



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
MANILA

097-13 DPWH  
2-2-96

SER # 107  
Pg. 76

31 January 1996

DEPARTMENT ORDER) SUBJECT: Implementing Rules and Regulations  
NO. 9 ) for Delegation of Project  
Series of 1996 ) Implementation under the DPWH  
Budget in the General Appropriations  
Act for 1996 (R.A. No. 8174)

T O : All Undersecretaries, Assistant Secretaries, Bureau Directors, Regional Directors, District Engineers, Project Directors, Project Managers, and Others Concerned

The following rules and regulations are hereby issued to implement Special Provision No. 1 on the appropriations for the Department of Public Works and Highways (DPWH) under the General Appropriations Act for 1996 or R.A. No. 8174:

1. Special Provision No. 1, DPWH, R.A. No. 8174

This provision is quoted hereunder:

"Restriction on the Delegation of Project Implementation. The implementation of projects funded herein shall not be delegated to any other agencies; except those projects that will be implemented by the Engineering Brigades of the Armed Forces of the Philippines, inter-department undertakings and projects undertaken by other offices/agencies as may be approved by the President: PROVIDED, That local government units, upon the initiative of the representative of the district concerned, may be authorized by the Secretary of Public Works and Highways to undertake construction, rehabilitation, improvement, repair and maintenance of infrastructure facilities within the area of coverage: PROVIDED, FURTHER, That said local government units have adequate capability to implement such infrastructure projects."

2. Projects whose Implementation may be Delegated

In accordance with said Special Provision No. 1, the general rule is that the DPWH shall implement the infrastructure projects funded by appropriations authorized for the said Department under R.A. No. 8174. The exceptions to this rule, however, are the following:

- a. Projects to be implemented by the Engineering Brigades of the Armed Forces of the Philippines (AFP).
  - b. Inter-agency undertakings and projects undertaken by other offices/agencies as may be approved by the President.
  - c. Projects to be undertaken by local government units (LGUs) upon the initiative of the representative of the district concerned and as authorized by the Secretary of Public Works and Highways, provided that said LGUs have adequate capability to implement such projects.
3. Projects to be implemented by the AFP Engineering Brigade.

These shall generally be projects in areas with critical peace and order conditions, or where there are no contractors or the contractors are inadequate, or where the projects are beyond the capability and workload of the DPWH implementing unit concerned to undertake. The projects to be assigned to the AFP Engineering Brigades shall be covered by Memoranda of Agreement between the DPWH implementing office and the AFP, as may be authorized by the Secretary of Public Works and Highways with the concurrence of the Secretary of National Defense.

4. Inter-Agency Undertakings and Projects Undertaken by Other Offices/Agencies as may be Approved by the President.

These shall generally be projects to be undertaken by other national departments/agencies whose inherent functions include implementation of infrastructure projects. These include such infrastructure department/agencies as the Department of Transportation and Communications, National Irrigation Administration, National Power Corporation, National Electrification Administration, and Metropolitan Waterworks and Sewerage System, among others. The projects shall be covered by corresponding Memoranda of Agreement between the Secretary of Public Works and Highways and the Head of the concerned agency, subject to approval by the President.

5. Projects to be Undertaken by LGUs

- 5.1 The Secretary of Public Works and Highways may authorize an LGU to implement an infrastructure project with appropriations for the DPWH in said Act, only under the following conditions:



- a. The subject DPWH project must be local in character and impact, e.g., improvement of provincial, city, municipal, or barangay road, local drainage, water wells, etc.
  - b. The DPWH must have received from the representative (Congressman) concerned a written request for an LGU to implement the subject DPWH project.
  - c. The DPWH must have received from the Head of the LGU concerned a letter of intent to implement the subject DPWH project.
  - d. As a general rule, the LGU shall undertake the subject DPWH project by administration.
  - e. The LGU must be found by the DPWH to have the capability to implement the subject DPWH project by administration, based on the criteria mentioned below.
- 5.2 The Head of the DPWH Implementing Office concerned (District Engineering Office/Regional Office/Central Office) shall evaluate the capability of the concerned LGU to implement the subject DPWH project, using the following criteria, the results of which shall be reported using the form in Annex "A":

FACTOR -----	REQUIREMENT -----
(a) PERFORMANCE OR TRACK RECORD (FOR THE LAST TWO YEARS) -----	
(1) Maintenance	Satisfactorily maintained its local roads and other infrastructure in the last two years
(2) Construction	Satisfactorily implemented, by administration, infra- structure projects similar to the subject project in the past two years.

- |                                 |   |
|---------------------------------|---|
| (3) Fiscal Management           | Demonstrated sound financial management system, per audit report by the Commission on Audit (COA) for the last two years.       |
| (4) Procurement and Contracting | Complied with rules for procurement and contracting of materials, equipment and services, per COA audit for the last two years. |

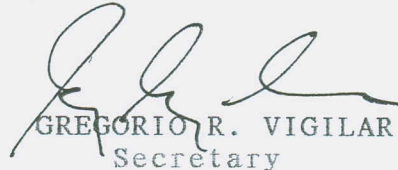
(b) CAPABILITY TO IMPLEMENT DPWH PROJECTS

- |                        |   |
|------------------------|---|
| (1) Organization       | Has adequately staffed Provincial/City/Municipal Engineering Office which can undertake by administration, the subject DPWH project.                    |
| (2) Budget             | Has sufficient funds for current operating expenditures of the Provincial/City/Municipal Engineering Office.  |
| (3) Fiscal Control     | Has adequate accounting and auditing system, including separate books of accounts for infrastructure projects.  |
| (4) Equipment          | Possesses the minimum heavy equipment required to implement the subject DPWH project by administration.   |
| (5) Project Management | Has adequate management and monitoring system for project engineering, preparation of work program, contracting and procurement, and works supervision. |

5.3 The concerned DPWH Implementing Office shall submit the written request of the Congressman for the LGU to implement the subject project, together with the letter of intent of the LGU Head and the results of the LGU capability evaluation, to the Secretary of Public Works and Highways for approval.

- 5.4 Upon the approval by the Secretary of Public Works and Highways of the request for the LGU to implement the subject DPWH Project, a Memorandum of Agreement (MOA) shall be executed between the DPWH and the concerned LGU, using the format in Annex "B," to effect the delegation to the LGU of the project implementation and to provide for the transfer of project funds to said LGU. The MOA shall be supported by a statement from the concerned DPWH Accountant that the project funds are available, covering the cost of the project and based on the allotment released for the project by the Department of Budget and Management.
- 5.5 After the execution of said MOA, the DPWH shall issue to the LGU a Letter of Advice of Allotment covering the cost of the subject DPWH project which shall serve as the obligational authority of the LGU. The DPWH shall give to the LGU an initial cash advance equivalent to forty percent (40%) of the obligational authority. The LGU shall take up the said cash advance as a Trust Deposit to be deposited in a separate checking account with a government depository bank. Succeeding cash advances shall be released only after submission of liquidation reports duly certified by the LGU Chief Accountant. The LGU shall likewise submit to the DPWH monthly accomplishment reports on the project.

This Order takes effect immediately.

  
GREGORIO R. VIGILAR  
Secretary

## ANNEX "A"

EVALUATION OF CAPABILITY OF LOCAL GOVERNMENT UNIT (LGU)  
TO IMPLEMENT DPWH INFRASTRUCTURE PROJECTS

NAME OF LGU: \_\_\_\_\_ DATE OF EVALUATION: \_\_\_\_\_  
 NAME OF DPWH PROJECT REQUESTED TO BE IMPLEMENTED BY LGU: \_\_\_\_\_  
 COST OF PROJECT: ₱ \_\_\_\_\_

FACTOR -----	REQUIREMENT -----	RATING ----- (Please encircle)
(a) PERFORMANCE OR TRACK RECORD (FOR THE LAST TWO YEARS) -----		
(1) Maintenance	Satisfactorily maintained LGU roads and other LGU infrastructure in the last two years	YES/NO
(2) Construction	Satisfactorily implemented, by administration, infrastructure projects, similar to the subject Project in the past two years.	YES/NO
(3) Fiscal Management	Demonstrated sound financial management system, per audit report by the Commission on Audit (COA) for the last two years.	YES/NO
(4) Procurement and Contracting	Complied with rules for procurement and contracting of materials, equipment and services, per COA audit for the last two years.	YES/NO
(b) <u>CAPABILITY TO IMPLEMENT DPWH PROJECTS</u>		
(1) Organization	Has adequately staffed Provincial/City/Municipal Engineering Office which can undertake by administration, the subject DPWH Project.	YES/NO



FACTOR -----	REQUIREMENT -----	RATING ----- (Please encircle)
(2) Budget	Has sufficient funds for current operating expenditures of the Provincial/City/Municipal Engineering Office.	YES/NO
(3) Fiscal Control	Has adequate accounting and auditing system including separate books of accounts for infrastructure projects.	YES/NO
(4) Equipment	Possesses minimum heavy equipment for the required to implement the subject DPWH Project by administration.	YES/NO
(5) Project Management	Has adequate management and monitoring system for project engineering, preparation of work program, contracting and procurement, and works supervision.	YES/NO
CONCLUSION:	Based on this evaluation, the LGU <u>is/is not</u> (please encircle) capable of implementing the subject DPWH Project.	

\_\_\_\_\_  
Name and Signature of  
Head of DPWH Office Concerned

ANNEX "B"

PROFORMA MEMORANDUM OF AGREEMENT

This Memorandum of Agreement entered into by and between:

The Department of Public Works and Highways, herein represented by its \_\_\_\_\_, \_\_\_\_\_, and hereinafter referred to as the DPWH;

- and -

The \_\_\_\_\_ Government of \_\_\_\_\_, herein represented by its \_\_\_\_\_, \_\_\_\_\_, and hereinafter referred to as the LGU.

W I T N E S S E T H

WHEREAS, the nationally-funded infrastructure project located in the LGU as mentioned in Annex "A," hereinafter referred to as the Project, is one of the priority concerns of the DPWH.

WHEREAS, the amount of \_\_\_\_\_ has been released or allotted for the Project out of the appropriations from the DPWH infrastructure program under the 1996 General Appropriations Act or R.A. No. 8174, through an allotment (GARO/SARO No. \_\_\_\_\_, dated \_\_\_\_\_) issued by the Department of Budget and Management (Annex "B").

WHEREAS, under Special Provision No. 1 on the appropriations for the DPWH under said R.A. No. 81742, "local government units, upon the initiative of the representative of the district concerned, may be authorized by the Secretary of Public Works and Highways to undertake construction, rehabilitation, improvement, repair and maintenance of infrastructure facilities within the area of coverage: PROVIDED, FURTHER, That said local government units have adequate capability to implement such infrastructure projects."

WHEREAS, \_\_\_\_\_, the representative of the legislative district where the project is located, has requested the DPWH to authorize the LGU to undertake the implementation of the Project, as indicated in Annex "C."

WHEREAS, the LGU has expressed its desire to implement the Project, as shown in Annex "D".

WHEREAS, the DPWH has found that the LGU has adequate capability to implement the Project, as indicated in the certification in Annex "E."



WHEREAS, in view of the above, the Secretary of Public Works and Highways has accordingly authorized the LGU to implement the Project, pursuant to said Special Provision No. 1 of R.A. No. 8174.

NOW, THEREFORE, in consideration of the foregoing premises, the Parties to this Memorandum hereby agree on the following terms and conditions of this Agreement.

#### ARTICLE 1 - SCOPE OF WORK

Section 1.1 This Memorandum of Agreement covers the implementation of the Project located in the LGU mentioned in Annex "A."

#### ARTICLE II - PROJECT IMPLEMENTATION

Section 2.1 The Project shall be implemented by the LGU by administration only.

Section 2.2 The LGU shall undertake the works for the Project in accordance with the Program of Work, Plans and Specifications as approved by the DPWH official concerned.

Section 2.3 The LGU shall submit to the DPWH monthly accomplishment reports on the Project.

#### ARTICLE III - FUND ALLOCATION AND DISBURSEMENT

Section 3.1 Upon the approval of this Memorandum of Agreement and the Program of Work for the Project, the DPWH shall issue to the LGU a Letter of Advice of Allotment (LAA) for the Project in the amount of \_\_\_\_\_, based on the allotment received from the Department of Budget and Management and supported by the statement from the DPWH Accountant concerned that the Project funds are available, as shown in Annex "F."

Section 3.2 The LAA shall serve as the obligational authority of the LGU for entering into contracts for materials, labor, and other items of work. After the approval by the Secretary of Public Works and Highways for an LGU to undertake the implementation of a DPWH project and after the execution of the corresponding MOA, the DPWH shall issue to the LGU a Letter of Advice of Allotment (LAA) covering the cost of the Project which shall serve as the obligational authority of the LGU. The DPWH shall give the LGU an initial cash advance equivalent to forty percent (40%) of the obligational authority. The LGU shall take up said cash advance as a Trust Deposit to be deposited in a separate checking account with a government depository bank. Succeeding cash advances shall be released only after submission of liquidation reports duly certified by the LGU Chief

Accountant. The LGU shall remit to the Bureau of Treasury, under the account of the DPWH, any interest that may accrue to the fund transferred, furnishing the DPWH a copy of said remittance.

Section 3.3 The LGU shall submit monthly reports of disbursements on the Project, duly certified correct by its Chief Accountant and verified correct by its Resident Auditor. Any unused balance of the cash advance after the completion of the Project shall be refunded to the DPWH.

#### ARTICLE IV - GENERAL PROVISIONS

Section 4.1 This Agreement shall take effect upon signing by the Parties hereto and shall continue and remain in force until the completion and acceptance of the Project, unless mutually terminated earlier by the said Parties.

WITNESS WHEREOF, the Parties hereto have affixed their signature in the \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_.

For the LGU:

For the DPWH:

\_\_\_\_\_

\_\_\_\_\_

Signed in the presence of:

\_\_\_\_\_

\_\_\_\_\_  
Chief/Head, Accounting Unit

APPROVED BY:

\_\_\_\_\_