



Republic of the Philippines
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS
OFFICE OF THE SECRETARY
Manila



097.13 DPWH

09.24.2024

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DEPARTMENT ORDER

NO. 166
Series of 2024

) **SUBJECT : Revised Guidelines on the Issuance of**
) **Certificate of Completion (CoC), and**
) **Certificate of Final Acceptance (CFA)**
) **for Locally-Funded Projects**

✓ 9/24/2024

In line with the Department's commitments to provide quality, safe, and environment-friendly infrastructure, improve effectiveness and efficiency in serving the public, and ensure compliance by contractors with the approved plans and specifications, the following guidelines are prescribed for the issuance of Certificate of Completion (CoC), and Certificate of Final Acceptance (CFA) to align with the existing guidelines of the Revised Implementing Rules and Regulations (IRR) of R.A. 9184.

The issuance of CoC and CFA is an indication that the contractor has satisfactorily undertaken the project in accordance with the approved plans and specifications. The completion date declared in the CoC determines the contractor's compliance with its contractual obligation for the timely completion of the project as agreed upon by both parties. The said completion date shall also serve as basis for the commencement of the one-year Defects Liability Period (DLP) and in imposing Liquidated Damages (LD) on the contractor for its failure to complete the project on the agreed duration, including all granted contract time extensions.

Cognizant of the significance of CoC and CFA, the processes and requirements leading to its issuance should be transparent and comprehensive to ensure the propriety and appropriateness as per existing laws, rules and regulations, and department policies. The guidelines in the issuance of the following certificates are listed below:

- a. Certificate of Completion – Annex 1
- b. Certificate of Final Acceptance – Annex 2

Failure to adhere to the prescribed guidelines after due process shall make the public officials and employees involved liable to the applicable penalties specified by law, rules and regulations.

This Order shall supersede Department Order 99, Series of 2015, Department Order 76 Series of 1993, and other relevant policies and procedures to the contrary and shall take effect immediately.


MANUEL M. BONOAN
Secretary

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GUIDELINES ON THE ISSUANCE OF THE CERTIFICATE OF COMPLETION

I. DEFINITION OF TERMS

Certificate of Completion (CoC) – a document issued by the implementing office certifying that the contract works/ deliverables has been factually and satisfactorily completed, in accordance with the Plans and Specifications of the Contract based on the Final Completion Inspection Report of the Inspectorate Team.

Date of Completion – the date indicated under the Certificate of Completion as to when the project has been factually and satisfactorily completed/accomplished, in accordance with the Plans and Specifications of the Contract based on the Final Completion Inspection Report of the Inspectorate Team.

Defects Liability Period (DLP) – one (1) year from the date of completion of the project up to the date of final acceptance, as prescribed under Section 62.2.2 of the Revised Implementing Rules and Regulation (RIRR) of Republic Act (R.A.) 9184 (*or any latest issuance*).

Implementing Office (IO) – either DPWH Central Office, Regional Office, or District Engineering Office.

Punchlist Report – a document listing remaining works, work that does not conform to contract plans and specifications, and the specific duration/time to fully complete the project considering the approved remaining contract time.

II. Composition of the Inspectorate Team

The Inspectorate Team for the issuance of CoC shall have the following composition:

Implementing Office	Inspectorate Team
Central Office (UPMO/ Bureaus)	<p>* One (1) representative each from the following offices:</p> <ul style="list-style-type: none"> - Bureau of Quality and Safety (BQS) - Bureau of Construction (BOC) - Bureau of Research and Standards (BRS) - Bureau of Design (BOD) - ** Chief of the Construction Division/ Regional QAU of the Regional Office where the project is located (<i>or authorized representative</i>) <p><i>Note :</i></p> <p>(*) The representatives from the Bureau Offices as stated shall be members of the Quality Assurance Unit (QAU) and at least Engineer IV.</p>

	(**) The authorized representative as stated shall be at least Section Chief of the Construction Division, or the Division Chief of either the Planning and Design Division or Quality and Hydrology Division of the Regional Office.
Regional Office	<p>* The Division Chief (<i>or its authorized representative</i>) of the following offices:</p> <ul style="list-style-type: none"> - Construction Division - Maintenance Division - Planning and Design Division - Quality Assurance and Hydrology Division - Chief of Construction Section or authorized representative of the DEO where the project is located <p><i>Note :</i></p> <p>(*) The Authorized Representative as cited shall be at least Section Chief of either the Construction Division, Maintenance Division, Planning and Design Division, or Quality Assurance and Hydrology Division.</p>
District Engineering Office	<p>* The Section Chief (<i>or its authorized representative</i>) of the following offices:</p> <ul style="list-style-type: none"> - Construction Section - Maintenance Section - Planning and Design Section - Quality Assurance Section <p><i>Note :</i></p> <p>(*) The authorized representative as cited shall be at least Unit Head of the Construction Section, Maintenance Section, Planning and Design Section, or Quality Assurance Section.</p>

The standard forms for the CoC, Completion Inspection Report, and the Final Completion Inspection Report in the latest issued Department Order (*i.e. **Standard Forms in Project Implementation***) shall be adopted.

III. Procedures for the Issuance of Certificate of Completion

The Certificate of Completion shall be issued by the Head of the Implementing Office (IO), to wit:

- For Central Office Implemented Projects – Project/ Bureau Directors;
- For Regional Office Implemented Projects – Regional Directors; and
- For District Office Implemented Projects – District Engineers

The CoC shall only be issued upon submission of the Final Completion Inspection Report (FCIR) of the Inspectorate Team stating that the project is satisfactorily completed in accordance with the plans and specifications of the Contract.

1. Once the physical accomplishment reaches ninety-five percent (95%) of the total contract amount and in preparation for the inspection for completion of the project, the Head of IO shall instruct the DPWH Project Management Team (PrMT) composed of the assigned Field Engineers (Project Engineer, Project Inspector, Materials Engineer) or may be initiated by the PrMT to conduct a mandatory preliminary inspection jointly with the contractor and prepare and submit a Punchlist Report duly signed by both parties. It shall contain, among others, the remaining works, work defects/ deficiencies for necessary corrections, and the specific duration/ time to fully complete the project considering the approved remaining contract time. This, however, shall not preclude the IO's claim for liquidated damages if completion of the remaining works is beyond the approved original/revised expiry date. Likewise, the Project Engineer shall ensure the monitoring of progress of the contractor in rectifying the work deficiencies and completion of the remaining works.

For contracts funded by other agencies/ local government units (LGUs) where implementation of same shall be the responsibility of this department through a Memorandum of Agreement (MOA), unless otherwise specified, the DPWH-PrMT may inform the end-user regarding the conduct of preliminary inspection together with the contractor and prepare and submit a Punchlist Report duly signed by the DPWH and contractor.

The standard form for the Punchlist Report in the latest issued Department Order (*i.e. **Standard Forms in Project Implementation***) shall be adopted.

2. Once the physical accomplishment reaches 100%, the contractor shall immediately notify the Head of IO containing its declaration as to the completion date and its request for the conduct of Inspection for Completion. The rectification works and remaining works in the issued Punchlist Report that have been duly completed shall likewise be certified by the DPWH Project Engineer. Further, the contractor shall submit the Statement of Work Accomplished at 100%.

For contracts funded by other agencies/ local government units (LGUs) where implementation of same shall be the responsibility of this department through a MOA, unless otherwise specified, the DPWH-PrMT may inform or notify the agency/ LGUs concerned regarding the declaration as to the completion date of the project. The rectification works and remaining works in the issued Punchlist Report that have been duly completed shall likewise be certified by the DPWH Project Engineer.

The Certificate of Completion of Correction Works Based on Punchlist Report in the latest issued Department Order (*i.e. **Standard Forms in Project Implementation***) shall be adopted.

3. Upon receipt of notice of completion and request for completion inspection from the contractor, the following actions shall be performed:
 - a. For Central Office-implemented projects, the Bureau/Project Director shall submit the documents enumerated below to the Undersecretary for Technical Services through the Bureau of Quality and Safety (BQS):

- Approved Contract Agreement
 - Approved Final Variation Order
 - Approved As-Built Plan
 - Approved Contract Time Extension, *if there's any*
 - Punchlist Report
 - Certificate of Completion of Correction Works Based on Punchlist Report duly signed by the contractor and concurred by the DPWH Project Engineer
 - Notice/letter of the contractor declaring the completion of the project at specified date
 - Duly signed contractor's Statement of Work Accomplished at 100%
 - Quality Control Program and its approved Revisions (for projects with approved VO)
 - Certificate of Quality Control Assurance (CQCA)
 - Materials Test Reports
- b. For RO and DEO – implemented projects, the Head of Implementing Unit [Division (RO)/Section (DEO) Chief] shall submit the documents enumerated above to the Head of IO.
4. Upon receipt of the complete set of documents, the Undersecretary for Technical Services through the BQS shall instruct the Inspectorate Team as defined in Section II hereof, to conduct the inspection for completion of the project for Central Office – implemented projects. Likewise, for RO/DEO – implemented projects, the Regional Director or the District Engineer shall instruct the Inspectorate Team as defined in aforesaid Section II hereof, to conduct the inspection for completion of the project, for RO/DEO – implemented projects.
5. The timeframe between the declared date of completion of the project by the contractor up to the schedule of inspection of the Inspectorate Team shall not exceed the period as follows :
- | | | |
|--|----------|-------------------------|
| For DEO & RO – Implemented Projects | - | 30 calendar days |
| For CO – Implemented Projects | - | 45 calendar days |
6. During the assessment, the Inspectorate Team must undertake the following, among others:
- Verify all the Items of Work and the corresponding quantities indicated in the Statement of Work Accomplished (SWA) through physical and/or documentary examination of the project. All findings must be based on existing DPWH policies and issuances.
 - Take geotagged photographs of all physical findings.
 - Take copies of documents to support findings of documentary examination.

In case of validation of corrective works, the Inspectorate Team must check corrective actions undertaken on noted non-compliance in the issued Completion Inspection Report/s. It shall be duly supported with geotagged photographs taken before, during and after the rectification works.

7. The Inspectorate Team shall submit its Completion Inspection Report within fifteen (15) days from receipt of the instruction to conduct inspection, indicating any

construction defects/ deficiencies found and the corresponding measures the contractor must undertake to correct them.

If no defect/ deficiency was noted upon the first inspection, the report is considered the Final Completion Inspection Report. The Inspectorate Team shall duly note this in the Final Completion Inspection Report.

The standard form for the Completion Inspection Report in the latest issued Department Order (*i.e. **Standard Forms in Project Implementation***) shall be adopted.

8. Based on the Completion Inspection Report, the Head of the IO shall issue to the contractor a Notice of Defects/ Deficiencies and Required Corrective Repair Works, with the instructions for the contractor to commence the repair works within seven (7) days and to complete the works within thirty (30) days, from receipt of the aforesaid Notice.

If the Contractor, fails to commence and repair works within the stipulated timeframe of thirty (30) days due to his fault and negligence, Section 34 of Rule X – Post-Qualification of 2016 RIRR of R.A. 9184 shall apply. Likewise, the Liquidated Damages shall be imposed to the contractor in accordance with Appendix G of this guidelines.

The standard form for the Notice of Defects/ Deficiencies in the latest issued Department Order (*i.e. **Standard Forms in Project Implementation***) shall be adopted.

9. Upon receiving request for validation of corrections and advice from the contractor that the defects and deficiencies indicated in the said Notice of Defects have been corrected, the Undersecretary for Technical Services thru the BQS (for central office-implemented projects), and the Head of IO (for RO/DEO implemented projects), shall instruct the same Inspectorate Team to conduct an inspection of the project and to submit its Completion Inspection Report within seven (7) days. If the report shows that the defects/ deficiencies have been satisfactorily corrected, the report is considered the FCIR. Otherwise, the process is repeated until the noted defects/ deficiencies have been satisfactorily corrected.

In case one or more members from the Inspectorate Team is/ are not available, replacement representative/s shall be assigned.

The requests for the inspection of corrective actions undertaken on non-conformities noted on the Completion Inspection Report shall be supported with the Certificate of Corrective Actions from the Project Engineer of the IO, together with contractor's photographs taken before, during, and after, and other relevant documents.

10. Upon receipt of the FCIR from the Inspectorate Team, the Head of IO shall issue the Certificate of Completion of the project, certifying that the project has been satisfactorily completed as of the date indicated therein.

The Date of Completion shall be in accordance with Section IV of this guidelines.

For contracts funded by other agencies/ local government units (LGUs) where implementation of same shall be the responsibility of this department through a Memorandum of Agreement (MOA), unless otherwise specified, the Head of IO shall issue a Certificate of Turn-Over to the agency/ LGUs concerned.

The standard form for the Certificate of Turn-Over shown in Appendix "B" shall be adopted.

IV. Declaration of Date of Completion and Commencement of the Defects Liability Period

1. The completion date declared by the contractor shall be used as the Date of Completion and reference for the commencement of the Defects Liability Period if:
 - a. The project is free and clear of any defect or deficiency during the first conduct of inspection by the Inspectorate Team, the Date of Completion shall be the same as to the completion date declared by the contractor as concurred by the Project Engineer.
 - b. There are defects or deficiencies noted by the Inspectorate Team *during the conduct of first inspection for completion*, the Date of Completion shall be the same as to the completion date declared by the contractor as concurred by the Project Engineer provided that the rectification works noted on the issued Notice of Defects/ Deficiencies are completed within the approved plans and specifications, and within the prescribed period under sub-section III.8 hereof.
2. The Date of Completion shall be the date the rectifications are completed by the contractor (in accordance with the approved plans and specifications) and duly accepted by the Inspectorate Team, and shall serve as the basis in the commencement of the DLP, if:
 - a. The defects or deficiencies noted by the Inspectorate Team involves structural defects and/ or non-conformance with the approved Plans and Specifications.
 - b. The noted defects/ deficiencies were found to have not yet been satisfactorily completed during the succeeding inspection (2nd, 3rd . . .etc.) by the Inspectorate Team.

These shall be used as reference in the imposition of the Liquidated Damages.

The procedures in the computation of the Liquidated Damages shown in Appendix "A" shall be adopted.

GUIDELINES FOR THE ISSUANCE OF THE CERTIFICATE OF FINAL ACCEPTANCE

I. DEFINITION OF TERMS

Certificate of Final Acceptance (CFA) – a document issued by the implementing office certifying that the project is accepted by the same, after successful completion of all contractual obligations, requirements, and/or specifications, including any required correction of defects/deficiencies (which may be due to poor workmanship, use of poor quality materials, and non-compliance with the Plans and Specifications of the Contract) based on the Final Acceptance Inspection Report of the Inspectorate Team. It is issued after the lapse of the one (1) year Defects Liability Period (DLP).

Date of Final Acceptance – the date indicated under the Certificate of Final Acceptance as the date when the project has been accepted by the IO, after successful completion of all contractual obligations, requirements, and/or specifications, including any required correction of defects/deficiencies (which may be due to poor workmanship, use of poor quality materials, and non-compliance with the Plans and Specifications of the Contract) based on the Final Acceptance Inspection Report of the Inspectorate Team.

Acceptance Punchlist Report – a document listing works that does not conform to contract plans and specifications, and the specific duration/time to fully complete the project considering the approved remaining contract time.

II. Composition of the Inspectorate Team

The Inspectorate Team for the issuance of CFA shall have the following composition:

Implementing Office	Inspectorate Team
Central Office (UPMO/ Bureaus)	<p>* One (1) representative each from the following offices:</p> <ul style="list-style-type: none"> - Bureau of Quality and Safety (BQS) - Bureau of Construction (BOC) - Bureau of Research and Standards (BRS) - Bureau of Maintenance (BOM) - ** Chief of the Construction Division/ Regional QAU of the Regional Office where the project is located (or <i>authorized representative</i>) <p><i>Note :</i></p> <p>(*) The representatives from the Bureau Offices as stated shall be member of Quality Assurance Unit (QAU) and at least Engineer IV.</p> <p>(**) The authorized representative as stated shall be at least Section Chief of the Construction Division, or the Division Chief of either the Maintenance Division or Quality and Hydrology Division of the Regional Office.</p>

Regional Office	<p>* The Division Chief (<i>or its authorized representative</i>) of the following offices:</p> <ul style="list-style-type: none"> - Construction Division - Maintenance Division - Planning and Design Division - Quality Assurance and Hydrology Division - Chief of Construction Section or authorized representative of the DEO where the project is located <p><i>Note :</i></p> <p>(*) The Authorized Representative as cited shall be at least Section Chief of either the Construction Division, Maintenance Division, or Quality Assurance and Hydrology Division.</p>
District Engineering Office	<p>* The Section Chief (<i>or its authorized representative</i>) of the following offices:</p> <ul style="list-style-type: none"> - Construction Section - Maintenance Section - Planning and Design Section - Quality Assurance and Hydrology Section <p><i>Note :</i></p> <p>(*) The authorized representative as cited shall be at least Unit Head of the Construction Section, Maintenance Section, Planning and Design Section, or Quality Assurance Section.</p>

The standard forms for the CFA, Acceptance Inspection Report, and the Final Acceptance Inspection Report in the latest issued Department Order (*i.e. **Standard Forms in Project Implementation***) shall be adopted.

III. Procedures for the Issuance of Certificate of Final Acceptance

The Head of the Implementing Office shall issue the Certificate of Final Acceptance to the contractor provided that all three (3) conditions are met:

- a. The one-year Defects Liability Period (DLP) has lapsed;
 - b. All defects/ deficiencies during the DLP, if any, shall have been repaired by the contractor to the satisfaction of the Inspectorate Team; and
 - c. Submission of the Warranty Certificate by the Contractor in accordance with the provisions of Sections 62.2.3.3 and 62.2.3.4 of the same IRR (or any latest issuance).
1. At least three months (3 mos.) prior to the lapse of the DLP, the DPWH Project Management Team (PrMT) composed of the assigned Field Engineers (composition shall be the same with Annex 1 of this guidelines) may conduct a preliminary inspection jointly with the contractor and prepare and submit an Acceptance Punchlist Report duly signed by both parties which shall contain list of work defects/ deficiencies for necessary corrections.

The standard form for the Acceptance Punchlist Report in the latest issued Department Order (*i.e. **Standard Forms in Project Implementation***) shall be adopted..

2. **Prior** to the lapse of the DLP (at least 1 month), after the defects/ deficiencies in the issued Acceptance Punchlist Report was corrected and rectified by the contractor, *if there's any*, the DPWH-PrMT shall notify the contractor on the impending issuance of the Certificate of Final Acceptance. At the same time, the following documents shall be submitted by the concerned Implementing Office (IO) to the Bureau of Quality and Safety (BQS), in case of Central Office implemented projects, or the concerned Implementing Unit (IU) to the Head of IO, in case of Regional/ District Office implemented projects.

- Final Completion Inspection Report
- Certificate of Completion
- Approved As-Built Plans
- Warranty Security
- Acceptance Punchlist Report, *if there's any*.

3. **After** the lapse of Defects Liability Period (DLP), the Head of IO shall notify the contractor in writing of the conduct of inspection for the acceptance of the project. The said letter shall include an instruction to the contractor to submit the warranty certificate as required under Section 62.2.3.3 and 62.2.3.4 of the Revised IRR of RA 9184 (or any latest issuance). At the same time, the Undersecretary for Technical Services thru the BQS for Central Office (CO) implemented projects and the Head of IO for RO/DEO – implemented projects, shall instruct the Inspectorate Team as enumerated under Section II hereof, to conduct an inspection of the project and to prepare and submit its Acceptance Inspection Report within fifteen (15) days, indicating any construction defects/deficiencies found and the corresponding measures that the contractor must undertake to correct them. If no defects/deficiencies are noted, the report is considered the Final Acceptance Inspection Report.

The Notification Letter to the contractor shown in Appendix "C" shall be adopted.

4. The timeframe from the lapse of the one-year DLP of the project up to the conduct for inspection for acceptance shall not exceed ***thirty (30) calendar days*** for projects implemented by the Central, Regional, and District Engineering Offices.
5. During the assessment, the Inspectorate Team must undertake the following, among others:
- a. Check the condition of the completed structures and categorize defects according to the following:
 - due to ordinary wear and tear;
 - due to use of poor quality materials; and
 - due to other factors
 - b. Take geotagged photographs of noted defects.

- c. Verify whether defects/ deficiencies in the issued Acceptance Punchlist Report have been corrected/ rectified. If found that the contractor did not comply in the issued Acceptance Punchlist Report, the Inspectorate Team shall include in their findings and recommendations regarding Blacklisting of the contractor in accordance to Section 6.2 Appendix 17 of the Revised IRR of RA 9184 (or any latest issuance).

In case of validation of corrective works, the Inspectorate Team must check corrective actions undertaken on noted non-compliance in the previous Inspection Report for Acceptance. It shall be duly supported with geotagged pictures taken before, during and after the rectification.

6. Based on the Inspection Report, the Head of the IO shall issue to the contractor a Notice of Defects/ Deficiencies and Required Corrective Repair Works, with the instructions for the contractor to commence the repair works within **seven (7) days** and to complete within **ninety (90) days**, from receipt of the aforesaid Notice.

The standard form for the Notice of Defects/ Deficiencies in the latest issued Department Order (*i.e. **Standard Forms in Project Implementation***) shall be adopted.

If the Inspectorate Team notes no defects/ deficiencies upon the first inspection prior to the issuance of the Certificate of Final Acceptance, the Team shall duly note this in the Final Acceptance Inspection Report.

In case of failure or refusal of the contractor to comply with the required Corrective Actions as indicated in the Notice of Defects and Deficiencies, the Procuring Entity shall undertake such repair works and shall be entitled to full reimbursement of expenses incurred therein upon demand, and post-disqualify the contractor in any DPWH Procurement to which the contractor participated.

If the contractor fails to comply with its obligations under the first paragraph of Sub-Section III.5 hereof, the Procuring Entity shall forfeit the contractor's performance security, subject its property(ies) to attachment or garnishment proceedings, and perpetually disqualify it from participating in any competitive bidding. All payables of the GoP in his favor shall be offset to recover the costs.

7. Upon receiving advice from the contractor that the defects/ deficiencies in the said Notice have been corrected, the Undersecretary for Technical Services thru the BQS for CO-implemented projects and the Head of IO for RO/DEO – implemented projects shall instruct the same Inspectorate Team to conduct an inspection of the project and to submit its Acceptance Inspection Report within seven (7) days. If the report shows that the defects/ deficiencies have been satisfactorily corrected, the report is considered as the Final Acceptance Inspection Report. Otherwise, the process is repeated until the noted defects/ deficiencies have been satisfactorily corrected.

The standard form for the Acceptance Inspection Report and Final Acceptance Inspection Report in the latest issued Department Order (*i.e. **Standard Forms in Project Implementation***) shall be adopted.

8. The Head of the IO may initiate instruction to the DPWH-PrMT to conduct assessment (in accordance with Sub-Section III.5 hereof except item c) of the completed project at any time within the period of the DLP for any manifestation of defects or non-conformities on the completed project. After the conduct of assessment, the DPWH-PrMT shall prepare and submit Inspection Report within fifteen (15) days, indicating any construction defects/ deficiencies found and the corresponding measures that the contractor must undertake to correct them.
 - (a) Based on the Inspection Report, the Head of the IO shall issue to the contractor a Notice of Defects/ Deficiencies which shall be the same as with the first paragraph of Sub-Section III.6 hereof.
 - (b) The contractor shall undertake the repair works, at his own expense, of any noted defects/ deficiencies in the Notice of Defects/ Deficiencies within 90 days after receipt of such Notice. In case of failure or refusal to comply with this mandate, fourth and fifth paragraphs of Sub-Section III.6 hereof, shall apply.
 - (c) After the contractor has completed the repair works, he shall submit Notice to the Head of IO. The DPWH-PrMT thru the instruction from the Head of the IO shall re-assess and revalidate the said completed repair works of the contractor in accordance with Sub-Section III.5 hereof. Likewise, the DPWH-PrMT shall prepare and submit Inspection Report within (7) days. If the report shows that the defects/ deficiencies have not been satisfactorily corrected or repaired, the process in Sub-Section III.7 hereof is repeated until the same has been satisfactorily corrected.
9. If the contractor commits any of the following, the Head of Implementing Office shall initiate Blacklisting Procedure, pursuant to Section 6.2 Appendix 17 of the Revised IRR of RA 9184 (or any latest issuance):
 - a. Fails and/ or refuses to submit the required warranty bond prior to the issuance of the Certificate of Final Acceptance as lawfully instructed in Section III.2 hereof
 - b. Fails and/ or refuses to institute Corrective Repair Works within the timeframe as lawfully instructed and stipulated in the Notice of Defects and Deficiencies.

Section 6.2 Appendix 17 of the Revised IRR of RA 9184:

Where contract termination is no longer possible, but the contractor committed acts or causes which may constitute ground(s) for blacklisting, the implementing unit shall, within seven (7) days after the lapse of project duration, cause the execution of a Verified Report, with all relevant evidence attached, subject to the following procedures:

- (a) *Notice of Blacklisting. Upon recommendation by the Implementing Unit, the Head of Procuring Entity shall initiate the blacklisting procedures by a written notice to the contractor conveying the following information:*
 - (1) *a statement of the acts that constitute the ground(s) for blacklisting;*
 - (2) *an instruction to the contractor to show cause as to why it should not be blacklisted; and*

(3) special instructions of the Procuring Entity, if any.

The Notice of Blacklisting shall be accompanied by a copy of the Verified Report.

- (b) Show Cause. Within a period of seven (7) calendar days from receipt of the Notice of Blacklisting, the contractor shall submit to the Head of the Procuring Entity a verified position paper stating why it should not be blacklisted.*

If the contractor fails to show cause after the lapse of the seven (7) day period, either by inaction or by default, the Head of the Procuring Entity shall issue a Blacklisting Order.

- (c) Decision. Within a non-extendible period of ten (10) calendar days from receipt of the verified position paper, the Head of the Procuring Entity shall decide whether or not to blacklist the contractor. It shall serve a written notice to the contractor of its decision which shall become final and executory after the lapse of seven (7) calendar days from the receipt of the notice of decision.*

10. For dredging/desilting projects, the specific item of work on dredging/desilting is exempted from the one-year defects liability period pursuant to Sub-Section 62.2.3.2 of the revised IRR of R.A. 9184 (or any latest issuance) which covers only permanent, semi-permanent, and other structures.
11. Upon receiving the Final Acceptance Inspection Report, the Head of the IO shall issue the Certificate of Final Acceptance.
12. The Certificate of Final Acceptance shall be forwarded to the Infrastructure Group, Accounting Division immediately after the issuance for the timely preparation of the journal entry to reflect the derecognition of the completed project/asset from the books of accounts of the Department and indicate the turnover to the Regional Office (RO)/District Engineering Office (DEO)/Other National Government Agency (NGA)/Local Government Unit (LGU) having jurisdiction over the asset which shall be responsible for its maintenance and operation.
13. The Journal Entry Voucher (JEV) and Subsidiary Ledger (SL) shall be forwarded by the Finance Service to the concerned RO/DEO/NGA/LGU for it to recognize the transferred/donated asset in its books of accounts.
14. The RO/DEO/LGU shall furnish the Finance Service of the JEV and SL recognizing the asset in its books of accounts.

PROCEDURES IN COMPUTING THE LIQUIDATED DAMAGES

I. CONDITIONS

- a. Liquidated Damages is when the contract duration expires, including any time extension duly granted, and where the Contractor refuses or fails to satisfactorily complete the work in accordance with plans and specifications.
- b. Liquidated Damages is an amount equal to at least one tenth (1/10) of one (1) percent of the cost of the unperformed portion of the works for every day of delay.
- c. The Procuring Entity shall impose liquidated damages if the delay is found to be attributable to the fault of the Contractor.
- d. The Procuring Entity determines the usability of the project. A project or a portion thereof may be deemed usable when it starts to provide the desired benefits as certified by the targeted end-users and the concerned Procuring Entity.
- e. The Procuring Entity does not have to prove that it has incurred actual damages. Such amount shall be deducted from any money due or which may become due the Contractor under the contract or collect such liquidated damages from the retention money or other securities posted by the Contractor, or a combination thereof, whichever is convenient to the Procuring Entity.
- f. In case the total sum of liquidated damages reaches ten percent (10%) of the total contract price, the Procuring Entity has the following options:
 - i. Terminate the contract pursuant to the Guidelines on Termination of Contract and forfeit the erring Contractor's performance security. After termination, the Procuring Entity may either (i) take over the contract; or (ii) resort to any of other alternative methods of procurement provided under R.A. No. 9184 and its 2016 revised rules and regulations; or
 - ii. Allow the Contractor to continue the works without prejudice to the continued imposition of liquidated damages until the works have been completed. This does not, however, preclude the Procuring Entity in resorting to Termination of Contract under Annex I of the 2016 revised IRR of RA No. 9184.

II. PROCEDURES

1. With Negative Slippage upon Completion of the Project:
 - a. Upon reaching 100% Planned Accomplishment of the project and the Actual Physical Accomplishment is behind schedule, or if it incurred a negative slippage due to the fault of the Contractor, the IO shall impose liquidated damages to the Contractor.

- b. If the actual Physical Accomplishment of the project reached 100%, the Contractor or the DPWH Project Management Team (PMT) shall immediately notify the Head of IO containing its declaration as to the completion date and its request for the conduct of Inspection for Completion.
 - c. Upon issuance of Certificate of Completion (CoC), certifying that the project has been satisfactorily completed as of the date indicated in the Final Completion Inspection Report, the computation of Liquidated Damages of the unperformed portion of the works for every day of delay of the project is up to the date completed indicated in the said COC.
2. Without Negative Slippage upon Completion of the Project but with noted defects/ deficiency after the conduct of 2nd, 3rd . . .nth Inspection for Completion :
- a. Upon reaching 100% Physical Accomplishment of the project, the Contractor or the DPWH Project Management Team (PMT) shall immediately notify the Head of IO containing its declaration as to the completion date and its request for the conduct of Inspection for Completion.
 - b. If the Inspectorate Team observes defects/ deficiencies which have not yet been corrected during the conduct of 2nd, 3rd, . . .nth Inspection for Completion, the I.O. shall impose liquidated damages to the Contractor.
 - c. Likewise, the date completed to be declared in the COC shall be the date when the corrective measures were found acceptable by the Inspectorate Team as indicated in the Final Completion Inspection Report.
 - d. Upon issuance of COC, certifying that the project has been satisfactorily completed as of the date indicated in the Final Completion Inspection Report, the date completed indicated in the COC shall be used as reference in the imposition of the Liquidated Damages.
 - e. Hence, the computation of Liquidated Damages of the unperformed portion of the works for every day of delay of the project is up to the date completed indicated in the COC.
 - f. Otherwise, if the repair works on the noted defects/ deficiencies were completed within the period prescribed and found acceptable during the conduct of 2nd Inspection for Completion, no liquidated damages shall be imposed.
3. Without Negative Slippage upon Completion of the Project but with noted structural defects/ failures and non-conformance with the approved Plans and Specifications after the conduct of 1st Inspection for Completion:
- a. Upon reaching the 100% Physical Accomplishment of the project, the contractor or DPWH-PMT shall immediately notify the Head of IO containing its declaration as to the completion date and its request for the conduct of Inspection for Completion.

- b. If the Inspectorate Team observes structural defects/ failures and non-conformance with the approved Plans and Specifications during the conduct of Inspection of Completion (regardless if it is the 1st conduct of inspection), the I.O. shall impose liquidated damages to the contractor.
- c. The date completed to be declared in the CoC shall be the shall be the date when the corrective measures were found acceptable by the Inspectorate Team as indicated in the Final Completion Report.
- d. Upon issuance of CoC, certifying that the project has been satisfactorily completed as of the date indicated in the Final Completion Inspection Report, the date completed indicated in the CoC shall be used as reference in the imposition of LD.
- e. Hence, the computation of LD of the unperformed portion of the works for every day of delay of the project is up to the date completed indicated in the CoC.

III. COMPUTATION

1. Cost of LD per day of delay:

$$\text{Liquidated Damages (LD)} = \frac{1}{10} [0.01 \times (\text{Cost of Unperformed Works})]$$

2. Total Cost of LD of the project up to the issuance of COC:

$$\text{Total Cost of Liquidated Damages (LD)} = (\text{LD}) \times (\text{No. of days of delay})$$

3. The number of days of delay refers to the period after contract expiry until the date completed as indicated in the Certificate of Completion.

APPENDIX B

Date :

CERTIFICATE OF TURN-OVER

The **(*Contract Name)** undertaken by **(Contractor)**, satisfactorily completed in accordance with the approved Plans and Specifications, is hereby officially turned-over to the *(Name of the Agency/ LGU concerned)*.

NAME & SIGNATURE

Head of Implementing Office

ACKNOWLEDGED BY:

NAME & SIGNATURE

Authorized Representative/ Proponent

Date : _____

APPENDIX C

Date : _____

**NOTIFICATION LETTER
(Conduct of Inspection for Final Acceptance)**

(Name of the Contractor)
(Address of the Contractor)
(Fax and Contact Number of the Contractor)

Dear Sir / Madame:

As the one-year Defects Liability Period (DLP) from the effectivity of the Issuance of the Certificate of Completion (CoC) for the (*Contract ID, Project Name and Location*) has already lapsed, the Inspectorate Team shall conduct inspection for the final acceptance of the project prior to the Issuance of the Certificate of Final Acceptance.

Likewise, you are hereby directed to submit a **warranty certificate** prior to the issuance of Certificate of Final Acceptance within the timeframe provided hereunder, whichever is applicable:

- a. Within thirty calendar days (30 c.d.) from receipt hereof, in case of no defects/ deficiencies noted in the initial conduct of inspection for final acceptance by the Inspectorate Team; or
- b. Upon acceptance of corrective/ repair works by the Inspectorate Team based on the issued Notice of Defects/ Deficiencies in case of noted defects/ deficiencies by the said Inspectorate Team in the conduct of inspection for final acceptance, but prior to the issuance of the Certificate of Final Acceptance by this Office.

Failure to comply with the instruction as herein stated may compel this office to initiate appropriate measures such as blacklisting as provided under Section 6.2 Appendix 17 of the Revised IRR of RA 9184.

Very truly yours,

NAME & SIGNATURE

Head of Implementing Office

Conforme:

NAME & SIGNATUREAuthorized Representative
Contractor

Date : _____