



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

997.13.1 DPWH
19-4556
05.22.2019

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DEPARTMENT ORDER)

52)

Series of 2019 05.22.19)

SUBJECT: Breakdown of the Allocation of the Authorized 3.5% Deductions from Project Civil Works Cost for Engineering and Administrative Overhead (EAO) under FY 2019 GAA, DPWH Budget

Section 13, Special Provisions of the General Appropriations Act (GAA) FY 2019, states that:

Sec. 13. **Project Related Expenses.** For infrastructure projects costing more than One Million Pesos (P1,000,000.00), the DPWH is authorized to deduct, but not to exceed the following percentages of the **project civil works cost**, to be used for: (1) EAO expenses or (ii) MOOE....

- a) Three and one-half percent (3.5%) for releases to the Central Office;
- b) Two and one-half percent (2.5%) for releases to the Regional Office
- c) Two percent (2%) for releases to the District Engineering Office
- d) One percent (1%) for infrastructure projects under the Local Infrastructure Program undertaken by the Central Office, ROs or DEOs; and
- e) One-half (0.5%) percent for infrastructure projects of other agencies undertaken by the Central Office, ROs, or DEOs.

For EAO expenses, the same shall be limited to: (i) administrative overhead including the hiring of individuals engaged through job-orders or contracts of service or such other engagement of personnel without any employer-employee relationship; (ii) pre-construction activities after detailed engineering; (iii) construction project management (iv) testing and quality control; (v) acquisition, rehabilitation and repair of related equipment and parts; (vi) contingencies in relation to pre-construction activities. The EAO expenses shall be treated or booked-up as capitalized expenditures and form part of the project cost.

Disbursements or expenditures by DPWH in violation of the above requirements shall be void and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5 and Section 80, Chapter 7, Book VI of E.O. No. 292, and to appropriate criminal action under existing penal laws.

Pursuant to the above, the breakdown of allocation of the authorized Engineering and Administrative Overhead Expenses from Project Civil Works Cost is as follows:

For Foreign-Assisted Projects:

Percentage of Deductions/Retentions from Project Civil Works Cost				
Central Office (CO)/PMO	Equipment	Reg'l Office (RO)	District Eng'g Office (DEO)	TOTAL
2.25%	0.25%	0.25%	0.75%	3.50%

For Locally-Funded Projects:

Percentage of Deductions/Retentions from Project Civil Works Cost				
Implementing Office	Central Office (CO)	Regional Office (RO)	District Eng'g Office (DEO)	TOTAL
Central Office / PMO- Implemented	2.00%	0.50%	1.00%	3.50%
RO -Implemented	.50%	2.00%	1.00%	3.50%
DEO- Implemented	.50%	0.50%	2.50%	3.50%

For those directly released to the Regional Offices and District Offices, which are authorized to deduct not more than 2.50% and 2.00%, respectively, of project civil works cost for EAO expenses, the breakdown of allocation which shall apply to locally-funded projects, shall be as follows:

For Directly Released to RO and DEO:

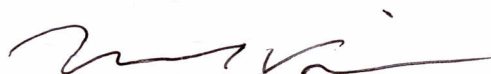
Implementing Office	Percentage of Deduction/Retentions from Project Civil Works Cost		TOTAL
	Regional Office (RO)	District Engineering Office (DEO)	
RO – Implemented	2.00%	0.50%	2.50%
DEO – Implemented		2.00%	2.00%

For Local Infrastructure Program, an EAO of one percent (1%) and for infrastructure projects of other agencies undertaken by DPWH Central Office/RO/DEO, an EAO of one-half percent (.50%) of the project cost per Section 13 (d) and (e) of the Special Provisions of the GAA, shall be imposed and shall be released to the Implementing Unit.

It is provided further that the engineering and administrative overhead expenses shall not be authorized for infrastructure projects costing One Million (P1,000,000.00) and below.

This Order supersedes Department Order No. 04 series of 2018 and shall take effect immediately.

Please be guided accordingly.



MARK A. VILLAR
Secretary

Department of Public Works and Highways
Office of the Secretary



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