



Republika ng Pilipinas  
**KAGAWARAN NG PAGAWAIN AT LANSANGANG PAMBAYAN**  
**TANGGAPAN NG KALIHIM**  
Maynila

JAN 06 2003

DEPARTMENT ORDER

NO. **20**  
Series of 2003 *Jan 7.03*

SUBJECT: SPECIAL BUDGET FOR  
ENGINEERING AND  
ADMINISTRATIVE  
OVERHEAD

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In line with the Department's current reform efforts in streamlining and strengthening of policies and procedures, the following procedures are to be strictly followed for developing and implementing the Special Budget for Engineering and Administrative Overhead (EAO).

1. The Budget Division of Comptrollership and Financial Management Service (CFMS) shall determine the draft EAO Special Budget ceiling by Implementing Office based upon the DPWH National Expenditure Program (NEP). The EAO percentages of project costs to establish the ceiling for the Special Budget shall follow Department Order No. 113 of 2002.
2. The Budget Division shall provide each Implementing Office their respective draft EAO Special Budget ceiling for the year, and provide procedures how to prepare the EAO Special Budget within five (5) working days of the closing of Congressional Hearings. The Implementing Offices shall follow the form attached as Annex A for preparing this EAO Special Budget.
3. Each Implementing Office shall prepare a detailed EAO Special Budget following the procedures provided by Budget Division that does not exceed the draft budget ceiling provided. The Bureau of Equipment (BOE) shall prepare the draft EAO Special Budget for the one-half percent (0.5%) for acquisition, rehabilitation, and repair of equipment and parts. All EAO Special Budgets must provide complete detailed justification for the Special Budget request.
4. All Implementing Offices must submit their EAO Special Budget proposal to the Budget Division for centrally managed projects, or the respective Regional Budget Section for Regional and District Office managed projects within ten (10) working days of receipt of the draft budget ceiling. Any Implementing Office that does not submit their EAO Special Budget proposal within the required time period will not have an EAO Special Budget established.
5. The Budget Division shall conduct budget hearings for each Implementing Office for centrally managed projects, under the direction of the Undersecretary for Finance and Administration (respective Regional Budget Section for Regional and District Offices under the direction of the Regional

Director) to review, clarify, require changes, reject and/or recommend approval of each EAO Special Budget. Any EAO Special Budget that is required to have changes made, or that is rejected must be resubmitted within three (3) working days after the budget hearing. The Budget Division (Budget Section) may then require further budget hearings for the revised EAO Special Budget. If the revised EAO Special Budget is not submitted as required, then the Implementing Office will not have an EAO Special Budget established.

6. Upon approval of the General Appropriation Act (GAA) the Budget Division (Budget Section) shall notify each Implementing Office of any changes to the EAO budget ceiling within two (2) working days of the approval of the GAA. Each Implementing Office shall submit the final EAO Special Budget if changes are required, within five (5) working days of the approval of the GAA. Any Implementing Office that does not submit the final Special Budget within the required time period will not have an EAO Special Budget established.
7. If significant changes are required for an Implementing Office's final EAO Special Budget Proposal, the Budget Division (Budget Section) may require further budget hearings.
8. The Budget Division (Budget Section) shall consolidate the final overall EAO Special Budget request for the Office, and prepare the EAO Special Budget request, within fifteen (15) working days of the approved GAA. The Secretary must approve the EAO Special Budget request for the Central Office. The respective Regional Director must approve the EAO Special Budget request for their respective Regional and District Offices.
9. Upon approval of the EAO Special Budget, the Budget Division (Budget Section) shall notify each Implementing Office of their approved EAO Special Budget, within two (2) working days of receipt of the approval.
10. Implementing Offices shall not incur any obligations or make any expenditure against their respective EAO Special Budget until they have been officially notified of the approval of their respective EAO Special Budget.
11. All obligations and expenditures must be made within their approved EAO Special Budget. If an EAO Special Budget has not been established and approved, then the Implementing Office is not authorized to incur any EAO obligations or expenditures at all.
12. Each Implementing Office shall submit a Quarterly Disbursement Report of actual EAO expenditures (including comparison with the approved EAO Special Budget) within fifteen (15) working days of the end of each quarter to the Budget Division. In the Central Office, this shall be submitted to the Director of CFMS who will then forward it to the DBM, Congress, and the Senate. In Regional and District Offices, this shall be submitted to the respective Regional Director who will forward it to the DBM, Congress, and the Senate, and furnish a copy to the CFMS Director in the Central Office. If an accurate Quarterly Disbursement Report is not submitted in the prescribed

format within the required time period, then the Implementing Office is not authorized to incur any further EAO obligations or expenditures until such time as the Quarterly Disbursement Report has been submitted.

13. A revised EAO Special Budget may be prepared by the Implementing Office no later than one month before the DBM Agency Performance Review. The Budget Division (Budget Section) shall establish procedures and time periods for preparation and submission of the revised EAO Special Budget that are consistent with this Department Order. Implementing Offices may submit a revised EAO Special Budget proposal within the approved EAO Special Budget ceiling only if project needs require it.
14. Whenever a Special Purpose Fund including Outside Infrastructure Projects have been approved to be utilized, and the GAA allows for EAO funds, the Implementing Office must prepare an EAO Special Budget proposal and submit it to the Budget Division (Budget Section). This includes an update from the BOE for the one-half percent (0.5%) for acquisition, rehabilitation, and repair of equipment and parts. The Budget Division (Budget Section) shall then follow the same procedures in this Department Order for reviewing and submitting the EAO Special Budget request. No obligations or expenditures may be incurred until DBM has approved this additional EAO Special Budget.
15. For purposes of this Department Order and EAO Special Budgets, Implementing Offices shall include all Department Offices including but not limited to Services, Bureau's, Project Management Offices, Project Offices, Regional Offices, Regional Equipment Services, District Offices, and Sub-District Offices.

Any violation of these policies and procedures shall subject the erring employee or official to immediate sanctions that shall include relief, suspension and/or dismissal in accordance with the Civil Service rules and regulations and other pertinent laws and regulations.

This Order shall take effect immediately and supersede all previous Department Orders and other issuances or any provision thereof that are inconsistent herewith.

  
SIMEON A. DATUMANONG  
Secretary