framework for the creation, review, approval, execution, and management processes related to contracting. It also provides for the guidelines for a centralized document control system for tracking, storing, and sharing corporate contracts and agreements.
3. This policy excludes employment contracts being processed by the Human Resources Division.

DEFINITIONS:

Addendum- A supplementary document attached to an existing contract, serving to amend or introduce new provisions, and once unanimously accepted by all involved parties, it legally integrates into the original contract.

Agreement-Any understanding or arrangement reached between two or more parties.

Amendment- A small alteration or addition made with the intention of enhancing a text, legislation, or other document.

Anti-Bribery and Anti-Corruption (ABAC) Clause- A mandatory contractual clause that serves as a provision for the parties of the agreement to adhere to the applicable Anti-Corruption laws, in order to avoid and prevent acts and appearances of bribery and corruption.

Business Owners (BO), Business Units, or the RMCI Representatives- Personnel or departments that have responsibility over a project or transaction that requires the engagement of a Third Party (using a Contract or Agreement). They have the authority to direct the engagement and agree to the contract, and are the main Point of Contacts (POCs) for the Company.

Compliance Clauses (for ABAC, COI, and DPA)- These are mandatory contractual clauses of the RMCI Compliance Program to ensure that the Hospital's agreements with Third Parties adhere to Anti-Bribery and Anti-Corruption (ABAC), Conflict of Interest (COI), and Data Privacy laws and regulations.

Confidentiality Agreement-A contractual arrangement intended to safeguard the sensitive data or information and proprietary information. The agreement stipulates that the employee is prohibited from disclosing company-specific details such as financial statements, employees' 201 file and related records comprising of personal and employment files, Masterfile update, payroll,



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pay slips, patient information and chart, patient treatment, suppliers' and contractors' quotations, employee's health record and other similar or related documents and information.

Conflict of Interest (COI)- A deviation of compliance policies that occurs when an individual's significant financial or other interests could substantially influence their actions within the Hospital, potentially leading to decisions affected by external motivations, posing a risk that their professional judgment or actions may not be impartial or objective in matters related to the hospital. (See Conflict of Interest Policy.)

Contract-A legally binding written agreement that covers a wide range of transactions, including but not limited to sales, construction, tenancy, affiliations, consultancy, hospital service agreements, or service contracts, construction contracts and is enforceable by law.

Contract Management-The set of activities required to properly manage contractual commitments to and from Third Parties and includes the management of pre-contract diligence, negotiation, and implementation activities.

Due Diligence. A thorough examination, audit, or review conducted to verify and validate the facts, information, or details related to a subject or matter being assessed or considered.

Memorandum of Agreement (MOA)-A formal business document that outlines an agreement between two distinct entities, groups, or individuals, typically serving as a preliminary step before creating a more comprehensive and detailed contract or agreement between the involved parties

Renewal of Contract-The extension of the existing contract for a new term, the duration of which is specified in the contract. The arrangements, terms, and conditions of the contract remain enforceable for the new period.

Termination of Contract-The process of ending a contract before the obligations within it have been fulfilled by all parties. This means that one or more parties have made the decision to conclude the contract earlier than they had originally agreed when drafting and signing it.

Third-Party (TP)-any individual or organization that provides services or products to an organization or its customers on behalf of the organization.

RESPONSIBILITY:

Corporate Clients, Concerned Division/Department, Contracts Processing Section, Compliance Office, Data Privacy Office, Vice President – Chief Medical Officer, Vice President – Chief Operating Officer, President & CEO



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POLICY:

General Provisions

1. The Business Owner shall coordinate with the internal and external parties and personnel identified in the Contract Management Policy to process the related Contract or Agreement.
 - 1.1. Since the Business Owner has direct contact and relations with the internal and external parties, as defined below, they shall request these parties to provide their guidance, feedback, and approval to ensure that the processed agreements between the Hospital and the Third Party are mutually acceptable:
 - a) Counterparties: Third-Party or External Entities, Individuals, or Representatives;
 - b) Initial Acknowledgement and Review: Department, Division, or Management Heads and Members;
 - c) Review and Recording: TQD Licensing and Contract Processing Section, Compliance Office, Legal Counsel, and Other Related Departments and Committees;
 - d) Final Approval: VP-CMO, VP-COO, and/or President & CEO, or Other Authorized Approvers.
2. The Business Owner and the identified parties shall observe and abide with the Phases of the Contract Management Process.
 - 2.1. The Flow of the Contract Management Process shall be as follows:
 - a) Inception & Proposal;
 - b) Screening & Assessment;
 - c) Drafting & Negotiation; and
 - d) Safekeeping & Monitoring.
3. The TQD Licensing and Contract Processing Section shall oversee and provide guidance over the Contract Management Process, as well as the safekeeping and monitoring of the Finalized Contracts.
 - 3.1. The TQD Licensing and Contract Processing Section shall maintain a **Contract Registry** or **Document Listing** of all the RMCI Contracts for Creation and Renewal to monitor their status.
 - 3.2. All Contracts and Memoranda of Agreement submitted shall be complete: original, notarized, and signed, and shall be deemed as "Vital Records."
 - 3.3. Proper procedures for storage, retention, disclosure, and disposal of confidential and sensitive documents and data shall be observed by all parties when managing the Contracts.



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- 3.4. The TQD Contract Processing Section shall ensure that all Contracts necessary for the operation of the Hospital, especially for the application and renewal of Permits, Licenses, and Accreditation, are diligently managed and updated.
- 3.5. Only the TQD Contract Processing Section Personnel and the Total Quality Division Head have authorization to access the system unless otherwise approved by the Vice-President/Chief Operating Officer.
- 3.6. Requests for access or information, such as asking for controlled copies of Contracts, shall be duly documented, authorized, and coursed through the prescribed requisition process, such as using the Document Request Form to the TQD Documentation Section.
 - a) Requests from Third Parties should have a corresponding request letter and should be coursed through the Business Owners to the TQD Contract Processing Section, to protect the independence of operations of the Total Quality Division.

Phase I: Inception and Proposal

4. Business Owners shall document and inform their Immediate or Division Head, or the Management ("Designated Approvers") about programs, projects, or proposals requiring engagement and creation of contracts with Third Parties, for their acknowledgment and approval whether or not to pursue the contract.
 - 4.1. The Business Owner shall communicate the rationale or purpose for the engagement either verbally or in writing (using a proposal letter, email, or report, or a brief summary about the transaction) to the Designated Approvers, and shall identify and justify the following:
 - a) The legitimate business reason to engage with the Third Party for:
 - A need in the Hospital to be addressed as an (operating or capital) expenditure;
 - An opportunity for the Hospital to generate revenue, to enhance or promote its services and operations, or to partner with other individuals or organizations; or
 - An offer or request for engagement initiated by the Third Party.
 - b) Any preliminary risk assessments of the Business Owners on potential advantages and disadvantages concerning the engagement;
 - c) The items of value (resources, goods, services, expertise, compensation, affiliation) that are offered by or requested by the Third Party;
 - d) The equivalent costs or benefits to be incurred by the Hospital;



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- e) The computation of any related **budgetary requirements or pricings involved**; and
- f) Any supporting documents, letters, memoranda, and other references.
- 4.2. The Business Owner should keep a **record file or logbook of contracts and proposals** for Third-Party Engagements to monitor the status of their transactions.
- 4.3. The Business Owner or the TQD Contract Processing Section may use a **Contract Management Checklist** to document the status of the contracting process.
- 5. The Business Owner shall **notify and coordinate with the TQD Licensing and Contract Processing Section** so that they may also record the status of the Approved Contract (New or for Renewal) for processing.
 - 5.1. The TQD Contract Processing Section shall record the contract transaction as a log entry in their **Contract Registry** as initial receipt for the creation or inception of the Contract.
 - a) Name of Counterparties;
 - b) Brief Description of Agreement;
 - c) Type of Contract;
 - d) Area Responsible and Point Person (Business Owner);
 - e) Supporting Documents and Attachments;
 - f) Any Other Particulars;
 - g) Date of Initial Receipt from Business Owner.

Phase II: Screening and Assessment

- 6. **For expense-related Contracts**, the Business Owner shall **conduct the prescribed Selection Process of Suppliers, Contractors, and Service Providers**, and shall secure the resulting Notice of Award or Selection.
 - 6.1. Business Owners should follow the Selection Process by presenting a list of at least **three (3) suitable alternatives**, alongside their quotations or product samples, to the designated approving body. This ensures that the engagement's best value and objectivity can be ascertained.
 - 6.2. The resulting **Notice of Award or Selection** shall provide the justification for the selection, on why the Third Party was chosen over the rest (e.g., pricing, availability, End-User



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preference, other specifics).

- 6.3. The Selection Process shall not be required for sole producers or providers of specific goods and services, to which no other alternatives are available.

7. The Business Owner shall review or screen the Third Party's corporate profile or individual background (of the Third Party's Representative).

- 7.1. The Business Owner should evaluate the **legitimacy, suitability, and intentions** of the Third Party, considering any **associated risks** like Conflicts of Interest, to better serve the Hospital's needs and services. Factors to consider and assess may be as follow:

- a) Reputation and Background;
- b) Financial Capacity and Stability;
- c) Legal and Regulatory Compliance;
- d) Quality of Products or Services;
- e) Performance Metrics (KPIs);
- f) Conflicts of Interest;
- g) Government Affiliations;
- h) Client or Corporate References and Due Diligence.

- 7.2. The Business Owner may choose any assessment method for the screening that they find appropriate for the engagement, like requiring the submission of legal registrations and business permits or interviewing the Third Party's clients or partners.

- 7.3. The Business Owner shall communicate the screening results with the TQD Contracts Processing Section and Compliance Office, preferably in writing, through a summary or recommendation report, email, or a prescribed form or questionnaire as part of Third-Party Risk Management.

- a) The Compliance Office shall use the documentation to verify the level of risk impact assessed in order to implement appropriate mitigating measures, if any.
- b) The TQD Contracts Processing Section shall attach the report with the Contract for filing.

- 8. The Business Owner shall inform the Third Party about the Hospital's Compliance Policies and shall secure their Third-Party Compliance Affirmation prior to Engagement.**



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- 8.1. The Business Owner may coordinate with the Compliance Office in the rolling out of the relevant Compliance Policies (using the Overview of Compliance Policies) and securing their affirmation for the prescribed Third-Party Risk Management Form.
- 8.2. This process shall ensure that the transactions of the Hospital and Third Party are bound with an understanding to comply with the relevant Compliance Policies against Bribery, Corruption, and Conflict of Interest.
- 8.3. The Compliance Office shall log the Third-Party Compliance Affirmation and shall file the form with the Total Quality Documentation Section.

Phase III: Drafting and Negotiation

9. The Business Owner shall begin drafting and negotiating the terms and considerations of the "Draft Contract" with the Third Party and their Business Unit (Head).
 - 9.1. The Business Owner may personally write out or use a prescribed editable template (.doc, .docx, .odt) from the Hospital, the Third Party, or other sources (e.g., online) to be used for the Draft Contract.
 - 9.2. All business terms and provisions of the Contract, including but not limited to start and end dates, costs and amounts, inclusion of the Compliance Clauses (for Anti-Bribery and Anti-Corruption, Conflict of Interest, and Data Privacy), and other specific arrangements should be deliberated, filled up, and included before forwarding the Draft Contract with Total Quality.
 - 9.3. The Business Owner may conduct preliminary reviews and revisions of the Draft Contract within their Business Unit.
10. The Business Owner shall forward the Draft Contract in an editable format (.doc, .docx, .odt) to the TQD Contracts Processing Section through their official email or through Communicator.
 - 10.1. Physical or hard copies, scanned images, or PDFs shall still be acceptable, but further revisions for these types of Contracts would require the transcription of a new editable document. The Business Owner is advised to coordinate with the Third Party to request for an editable copy of the Draft Contract for submission to Total Quality.
 - 10.2. The TQD Contract Processing Section shall check whether the submitted contract is in accordance with the Contract Template of the Hospital, and whether the pertinent supporting documents are attached, which may include the following:



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- a) Draft Contracts, Annexes, Exhibits, and Appendices;
- b) Proposal Letter or Documented Notice and Approval to Pursue the Engagement from the Designated Approver;
- c) Results of Screening and Background Checks (copy also sent to Compliance Office);
- d) Third-Party Compliance Affirmation; and
- e) Other Supporting Documentation, Letters, and References.

10.3. The TQD Contract Processing Section shall monitor and update the Contract Registry periodically when observing the Contract Management Process.

11. The TQD Contract Processing Section shall facilitate the review of the Draft Contract, and shall confirm whether the supporting documentation are attached, adequate, and complete.

11.1. For New Contracts, the TQD Contract Processing Section shall send out the Draft Contracts for review among the following personnel:

- a) Legal Counsel – for review of Legal provisions;
- b) Compliance Office – for review of Compliance Clauses and due diligence;
- c) Other Pertinent Personnel or Reviewer.

11.2. For Renewal Contracts, the TQD Contract Processing Section shall verify whether there are no changes in the terms and conditions of the Contract. If there are changes or a new Contract is to be drafted to facilitate the Renewal, the TQD Contract Processing Section shall refer to the procedures for New Contracts.

- a) The TQD Contracts Processing Section shall use the “One-Pager Renewal” if the Compliance Clauses are included in the previous Contract; or
- b) The TQD Contracts Processing Section shall use the “Two-Pager Renewal” if the Compliance Clauses are **NOT** included in the previous Contract.

11.3. If there are proposed revisions from the Reviewers, the TQD Contracts Processing Section shall inform the Business Owner, who shall then communicate the revisions to the Third Party for their awareness and input.

12. The TQD Contracts Processing Section shall forward the printed Draft Contract and its attachments to the Vice President – Chief Operating Officer (VP-COO) for initial review and approval.

12.1. Once the Third Party and Business Owners have agreed upon the terms of the Draft



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Contract, the TQD Contracts Processing Section shall print out and submit the Draft Contract and its attachments, and shall communicate any further revisions.

13. The TQD Contracts Processing Section shall present the Finalized Contract and its attachments (complete with the signatories of the Third Parties and Witnesses) to the President and CEO for final review and approval prior to notarization and execution.

13.1. The TQD Contracts Processing Section shall prepare sufficient copies (at least five or 5 for the parties below) of the Finalized Contract and its attachments prior to notarization with the designated Notary Public, and shall ensure that all pertinent matters are complete and duly documented.

a) (2) for the Corporate Lawyer;

b) (1) for the Third Party;

c) (1) for the Business Unit; and

d) (1) for the TQD Contracts Processing Section for filing and safekeeping.

13.2. The TQD Contracts Processing Section shall work with the Business Owners to obtain the signatures and competent identification (photocopy of Government-issued IDs) of the Authorized Signatories of the Third Parties and Witnesses for the Finalized Contract, as deemed necessary prior to final review and approval.

13.3. The TQD Contracts Processing Section shall send out and collect the signed Contracts to the designated Notary Public for notarization.

13.4. The TQD Contracts Processing Section shall log the signed Contract into the Contract Registry for documentation prior to scanning, safekeeping, and distribution.

13.5. The TQD Contracts Processing Section shall store the physical signed Contract and its supporting documents into the designated filing repository, while their scanned copies are maintained in the RMCI Contract Database.

Phase IV: Safekeeping and Monitoring

14. The Business Owner shall ensure that all stipulations, covenants, and provisions are observed by all parties when performing and delivering the necessary obligations and outputs for the Contract.

14.1. The Business Owner shall monitor and evaluate the overall performance of the Third Party and the Hospital in accomplishing the Contract. The following criteria may be used for the



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evaluation:

- a) (Condition and Completeness of) Deliverables, based on specifications;
- b) Financial Charges, based on contract price;
- c) Quality (of products and services), based on KPIs or agreed standards;
- d) Cost-cutting or efficiency-improvement opportunities;
- e) Counterparty's overall performance or compliance with the agreement;
- f) Hospital performance in meeting its obligations under the Contract; and
- g) Lessons learned throughout the engagement.

14.2. The Business Owner may raise matters and concerns with their respective Heads and with the TQD Contract Processing Section that would warrant amendments, revisions, renewals, or terminations of the original Contract.

15. The TQD Contracts Processing Section shall perform periodic evaluation and assessment of all Contracts in the Contract Register either for Renewal or for Termination.

15.1. The TQD Contracts Processing Section shall flag or inform the respective Business Owner about Contracts that are expiring in the next three (3) months to allow ample time for the parties to prepare for the Renewal or Termination. The flagging of Contracts may be made at the first week of the month at the following intervals:

- a) First Flag: 90 Days (3 months) before expiration;
- b) Second Flag: 60 Days (2 months) before expiration;
- c) Third Flag: 30 Days (1 month) before expiration; and
- d) Final Flag: On the day of expiration (if Business Owners had taken no action in coordinating with Total Quality or the Third Party).

15.2. For Renewal of Existing Contracts, the TQD Contracts Processing Section shall monitor the status of the flagged Contract, whether the Business Owner has taken proper action, by the first week of the subsequent months, and shall refer to **Phase III** in overseeing the Renewal process.

15.3. For Termination or Completion of Contracts, the Business Owner shall inform the Total Quality Documentation Section: (1) that the Hospital and the Third Party has agreed to terminate or wrap up the engagement; (2) that the agreement shall not be renewed or continued; or (3) that the Contract has already been completed, and the corresponding



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reasons of any of the above, preferably in writing.

- a) The Business Owner may coordinate with the Legal Counsel through the Total Quality Documentation Section to ensure that the Termination is done in compliance with the law and the contract provisions, and to ensure that all remaining obligations have been settled.
- b) The TQD Contracts Processing Section shall update the Contract Registry and file the Terminated or Completed Contract accordingly.



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PROCEDURE (SOP):

Phase I: Inception and Proposal

1. The Business Owner (BO) receives or identifies a legitimate business reason to engage with a Third Party (TP) using a Contract or Agreement.
2. The BO communicates the proposed engagement or contract (either verbally or through letter, email, report) to the Designated Approver (or Immediate/Division Head, who may then endorse the proposal to the Management) for review, acknowledgment, and approval.
3. The Designated Approver reviews then approves (or disapproves) the proposal (and returns the proposal to the BO).
4. The BO notifies the Total Quality Documentation Section (TQD staff) about the Creation (or Renewal) of Contract.
5. The TQD staff documents the transaction or initial receipt into the Contract Registry.
6. The TQD staff notifies the Compliance Officer (CO) about the Contract.

Phase II: Screening and Assessment

7. For expense-related Contracts, the BO conducts the Selection Process for TP Suppliers, Contractors, or Service Providers with the approving body and secures the Notice of Award or Selection.
8. The BO conducts a background check or screening of the TP's corporate profile for any potential risks.
9. The BO informs TP about the Compliance Policies of RMCI and secures the TP's Third-Party Compliance Affirmation with the assistance of the CO.
10. The BO relays the results of the screening and compliance affirmation with the TQD staff and CO.
11. The CO verifies the risks through due diligence.

Phase III: Drafting and Negotiation

12. The BO and TP draft and review the terms and provisions of the Draft Contract.
13. The BO forwards the Draft Contract and all supporting documents to the TQD staff for review.



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14. The TQD staff facilitates the review of the Draft Contract with the Legal Counsel, CO, and other pertinent RMCI Departments, communicating any revisions to the BO, who shall relay them with the TP.
15. The TQD staff submits the Draft Contract to the VP-COO for review and initials.
16. Once the Contract is finalized, the TQD staff submits enough copies of the Contracts to the President & CEO for final review and signatory, and to the TP Representatives and Witnesses for signatory.
17. The TQD staff forwards the signed Contract and supporting documents to the Corporate Lawyer or designated Notary Public for notarization.
18. The TQD staff logs, scans, files, and distributes the Contract copies to the respective parties.

Phase IV: Safekeeping and Monitoring

19. The BO and TP execute, monitor, and evaluate the performance of the engagement.
20. The TQD staff monitors the status of the Contracts and flags those that are expiring at the corresponding intervals or flagging dates.
21. The BO communicates with the TP whether the Contract should be renewed or terminated.
22. The TQD staff helps facilitate the renewal or termination of the Contract.



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WORK INSTRUCTION:

KEY TASK	PERSON RESPONSIBLE
1. Serves as Point of Contact with TP.	Business Owner (BO)
2. Receives or identifies engagements that need Contracts.	
3. Notifies Head and TQDS about the engagements.	
4. Conducts Selection Process, Background Screening, Compliance Affirmation with TP.	
5. Drafts and reviews Contracts with TP.	
6. Executes, monitors, and evaluates progress and performance of Contract.	
7. Coordinates with TQDS on Contract Renewal or Termination upon flagging.	
8. Facilitates Contract Management Process.	Total Quality Division (TQD) Contracts Processing Section
9. Records and files Contracts and supporting documents.	
10. Facilitates review among Legal Counsel, CO, and other pertinent Hospital Departments.	
11. Routes Contract for final review, signatory, and notarization.	
12. Monitors Contract status in the Contract Register and RMCI Contract Database.	
13. Flags BO about expiring Contracts.	



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RIVERSIDE MEDICAL CENTER, INC.



METRO PACIFIC HEALTH
THE HEART OF FILIPINO HEALTHCARE

DEPARTMENT: Total Quality Division		POLICY NUMBER: DPOTMH-APP-LIC-P004-(01)	
TITLE/DESCRIPTION: CONTRACT MANAGEMENT POLICY			
EFFECTIVE DATE: November 29, 2024	REVISION DUE: November 28, 2027	REPLACES NUMBER: DPOTM-EXEC-P002	NO. OF PAGES: 15 of 21
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14. Ensures that all Contracts necessary for the operations of the Hospital are not expired and are being regularly renewed	Compliance Officer (CO)
15. Provides guidance on the Contract Management Process.	
16. Conducts Third-Party Risk Management due diligence on appropriate TPs.	
17. Reviews Compliance aspect of Contracts.	
18. Ensures that adequate controls and provisions are implemented in all corporate Contracts.	Designated Approvers, VP-COO, VP-CMO, President & CEO
19. Review and provide guidance and approval for New Contracts.	



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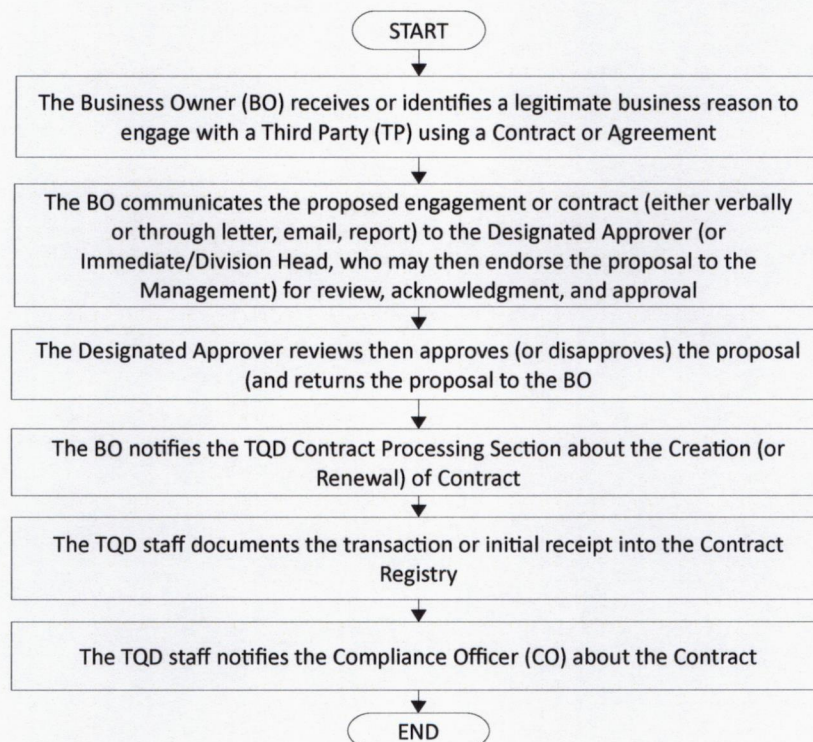


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WORK FLOW:

Inception and Proposal





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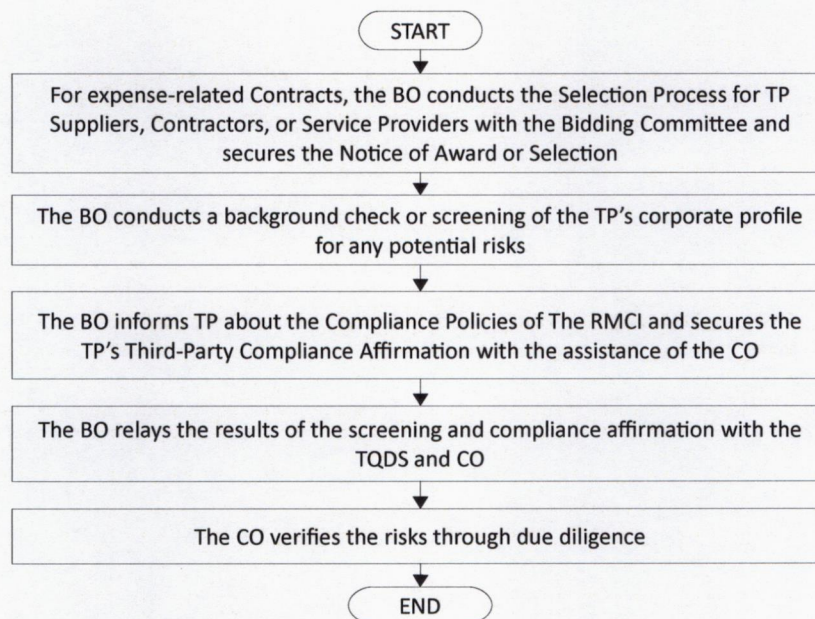
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Phase II: Screening and Assessment





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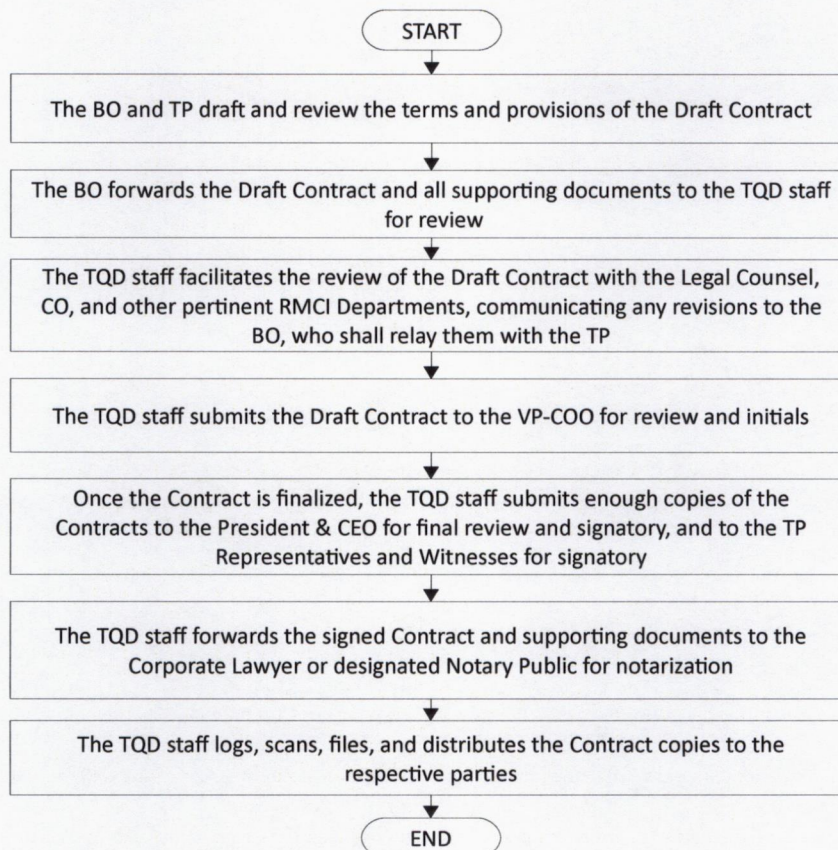
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Drafting and Negotiation





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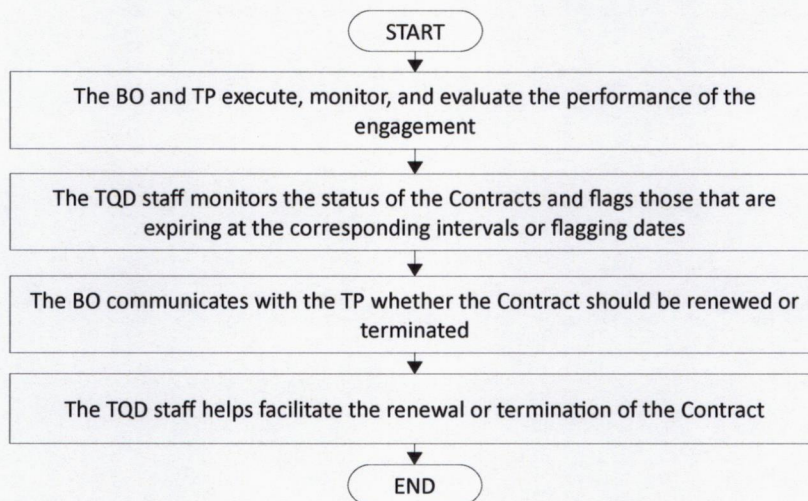
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Safekeeping and Monitoring





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FORMS:

1. DPOTMH-COMP-F015-B: Third-Party Compliance Affirmation
2. DPOTMH-COMP-F016: Overview of Compliance Policies
3. DPOTMH-DOC-F003 (1): Document Request Form

EQUIPMENT: N/A**REFERENCES:**

1. METRO PACIFIC HEALTH. (May 20, 2022). Memorandum: *Advisory on Essential Steps and Procedures in Engaging Third Parties.*
2. RIVERSIDE MEDICAL CENTER, INC. (2015). DOC-QP-02: *PROTOCOL ON DOCUMENTATION – CONTRACTS/MOAS.*
3. RIVERSIDE MEDICAL CENTER, INC. (2021). DPOTMH-HW-P23: *THIRD-PARTY RISK MANAGEMENT POLICY.*
4. RIVERSIDE MEDICAL CENTER, INC. (2022). DPOTMH-A-3-P02-S01: *PROCESSING OF SUBMITTED CONTRACTS.*
5. RIVERSIDE MEDICAL CENTER, INC. (December 5, 2022). DPOTMH-TQD-DOC-M:002-2022: *GUIDELINES FOR CONTRACT PROCESSING.*



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APPROVAL:				
	Name/Title	Signature	Date	TQM Stamp
Prepared by:	MARIA JEREC A. CELESTRE Documentation Control Staff		10-16-24	
	MICHAEL VINCENT C. UY Licensing and Contract Processing Manager		10-16-2024	
	IRVIN B. MAGBANUA Compliance Officer		10-16-2024	
Reviewed by:	WENDY MAE D. GOMEZ Accreditation and Documentation Manager		10-16-2024	
Approved by:	RODEL J. LLAVE Total Quality Division Head		10-16-24	
	NUBBIN E. BITO-ON Data Privacy Officer		10/16/24	
	RICKY G. SALIDO Logistics Division Head		10/31/2024	
	HANNAH KHAY S. TREYES Chief Nursing Officer		10/31/2024	
	JULIE ANNE CHRISTINE J. KO Chief Finance Officer		11/6/24	
	RALPH EMMANUEL O. CUSI Engineering Department Head		11/8/24	
	NOEL P. GARBO General Services Head		11/12/2024	
	ROSARIO D. ABARING Ancillary Division Head		11.12.2024	
	NANCY B. HIZON Human Resources Division Head		11.20.2024	
	JOSE PEPITO B. MALAPITAN, MD Medical Director		12 3 NOV 2024	
	MA. ANTONIA S. GENSOLI, MD VP/ Chief Medical Officer		12-2-24	
	SOCORRO VICTORIA L. DE LEON VP/ Chief Operating Officer		12/05/2024	
Final Approved by:	GENESIS GOLDI D. GOLINGAN President and Chief Executive Officer		12/10/24	