

# **TERMS OF REFERENCE**

for the engagement of Consulting services for the

## **HGC AX SYSTEM ENHANCEMENT PROJECT**



**HOME GUARANTY CORPORATION**  
**2016**

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### **BACKGROUND**

The Home Guaranty Corporation (HGC) is currently maintaining and Integrated Information System with Microsoft Dynamics AX ver. 2009 as its platform. To provide better service to its internal as well as other clients that would benefit from the information being provided by the corporation, HGC is undertaking the AX System enhancements and integration to further improve the quality of service to clients and external stakeholders. Once fully operational, the AX System shall automate transactions and business process within HGC.

The HGC Integrated Information System modules were developed using n-tiered architecture consisting of five core components namely:

- Operation Support Information System,
- Decision Support Information System,
- Enterprise Resource Planning,
- HGC Portal, and
- Document Management and Workflow System.

### **I. GENERAL REQUIREMENTS**

- 1.1. The solution must enhance the existing HGC AX System, integrate and deploy the specific requirements detailed in the *“Functional Specifications for the HGC AX Enhancement Project”* attached as Annex A.
- 1.2. The solution must be built on a single technology platform using Microsoft Dynamics AX version 2009.
- 1.3. The solution must run on MS SQL Server version 2005 and higher
- 1.4. The solution must be built on n-tier architecture.
- 1.5. Application/solution program codes must be provided to HGC, including the built-in modules, and customized modules.
- 1.6. Online help (i.e. Help Links to “how-to” manuals, FAQ’s, error message prompt and validation message prompt, and the like) must be provided for both built-in modules and customized modules.
- 1.7. The CONSULTANT must have actual experience of at least five (5) years in developing and implementing Operation Support Information System, Decision Support Information System, Enterprise Resource Planning, Portal, and the Document Management and Workflow System in one ERP solution using Microsoft Dynamics AX 2009 or higher and Microsoft SharePoint Server latest version.
- 1.8. The CONSULTANT must have a property system that is built using Microsoft Dynamics AX.
- 1.9. The CONSULTANT must be able to demonstrate “on the spot” actual MS Dynamics AX 2009 (or higher) ability in coding and product demo

- 1.10. The CONSULTANT must provide a list of government clients using a full version of MS dynamics AX.
- 1.11. The CONSULTANT must have actual experience using MS AXAPTA starting version 3.0 and must be able to show proof.
- 1.12. The CONSULTANT must have Microsoft Certified staff that will implement the Developed system in HGC.

## II. SCOPE OF THE CONTRACT

### 2.1 Inception Report Development

The CONSULTANT shall submit an Inception Report not later than fifteen (15) calendar days from receipt of Notice to Proceed.

### 2.2 Concept of Operation

The specific functional specifications of the module enhancements are detailed and made as part of this Terms of Reference (TOR) as Annex A- ***Functional Specifications for the HGC AX Enhancement Project***

The enhancements, integration and deployment of the HGC AX System Enhancement, shall be the responsibility of the CONSULTANT. The CONSULTANT shall shoulder all consumable supplies, computer equipment, and licenses incidental to the implementation of the contract. The CONSULTANT has the option to use the existing HGC license or provide other solution which shall become the property of the HGC after the end of the contract. If the CONSULTANT will provide new solution/software, the software license must be compatible on HGC existing hardware and software platform. The CONSULTANT should ensure that the system response time meets the HGC standards.

### 2.3 Software Development and Enhancement

- 2.3.1 The CONSULTANT shall deliver and make operational within six (6) months upon receipt of Notice to Proceed all functions and enhancements described in Annex A- ***Functional Specifications for the HGC AX Enhancement Project***.

### 2.4 Systems Integration

The CONSULTANT shall deliver and guarantee the seamless integration of all functions and enhancements described in Annex A- ***Functional Specifications for the HGC AX Enhancement Project*** with the existing final AX modules of HGC Integrated Information System which are not included in Annex A.

## 2.5 User Acceptance

The CONSULTANT shall provide the HGC's Acceptance Team with the UAT Test Plan and Test Cycles one (1) week before the conduct of the UAT as approved by HGC and pass the User's Acceptance Test within six (6) months from receipt of Notice to Proceed as evidenced by a Certificate of Acceptance and/or Ready For Use.

The CONSULTANT shall use the "HGC **ICT Acceptance Procedure**" reference document No. **ISMS-MISD-P-01** as minimum requirement to define the standards and deliverables for User Acceptance Testing.

## 2.6 Documentation

The CONSULTANT shall integrate the Technical Documentation of the existing system to the proposed enhanced solution. Initial version of the following documentation in soft and hard copies in three (3) sets shall be submitted within seven (7) calendar days before the conduct of the User Acceptance Testing (UAT) and the final version in three (3) sets shall be submitted within fifteen (15) calendar days before the end of the Project:

- 2.6.1 Operation and User Manual
- 2.6.2 Functional Specifications
- 2.6.3 Technical Specifications
- 2.6.4 Program Specifications and Source Codes
- 2.6.5 Systems, Network and Database Administration
- 2.6.6 Security Management Manuals
- 2.6.7 Training Materials
- 2.6.8 Job Aids for internal and external users
- 2.6.9 Communication plans/materials
- 2.6.10 Capacity planning guide
- 2.6.11 Change Procedure

All succeeding changes to the system shall be incorporated in the corresponding system documentation(s).

The CONSULTANT shall use compatible Application Development and Management Tools for the systems documentation.

A Certificate of Acceptance shall be issued by the HGC as proof of the acceptability of the said documentation.

## 2.7 Technology Transfer

- 2.7.1 The CONSULTANT shall provide technology transfer to at least ten (10) HGC personnel for each course at no additional cost to the HGC within thirty (30) calendar days upon acceptance.

- 2.7.1.1 Technical Training

- 2.7.1.1.1 MS Dynamics AX Design and Development (at least 16 hours)

- 2.7.1.1.2 MS Dynamics AX Administration (at least 8 hours)
- 2.7.1.1.3 MS Sharepoint Administration (at least 8 hours)

2.7.1.2 User Training (at least 8 hours).

2.7.2 The CONSULTANT shall issue individual training certificate and training manual to each participant.

## 2.8 Technical Support

2.8.1 The CONSULTANT shall provide technical support and on-site assistance to resolve technical and other related problems. It shall refer to a condition wherein the reported problem is resolved by the CONSULTANT to the satisfaction of the HGC. Problem and resolution shall be logged in the HGC MISD Service Desk.

2.8.2 The CONSULTANT shall resolve a problem within four (4) hours after it was reported by HGC through telephone or email.

## 2.9 Promotions

The CONSULTANT shall include provision for public awareness/promotion, advertising and publicity to the general public at no additional cost to the HGC two (2) weeks before the end of the Project.

. This should include but not limited to:

- 2.9.1 Two (2) Streamers/Banners
- 2.9.2 At least 100 pcs. Press Kits

These deliverables shall be designed and prepared by the CONSULTANT and shall be submitted to the Project Proponent for approval as evidenced by a Certificate of Acceptance.

## III. SERVICE LEVEL AGREEMENT

HGC shall maintain a Service Level Agreement (SLA) with the CONSULTANT, with provision for liquidated damages for their non-compliance.

CRITERIA	DESCRIPTION	LIQUIDATED DAMAGES
3.1 Inception Report Development	The Inception Report shall be delivered fifteen (15) calendar days from receipt of Notice to Proceed. (Section 2.1)	1/10th of 1% of the total contract cost shall be imposed per day of delay.
3.2 Software Development and Enhancement	The Enhancement Modules shall be delivered and made operational within six (6) months upon receipt of Notice to	1/10th of 1% of the Software Development and Enhancement cost shall be imposed per

CRITERIA	DESCRIPTION	LIQUIDATED DAMAGES
	Proceed. (Section 2.3)	day of delay.
<b>3.3 Systems Integration</b>	All module Integration shall be delivered and made operational within six (6) months upon receipt of Notice to Proceed. (Section 2.4)	1/10th of 1% of the Systems Integration cost shall be imposed per day of delay.
<b>3.4 Documentation</b> a) initial b) final	Initial version of the following documentation in soft and hard copies in three (3) sets shall be submitted one (1) week before the conduct of the User Acceptance Testing (UAT) and the final version in three (3) sets shall be submitted two (2) weeks before the end of the Project (Section 2.6)	1/10th of 1% of the documentation cost shall be imposed per day of delay.
<b>3.5 Technology Transfer</b>	Training, training manuals and training certificate shall be provided for HGC personnel by the CONSULTANT before the end of the contract period provided that the system is accepted. (Section 2.7)	10th of 1% of the total contract cost shall be imposed per day of delay.
<b>3.6 Technical Support</b>	The CONSULTANT shall resolve a problem within four (4) hours after it was reported by the HGC thru fax, telephone or email.  It shall refer to a condition wherein the reported problem is resolved by the CONSULTANT to the satisfaction of the HGC. Problem and resolution shall be logged in the HGC Service Desk. (Section 2.8)	1/10 <sup>th</sup> of 1% of the total contract cost shall be imposed for every hour or a fraction thereof of application unavailability in excess of the required hours to resolve.
<b>3.7 Promotions</b>	The CONSULTANT shall include provision for public awareness/promotion, advertising and publicity to the general public two (2) weeks before the end of the contract. (Section 2.9)	1/10th of 1% of the total contract cost shall be imposed per day of delay.

The HGC shall have the right to blacklist the CONSULTANT after three (3) times/instances of non-compliance at any given time during the contract period, of the above-mentioned SLA.

#### **IV. WARRANTIES OF THE CONSULTANT**

- 4.1 The CONSULTANT warrants that it shall conform strictly with the terms and conditions of this Terms of Reference.
- 4.2 A warranty period of twelve (12) months shall commence upon issuance of the Certificate of Acceptance on enhancements and additional software if there's any. Warranties shall cover software upgrades and technical support.
- 4.3 The CONSULTANT warrants, represents and undertakes reliability of the services and that their workforce complements are hardworking, qualified/reliable and dedicated to do the service required to the satisfaction of HGC. It shall employ well-behaved and honest employees with ID displayed conspicuously while working within the compound. It shall not employ HGC employees to work in any category whatsoever.
- 4.4 The CONSULTANT shall comply with the laws governing employee's compensation, Philhealth, Social Security and labor standards, and other laws, rules and regulations applicable to its personnel employed by the CONSULTANT on account of the contracted services. The CONSULTANT shall pay its personnel not less than the minimum wage and other benefits mandated by law.
- 4.5 The CONSULTANT in the performance of its services, shall secure, maintain at its own expense all registration, licenses or permits required by National or Local Laws and shall comply with the rules, regulations and directives of Regulatory Authorities and Commissions. The CONSULTANT undertakes to pay all fees or charges payable to any instrumentality of government or to any other duly constituted authority relating to the use or operation of the installation.
- 4.6 The CONSULTANT's personnel shall take all necessary precautions for the safety of all persons and properties at or near their area of work and shall comply with all the standard and established safety regulations, rules and practices.
- 4.7 The CONSULTANT shall coordinate with the authorized and/or designated HGC personnel in the performance of their jobs.
- 4.8 The CONSULTANT shall be liable for loss, damage or injury due directly or indirectly through the fault or negligence of its personnel. It shall assume full responsibility thereof and HGC shall be specifically released from any and all liabilities arising therefrom.
- 4.9 The CONSULTANT shall neither assign, transfer, pledge, nor subcontract any part or interest therein.

## **V CONFIDENTIALITY OF DATA**

- 5.1 The CONSULTANT shall document detailed procedures/techniques in identifying systems security risk/s and breach/es and how such shall be handled.
- 5.2 All project staff of CONSULTANT shall be required to sign a non-disclosure agreement.
- 5.3 The HGC system, its components, parts and all products, product samples and specifications, data, ideas, technology, and technical and non-technical materials, all or any of which may be derived from any of the foregoing (all of which, individually and collectively, referred to as "Proprietary Information") are confidential and proprietary to HGC.
- 5.4 The CONSULTANT agrees to hold the Proprietary Information in strict confidence. CONSULTANT furthermore agrees not to reproduce, transcribe, or disclose the Proprietary Information to third parties without prior written approval of HGC.
- 5.5 To ensure the confidentiality of all information that will come to the knowledge of the CONSULTANT and its employees detailed with HGC, the CONSULTANT and its employees assigned therein shall be considered agents of HGC. The contract that will be executed heretofore shall categorically provide that the CONSULTANT and its employees, as agents of HGC, shall uphold strict confidentiality any information regarding the business, income or estate of any taxpayer.
- 5.6 The CONSULTANT and its employees detailed with HGC shall be liable to penalties imposed under Section 270, in relation to Section 269 of the Tax Code of 1997, in case of any unlawful divulgence of any information regarding the business, income, or estate of any taxpayer.

## **VI TERMS OF PAYMENT**

- 6.1 Payment for services rendered shall be per services delivered according to the following schedule:

<b>COMPONENT</b>	<b>AMOUNT</b>
Inception Report Development	10% of the contract price
Software Development and Enhancement	40% of the contract price
Systems Integration	30% of the contract price
Documentation	20% of the contract price



- 6.2 The CONSULTANT shall be paid based on work/services rendered subject to the required Expanded Withholding Tax of two percent (2%) and Final Withholding Tax on VAT of five percent (5%).
- 6.3 Payment shall be made within a reasonable time upon submission and verification of official invoices together with Certificate of Acceptance and Operationability, Proof of Deployment to Production (if necessary) issued by Project Proponent, Inspection and Acceptance Report issued by Inspection and Acceptance Committee and all other required documents base on existing HGC issuances.
- 6.4 No advance payment shall be made as provided in Section 88 of PD 1445.
- 6.5 A retention money equivalent to ten percent (10%) of every billing shall be withheld and shall be released after the lapse of the warranty period. Provided, however, that the HGC AX System Enhancement, Customization, Integration and Maintenance are free from latent defects and all the conditions imposed under the contract have been fully met as evidenced by the issuance of no pending issue.
- 6.6 The CONSULTANT shall present to HGC an updated proof of its payments of final withholding taxes on income and VAT at 35% and 12% respectively, based on the gross amount thereof by submitting duly validated HGC forms 1601-F and 1600 and deposit slip/official receipt evidencing tax remittance on royalties relative to its periodic remittances to its foreign owners/licensors before HGC makes any payment. The 35% shall, however, be reduced to the applicable tax treaty rate if the foreign owner/licensor is a resident of a country which has an existing tax treaty with the Philippines and its entitlement to such treaty rate has been confirmed by a ruling issued for that purpose pursuant to existing HGC issuances, if applicable.

## **VII PRE-TERMINATION OF THE CONTRACT**

- 7.1 The contract for the HGC AX System Enhancement and Integration may be pre-terminated by HGC for any violation of the terms of the contract. In case of pre-termination, the CONSULTANT shall be informed by HGC thirty (30) days prior to such pre-termination.
- 7.2 In case of pre-termination, THE CONSULTANT shall be liable to an additional liquidated damages equivalent to one percent (1%) of the contract price as provided for in the Government Accounting and Auditing Manual (GAAM) and forfeiture of the Performance Security.
- 7.3 HGC shall have the right to blacklist the CONSULTANT in case of pre-termination.

## **VIII SELECTION CRITERIA:**

The HGC shall evaluate bids using the Quality-Cost Based Evaluation procedure. HGC shall indicate the weights to be allocated for the Technical and Financial Proposals. The criteria and rating system for the evaluation of bids shall be provided in the Instruction to bidders.

## **IX. BUDGET FOR THE CONTRACT:**

The proposed budget for the contract is Five Million Four Hundred Seventy-Five Thousand Pesos (P5,475,000.00).

**JIMMY B. SARONA**  
Chairperson, Bids and Awards Committee