

**CONTRACT FOR THE ENGAGEMENT OF A CERTIFYING BODY  
FOR A THIRD PARTY AUDIT OF THE GSIS INFORMATION  
SECURITY MANAGEMENT SYSTEM FOR MEMBERSHIP**

This Contract is made and executed on this 18 DEC 2019 day of \_\_\_\_\_ 2019 at Pasay City, Philippines, by and between:

The **GOVERNMENT SERVICE INSURANCE SYSTEM**, a social insurance institution created under Commonwealth Act No. 186, as amended, and operating under its present Charter, Republic Act No. 8291, otherwise known as the GSIS Act of 1997, with principal office address at the GSIS Headquarters Building, Pasay City, Philippines, herein represented by **JONATHAN C. PINEDA**, Information Security Management Representative and Vice President – Information Security Office, hereinafter, the “**GSIS**”.

and

**TUV RHEINLAND PHILIPPINES, INC.**, a private corporation existing under the laws of the Philippines, with principal office address at Ground Floor La Fuerza Bldg. 1, Pasong Tamo, Makati City, represented herein by **TRISTAN ARWEN G. LOVERES**, Managing Director, duly authorized for the purpose, hereinafter referred to as the “**CERTIFYING BODY**.”

**RECITALS**

**WHEREAS:**

1. The **GSIS** requires the services of a certifying body for the initial certification and recertification of GSIS Information Security Management System (ISMS) under ISO 27001.
2. The **CERTIFYING BODY** represented itself to be able to meet the terms and conditions of this Contract and the Terms of Reference.
3. The **GSIS** entered into a contract with the **CERTIFYING BODY** through Small Value Procurement, an alternative method of procurement.

**NOW, THEREFORE**, for and in consideration of the foregoing premises, the parties agree as follows:

**ARTICLE I  
CONTRACT DOCUMENTS**

- 1.1 **Official Contract Documents.** The **CERTIFYING BODY** shall perform its contractual obligations in accordance with this Contract and the Terms of Reference.
- 1.2 **Complementary Nature.** This Contract and the Terms of Reference shall be complementary with each other, and what one prescribes shall be prescribed by all. In case of discrepancy between this Contract and the Terms of Reference, the Terms of Reference shall prevail.

- 1.3 **Incidental Items.** This Contract shall include all such items, although not specifically mentioned, that can be reasonably inferred as being required for its completion as if such items were expressly mentioned herein.

## ARTICLE II SCOPE OF THE CONTRACT

- 2.1 **Scope of the ISMS Audit.** The **CERTIFYING BODY** shall cover the ISMS Audit for Membership.

## ARTICLE III SCOPE OF SERVICES

- 3.1 **Components of Service.** The **CERTIFYING BODY** shall conduct the initial certification and recertification audit on ISMS for Membership.

- 3.2 The **CERTIFYING BODY** shall perform the following activities:

- a. Prepare and submit an Audit Plan for the ISMS within five (5) calendar days from the signing of this Contract.
- b. Conduct Certification Audit of the ISMS as follows:
  - Stage 1 – not later than December 2019
  - Stage 2 – After completion of Stage 1 Audit
- c. Issue Letter of Confirmation affirming **GSIS** compliance with the requirements of ISO 27001 within ten (10) working days from the conduct of the certification and surveillance audit.
- d. Subject to the results of the Certification Audit, issue ISO 27001 certificate valid for three (3) years within three (3) months from completion of the audit or the receipt of corrective actions on findings and observations noted, if any.
- e. Conduct Surveillance Audit for the 2<sup>nd</sup> year and 3<sup>rd</sup> year.
- f. Provide full audit report on the operations audited within the content and approved scope of work/deliverables to the **GSIS** within five (5) working days after the initial and surveillance audits unless otherwise agreed by the **GSIS**. The Report should include suggestions/recommendations on how to address audit findings and observations.
- g. Submit the following reports according to the services provided:
  1. Detailed audit report on Stage 1 and Stage 2 Certification Audit and after each surveillance audit within five (5) working days from audit;
  2. Detailed report within five (5) working days after each additional audit performed by the Certifying Body and agreed upon by the **GSIS**; and
  3. Whenever applicable, substantiated feedback on **GSIS**' responses to the outcome of any audit, in particular, action plans drawn up in response to audit findings.

h. Include in the audit report at least the following:

1. A summary of the activities performed;
2. A statement on the status of the management system of the **GSIS** and the fulfillment of the applicable standard; and
3. A technical report with the details of the audit findings, substantiated by relevant objective evidence.

**ARTICLE IV  
SCHEDULE OF SERVICES**

- 4.1 **Term of Engagement.** The **CERTIFYING BODY** shall deliver the services for a period of three (3) years to commence from the signing of this Contract.
- 4.2 **Schedule of Delivery.** The **CERTIFYING BODY** shall abide by the following schedule in the delivery of services:

Conduct of Deliverables	Expected Output	Time Schedule
Conduct of Certification Audit 1. Stage 1 2. Stage 2	Stage 1 Audit Conducted Stage 2 Audit Conducted	Not later than December 2019 After completion of Stage 1 Audit
Submission of Audit Report 1. Stage 1 2. Stage 2	Stage 1 Audit Report Full Audit Report	Within five (5) working days from the conduct of audit
Issuance of Letter of Confirmation	Letter of Confirmation	Within ten (10) working days from the conduct of certification audit
Issuance of the ISO 27001 Certificate	ISO 27001 Certificate	Within three (3) months from completion of audit or receipt of corrective actions on findings and observations noted
Conduct of First Surveillance Audit	First Surveillance Audit Report	Not later than the due date indicated in the Certification Audit Report
Submission of Full Audit Report	Full Audit Report	Within five (5) working days from the conduct of surveillance audit
Issuance of Letter of Confirmation	Letter of Confirmation	Within ten (10) working days from the conduct of surveillance audit
Issuance of the ISO 27001 Certificate	ISO 27001 Certificate	Within three (3) months from completion of audit or receipt of corrective actions on findings and observations noted
Conduct of the Second Surveillance Audit	Second Surveillance Audit Report	Not later than the due date indicated in the First Surveillance Audit Report
Submission of Full Audit Report	Full Audit Report	Within five (5) working days from the conduct of surveillance audit
Issuance of Letter of Confirmation	Letter of Confirmation	Within ten (10) working days from the conduct of surveillance audit

Issuance of the ISO 27001 Certificate	ISO 27001 Certificate	Within three (3) months from completion of audit or receipt of corrective actions on findings and observations noted
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- 4.3 **Venue of the ISMS Audit.** The **CERTIFYING BODY** shall deliver the services and conduct the ISMS Audit at the GSIS Headquarters Office.

## ARTICLE V REPRESENTATIONS AND WARRANTIES

- 5.1 **Qualifications.** The **CERTIFYING BODY** represents and warrants that it meets the following qualifications:
- 5.1.1 Must be ISO 27001 certified by a national accreditation agency duly recognized by the Philippine government, such as the Bureau of Product Standards under the Department of Trade and Industry (DTI);
  - 5.1.2 Must not have provided ISMS consulting services or site-specific auditor training to **GSIS** within two (2) years prior to the audit in order to avoid conflict of interest; and
  - 5.1.3 Must have been in existence for the last five (5) years.
- 5.2 **Audit Teams.** The **CERTIFYING BODY** represents and warrants that its audit teams, including surveillance, satisfy the following conditions:
- 5.2.1 Consist of qualified auditors to conduct audits in the name of the **CERTIFYING BODY**;
  - 5.2.2 At least one (1) member should be with actual hands-on experience in auditing government services;
  - 5.2.3 At least one (1) member of the audit team should participate in all audits of the three (3) year audit cycle;
  - 5.2.4 Replacement of an audit team member shall require prior approval from the **GSIS**; and
  - 5.2.5 Abide by the auditing principles, terminologies and guidelines as specified in the ISO 27001 on ISMS Requirements.

## ARTICLE VI CONDITIONS FOR ENGAGEMENT

- 6.1 **Conditions.** The following are the conditions prior to the engagement of the **CERTIFYING BODY**:
- 6.1.1 The **CERTIFYING BODY** shall submit the documentary requirements specified in the Terms of Reference.
  - 6.1.2 The **CERTIFYING BODY** shall adhere to the agreed scope of work/deliverables.

- 6.1.3 The **CERTIFYING BODY** shall provide in their audit activities a procedure for client appeals. If resolutions on good terms for disputes between the **GSIS** and the **CERTIFYING BODY** cannot be made, the **GSIS** shall be afforded the right to lodge appeals about the decisions of the audit team to the management of the **CERTIFYING BODY**.
- 6.1.4 The **CERTIFYING BODY** shall not be allowed to sub-contract its services to any person or entity.
- 6.1.5 Except with prior written consent from the **GSIS**, the **CERTIFYING BODY** shall not at any time communicate to any person or entity any confidential information acquired in the course of the services, nor shall the **CERTIFYING BODY** make public the findings, observations, recommendations in the course of, or as a result of, the services.
- 6.1.6 The **CERTIFYING BODY** shall value the importance of impartiality in the certification of the system and shall use all reasonable efforts to manage possible conflicts of interest and ensure the objectivity of the certification process.

#### ARTICLE VII CONTRACT PRICE

- 7.1 **Contract Price.** For and in consideration of the full and satisfactory delivery of the services by the **CERTIFYING BODY** and the acceptance thereof by the **GSIS**, the **GSIS** shall pay the agreed Contract Price of **Eight Hundred Fourteen Thousand Eight Hundred Forty Pesos (Php814,840.00)**. It is understood that all applicable taxes, including Documentary Stamp Tax (DST), if any should be borne by the **CERTIFYING BODY**.
- 7.2 For this purpose, the **CERTIFYING BODY** acknowledges that the **GSIS** is not a withholding agent for DST and hereby undertakes and commits itself to make direct payments to the Bureau of Internal Revenue of any DST that may be imposed in the execution and/or performance of this Contract. The **CERTIFYING BODY** shall furnish the **GSIS** with proof of such payment.

#### ARTICLE VIII TERMS OF PAYMENT

- 8.1 **Schedule of Payment.** The **GSIS** shall pay the **CERTIFYING BODY** in consideration of the services performed under the following schedule:

Activity	Schedule of Payment
Stage 1 Audit 1. Completion of Stage 1 Audit 2. Issuance of Audit Report within five (5) working days from conduct of audit.	10% of the contract price
Stage 2 Audit 1. Completion of Stage 2 Audit 2. Issuance of Audit Report within five (5) working days from conduct of audit.	10% of the contract price
Issuance of ISO 27001 certificate.	20% of the contract price
Conduct of the First Surveillance Audit and Issuance of Audit Report within five (5) working days from conduct of surveillance audit.	30% of the contract price

Conduct of the Second Surveillance Audit and Issuance of Audit Report within five (5) working days from conduct of surveillance audit.
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30% of the contract price
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- 8.2 **Requirements for Payment.** Payment shall be made within fourteen (14) working days from the acceptance of the billing statement and required documents, if any, from the **CERTIFYING BODY**.
- 8.3 **Auditing Rules.** All payments made to the **CERTIFYING BODY** shall be subject to applicable taxes and existing accounting and auditing rules applicable to the **GSIS**.

## ARTICLE IX GROUNDS FOR TERMINATION

- 9.1 **Termination for Default.** The **GSIS** shall have the right to pre-terminate this Contract in whole or in part for default of the **CERTIFYING BODY** or breach or violation of the terms and conditions of this Contract without need of judicial action or for just cause to be determined by the **GSIS**, which determination shall be final and binding upon the **CERTIFYING BODY**.
- 9.2 **Termination for Insolvency.** The **GSIS** shall have the right to terminate this Contract if the **CERTIFYING BODY** is declared bankrupt or insolvent as determined by a court of competent jurisdiction.
- 9.3 **Termination for Unlawful Acts.** The **GSIS** shall have the right to terminate this Contract, which termination shall take effect immediately upon receipt of the Notice of Termination, in case it is determined prima facie that the **CERTIFYING BODY** has engaged, before or during the implementation of this Contract, in unlawful deeds and behavior relative to the acquisition and implementation thereof.
- 9.4 **Termination for Convenience.** The **GSIS** shall have the right to terminate this Contract, in whole or in part, in any event, by serving a thirty-day written notice to the **CERTIFYING BODY**. The termination under this Section shall be resorted to by the **GSIS** if it has determined the existence of conditions that make the performance of the **CERTIFYING BODY** economically, financially or technically impractical and/or unnecessary, such as, but not limited to, fortuitous events or changes in law and national government policies.
- 9.5 **Completed Services.** In the event of pre-termination or termination of this Contract by the **GSIS**, the **GSIS** shall pay the **CERTIFYING BODY** for all services completed up to the date of pre-termination or termination unless such termination was due to the acts or omissions of the **CERTIFYING BODY** or a breach of this Contract by the **CERTIFYING BODY**.
- 9.6 **Remedial Rights.** The termination of this Contract pursuant to this Article shall be without prejudice to any other rights or remedies which the **GSIS** may be entitled to hereunder or under any law. Neither shall the termination affect any accrual of rights of the **GSIS** or the coming into nor continuance in force of any provision hereof which is expressly or by implication intended to come into or continue in force on or after such termination.

**ARTICLE X  
CONFLICT RESOLUTION**

- 10.1 **Amicable Settlement.** If any dispute of any kind whatsoever should arise between the **GSIS** and the **CERTIFYING BODY** in connection with or arising out of this Contract and the Terms of Reference, the parties shall make every effort to resolve such dispute amicably.
- 10.2 **Arbitration.** If after ten (10) days, the parties fail to resolve their dispute, the matter shall be submitted for arbitration pursuant to R.A. No. 9285, otherwise known as the "Alternative Dispute Resolution Act of 2004"; provided, however, that the parties may agree in writing to resort to other alternative modes of dispute resolution.
- 10.3 **Obligations Not Suspended.** Notwithstanding any reference to the settlement of disputes or arbitration herein, the parties shall continue to perform their respective obligations under this Contract and Terms of Reference unless they otherwise agree in writing.

**ARTICLE XI  
INDEMNIFICATION**

- 11.1 **Indemnity.** The **CERTIFYING BODY** agrees to defend, indemnify and hold harmless the **GSIS**, the members of its Board of Trustees, **GSIS** officials, agents and employees against all claims, losses, liabilities and damages and to pay all claims, judgments, awards, costs and expenses arising out of or in connection with the **CERTIFYING BODY**'s acts or omissions, unless such claims are due solely to the fault or negligence of the **GSIS** or its officials or employees. Costs inclusive of expert witness fees and other legal expenses shall be for the account of the **CERTIFYING BODY**.

**ARTICLE XII  
MISCELLANEOUS PROVISIONS**

- 12.1 **Anti-Graft Practices.** The **CERTIFYING BODY** warrants that it has not given or promised to give money or any gift, directly or indirectly, to any official or employee of the **GSIS** to secure this Contract. Any violation of this warranty shall be sufficient ground for **GSIS** to revoke or cancel this Contract without the necessity of judicial intervention, by giving written notice to that effect to the **CERTIFYING BODY**.
- 12.2 **No Employer-Employee Relationship.** The parties are independent entities and no agency, partnership, joint venture, employment or formal business organization of any kind is created by this Contract and neither party shall have the authority to represent the other. Accordingly, employees and workers of the **CERTIFYING BODY** are not employees of the **GSIS**, and the **CERTIFYING BODY** shall, at all times, be solely responsible for their salaries or compensation and other benefits provided for under existing and applicable labor laws, and for damages or personal injuries, including death, sustained or caused by the employees of the **CERTIFYING BODY**.
- 12.3 **Non-Adverse Witness.** In no case shall the **CERTIFYING BODY** and its personnel assist any part in any action, suit or proceedings against the **GSIS**, the members of its Board of Trustees, or any of its officials and employees in connection with the performance of their official duties and functions concerning the undertakings under this Contract and the Terms of Reference.

- 12.4 **Force Majeure.** No party shall be liable to the other party for any delay or non-performance of its obligations under this Contract arising from any cause or causes beyond its reasonable control including, but not limited to, any act of God, government acts under its police power, war, terrorist attack, fire, flood, explosion or civil commotion.
- 12.5 **Control and Supervision of Personnel.** The **CERTIFYING BODY** shall at all times be directly responsible and liable for the enforcement of and compliance with all existing laws, rules and regulations particularly in respect of any and all claims brought by its personnel for the enforcement of the provisions of the Labor Code of the Philippines and other pertinent labor and social legislations. Pursuant hereof, the **CERTIFYING BODY** holds the **GSIS** free and harmless from all such claims and liabilities.
- 12.6 **Non-Waiver.** The failure of the **GSIS** to demand strict compliance with any and all the terms of this Contract shall not be construed as a waiver and/or estoppel on the part of **GSIS** for the enforcement of any of its rights or to subsequently demand compliance therewith during the subsistence of this Contract.
- 12.7 **No Presumption.** In interpreting and applying the terms and provisions of this Contract and the Terms of Reference, no presumption shall be made against the party that drafted such terms and provisions.
- 12.8 **Written Notices.** All notices, statements and requests hereunder shall be in writing and shall be personally delivered, or transmitted by registered mail, electronic mail or fax, to the other party at the address stated above, unless a party has informed the other in writing of its change of address, in which case said notices shall be sent to the new address.
- 12.9 **Liquidated Damages.** In the event that the **CERTIFYING BODY** fails to perform its obligations within the agreed period as specified in this Contract, the **GSIS** shall, deduct from the Contract Price, as liquidated damages, a sum equivalent to at least one-tenth of one percent (0.1%) of the cost of the unperformed portion of the Contract per day of delay but not to exceed ten percent (10%) of the total Contract Price. Once the cumulative amount of liquidated damages reaches ten percent (10%) of the Contract Price, the **GSIS** may rescind the Contract without necessity of judicial intervention and without prejudice to other courses of action and remedies available to it under law and equity. The damages herein provided are fixed and the **GSIS** shall not be required to adduce proof thereof.
- 12.10 **Other Costs.** Should the **GSIS** be constrained to file a suit to obtain relief against the **CERTIFYING BODY**, the latter shall be liable to pay an amount equivalent to twenty percent (20%) of that amount claimed in the complaint as attorney's fees, aside from the costs of litigation and other expenses which the **GSIS** is entitled to recover from the **CERTIFYING BODY**; provided, however, that in an action brought by the **CERTIFYING BODY** for whatever cause arising under this Contract, should it be adjudged not to be entitled to the relief sought, the **GSIS** as the prevailing party shall be entitled to such reasonable attorney's fees, costs of litigation and other costs it may have incurred by reason of such action.
- 12.11 **Full Agreement.** This Contract and the Term of Reference contain all agreement of the parties and replace and supersede any understanding, communications and representations whether verbal or written between the parties.
- 12.12 **Amendments.** No modifications of or amendments to the terms and conditions of this Contract shall be valid unless set out in writing and signed by the authorized representatives of each party.



- 12.13 **Separability.** In the event any term, condition, clause or provision of this Contract is at any time determined to be invalid, unlawful or unenforceable to any extent, such terms, conditions or provision shall be severed from the remaining provisions which shall continue to be valid and enforceable to the fullest extent permitted by law.
- 12.14 **Prohibition on Hiring GSIS Personnel.** The **CERTIFYING BODY** shall not hire or engage, directly or indirectly, the service of any person who is currently an officer or an employee of the **GSIS**.
- 12.15 **Survival of Warranties and Covenants.** The provision on Representations and Warranties under Article V, Indemnification under Article XI, and all the covenants, agreements and obligations of the **CERTIFYING BODY** under this Contract and the Terms of Reference which by their nature should continue beyond the expiration or termination of this Contract shall survive the expiration or termination hereof.
- 12.16 **Venue of Action.** Any and all actions arising from arbitration or other modes of dispute settlement as agreed upon by the parties pursuant to Article X of this Contract shall be brought by the aggrieved party exclusively before the proper court in the City of Pasay.
- 12.17 **Governing Laws.** This Contract and the Term of Reference shall be subject to the pertinent provisions of R.A. No. 9184, otherwise known as the Government Procurement Reform Act, its Revised Implementing Rules and Regulations and other related laws, rules and regulations.

**IN WITNESS WHEREOF**, the parties have hereunto set their hands on the date and place stated above.

**GOVERNMENT SERVICE  
INSURANCE SYSTEM**

**TUV RHEINLAND PHILIPPINES, INC.**

By:

By:

**ORIGINAL SIGNED**

**ORIGINAL SIGNED**

**JONATHAN C. PINEDA**  
Information Security Management Representative/  
Vice President, Information Security Office

**TRISTAN ARWEN G. LOVERES**  
Managing Director

SIGNED IN THE PRESENCE OF:

\_\_\_\_\_

Certified Funds Available: ~~Php 380,000.00~~ <sup>Php 244,840.00 12/18</sup>  
GL No. 5102091000 (Jan.-Dec. 2019)

Certified Included in the GSIS APP  
for CY 2019

**ORIGINAL SIGNED**

**MARIA CORAZON MAGDURULAN**  
Controller Officer IV  
BASSAD

**ORIGINAL SIGNED**

**YVETTE C. ABAYA**  
Officer IV  
MMD

Certified Funds Available: Php 285,000.00  
GL No. 5102091000 (Jan.-Dec. 2020)

**MARIA CORAZON MAGDURULAN**  
Controller Officer IV  
BASSAD

Certified Funds Available: Php 285,000.00  
GL No. 5102091000 (Jan.-Dec. 2021)

**MARIA CORAZON MAGDURULAN**  
Controller Officer IV  
BASSAD

**ACKNOWLEDGMENT**

REPUBLIC OF THE PHILIPPINES )  
PASAY CITY ) S.S.

BEFORE ME, a Notary Public, for and in the City of Pasay this 18 day of DEC 2019, 2019 personally appeared:

Name	Valid IDs	Validity and Place of Issue
Jonathan C. Pineda	GSIS ID no. 8766	GSIS (Main), Pasay City
Tristan Arwen G. Loverses	DL No. N02-01-459417	04/2024, Pasig City

known to me and to me known to be the same persons, **JONATHAN C. PINEDA** in representation of the **GSIS** as a juridical person, and **TRISTAN ARWEN G. LOVERES**, in representation of the **TUV RHEINLAND PHILIPPINES INC** as a juridical person, who executed the foregoing instrument and acknowledged that the same is their free and voluntary act and deed, and of the entities they represent. This instrument refers to a **Contract for the Engagement of a Certifying Body for a Third Party Audit of the GSIS Information Security Management System (ISMS) for Membership**, consisting of ten (10) pages including the page on which this Acknowledgment is contained, signed by the parties and their instrumental witnesses on each and every page thereof.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed my notarial seal on the date and place above-written.

Doc. No. 521  
Page No. 106  
Book No. W  
Series of 2019.

**ORIGINAL SIGNED**

**ATTY. NORMITA C. REDO-HONORIC**  
Notary Public  
Until December 31, 2020  
PTR No. 1707355; 1/3/2019  
Commission No. 19-12; 2/08/2019  
Roll No. 41263 IBP Lifetime Member 86093  
MCLE Compliance No. VI-0003931 11/06/17