



Republic of the Philippines  
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
**CENTRAL OFFICE**  
Manila

097.13 DAWH  
09-24-2016

15 SEP 2016

DEPARTMENT ORDER )

NO. 193 )

Series of 2016 )

SUBJECT: Administrative Action on Contracts  
with Negative Slippage in Accordance  
with the Revised IRR of R.A. 9184 )

In line with the Department's goal to deliver projects on time, these guidelines concerning contracts with negative slippage attributable to the contractor are hereby issued, in accordance with the IRR of R.A. 9184 and related Department issuances:

**A. Calibrated Actions**

- A.1 Negative slippage of 5% ("Early Warning" Stage): The contractor shall be given a warning and required to submit a detailed "catch-up" program on a fortnightly (two weeks) basis to eliminate the slippage. The contractor shall commit to accelerate his work and shall identify specific physical targets to be accomplished over a defined time period. Furthermore, the contractor shall be instructed to specify the additional input resources - money, manpower, materials, equipment, and management - which he should mobilize for this action program. The Implementing Office shall exercise closer supervision and meet the contractor every other week to evaluate the progress of work and resolve any problems and bottlenecks.
- A.2 Negative slippage of 10% ("ICU" Stage): The contractor shall be issued a final warning and required to come-up with a more detailed program of activities with weekly physical targets, together with the required additional input resources. On-site supervision shall be intensified and evaluation of project performance shall be done at least once a week. At the same time, the Implementing Office shall prepare contingency plans for the termination of the contract and/or take-over of the work by administration or contract.
- A.3 Negative slippage of 15% or more ("Terminal" Stage): In accordance with the IRR of R.A. 9184, the Implementing Offices shall initiate termination of the contract and/or take-over of the remaining work by administration or assignment to another contractor/appropriate agency. Proper transitory measures shall be taken to minimize work disruptions, e.g., take-over by administration while negotiation or rebidding is on-going. Procedures for termination of contracts under Item IV, Appendix 4-Guidelines on Termination of Contract shall be strictly followed.

## **B. Penalty:**

The procuring entity shall disqualify the contractor from participating in the bidding or award of contract for infrastructure projects if his firm incurred a delay in any of his ongoing contracts (government and private) which is considered attributable to him, pursuant to the provisions of IRR of RA 9184, in any of the following cases:

- B.1 Where the firm incurred a negative slippage of at least 15% of his on-going contract in accordance with Section 34.3.b.ii of Rule X – Post Qualification, of RA 9184;
- B.2 Where the delay in the completion of work has exceeded the time duration equivalent to ten percent (10%) of the specified contract time plus any approved time extension. The same shall be subject for rescission in accordance with Section 8.4 of Annex E of RA 9184; or,
- B.3 Where the total sum of liquidated damages has exceeded ten per cent (10%) of the total contract price. The same shall automatically be taken over by the procuring entity or awarded to a qualified contractor through negotiation in accordance with Section 8.5 of Annex E of RA 9184.

Any approval of time suspension/extension shall strictly comply with the existing provisions under Annex E of the Revised IRR of R.A. 9184 and D.O. No. 144, series of 2016, or any latest issuance relative to the said D.O.

In all cases, the Head of the Implementing Office shall be held accountable for the success or failure of project implementation, including the slippages incurred and the elimination thereof.

The concerned Head of the Implementing Office shall see to it that this Order is strictly enforced. Failure to do so shall, after due process, make him and other officials/employees involved liable to the penalties prescribed for violation of reasonable office rules and regulations. For violation in the non-imposition of penalties under Item B - Penalty, pursuant to Section 46, F(3) of Civil Service Resolution No. 1101502 dated November 8, 2011:

1 <sup>st</sup> Offense	–	Reprimand
2 <sup>nd</sup> Offense	–	Suspension for 1 – 30 days
3 <sup>rd</sup> Offense	–	Dismissal

For violation in the non-observance of calibrated actions under Item A, the guidelines provided under Item 2.0-Physical Accomplishment of the Memorandum dated November 26, 2014 (Additional Guidelines on the Imposition of Administrative Sanctions on Erring Employees Involved in Project Implementation and Processing of Project Documents) shall be imposed.

Attached herewith as Annex A-1, Annex A-2, and Annex A-3 are the standard forms in the issuance of calibrated actions on contracts with negative slippage.

The Monitoring and Implementing Guidelines and Procedures of sanction mechanisms is provided in Annex B of this DO.

This Order takes effect immediately and supersedes the following issuances:

- 1) D.O. 37, series of 2015 – *Disqualification of Contractors with Liquidated Damages on Ongoing DPWH Infrastructure Projects*;
- 2) D.O. 102, series of 1988 - *Calibrated Actions on Contracts with Negative Slippages*;
- 3) D.O. 142, series of 1989 - *Contracts with Negative Slippages of 15% or more*; and
- 4) D.O. 202, series of 1993 - *Right of Contractor to be Heard before Rescission of his Contract*.

  
**MARK A. VILLAR**  
Acting Secretary

6.1 AMD/WRO

Department of Public Works and Highways  
Office of the Secretary



WIN6W01958



Republic of the Philippines  
**DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS**  
**OFFICE OF THE \_\_\_\_\_**  
[Implementing Office]  
[Address]

\_\_\_\_ (Date of Issuance) \_\_\_\_

**(Authorized Managing Officer)**

Position  
Company/Firm  
Complete Address

**SUBJECT : Notice for the Negative Slippage  
1<sup>st</sup> Warning (Early Warning Stage)**

Dear Mr./Ms. (Last Name):

This refers to your contract (Name of Project) in the amount of ₱ (Contract Amount). Please be informed that as of (date the accomplishment was computed), you have incurred a negative slippage of (-) \_\_\_\_ % due to your fault caused by (state the reason e.g. limited equipment, materials, manpower, etc.), which now falls under the **"Early Warning Stage"** pursuant to Department Order No. 193, Series of 2016 – Administrative Action on Contract with Negative Slippages in Accordance with the Revised IRR of R.A. 9184.

Based on the approved PERT/CPM Network, the planned accomplishment is \_\_\_\_ % while your actual accomplishment is only \_\_\_\_ %.

In view hereof, you are hereby directed to submit a detailed "catch-up" program on a fortnightly (two weeks) basis to eliminate the slippage.

In the action program being required, specify therein the additional input resources such as money, manpower, materials, equipment, and management to cope up and meet the desired result accordingly.

Your immediate compliance on this matter is hereby sought.

Very truly yours,

**(Head of Implementing Office)**

Position

Office Code (e.g. R07.2.JPS/AGC)  
(File Name)





Republic of the Philippines  
**DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS**  
**OFFICE OF THE \_\_\_\_\_**  
[Implementing Office]  
[Address]

\_\_\_\_\_  
(Date of Issuance)

**(Authorized Managing Officer)**

Position  
Company/Firm  
Complete Address

**SUBJECT : Notice for the Negative Slippage  
Final Warning (ICU Stage)**

Dear Mr./Ms. (Last Name):

This refers to your contract (Name of Project) in the amount of ₱ (Contract Amount). Please be informed that as of (date the accomplishment was computed), you have incurred a negative slippage of (-) \_\_ % due to your fault caused by (state the reason e.g. limited equipment, materials, manpower, etc.), which now falls under the **"ICU Stage"** pursuant to Department Order No. 193, Series of 2016 – Administrative Action on Contract with Negative Slippages in Accordance with the Revised IRR of R.A. 9184.

Based on the approved PERT/CPM Network, the planned accomplishment is \_\_ % while your actual accomplishment is only \_\_ %.

In view hereof, you are hereby directed to submit with a more detailed program of activities with weekly physical targets, together with the required additional input resources to accelerate your work accomplishment and reduce the slippage over a defined time period.

On-site supervision shall likewise be intensified and evaluation of project performance shall be done at least once a week.

Your immediate compliance on this matter is hereby sought.

Very Truly Yours,

**(Head of Implementing Office)**

Position

Office Code (e.g. R07.2.JPS/AGC)  
(File Name)



Republic of the Philippines  
**DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS**  
**OFFICE OF THE \_\_\_\_\_**  
[Implementing Office]  
[Address]

\_\_\_\_\_  
(Date of Issuance)

**(Authorized Managing Officer)**

Position  
Company/Firm  
Complete Address

**SUBJECT : Notice to Terminate Contract  
(Terminal Stage)**

Dear Mr./Ms. (Last Name):

This refers to your contract (Name of Project) in the amount of ₱ (Contract Amount). Please be informed that as of (date the accomplishment was computed), you have an actual accomplishment of \_\_\_ % versus the planned accomplishment of \_\_\_ %, thus, you have incurred a negative slippage of (-) \_\_\_ % due to your fault caused by (state the reason e.g. limited equipment, materials, manpower, etc.), which now falls under the **"Terminal Stage"**.

Pursuant to Section III.A.2.a Appendix 4 of R.A. 9184 and Department Order No. 193, Series of 2016 – Administrative Action on Contract with Negative Slippages in Accordance with the Revised IRR of R.A. 9184, the implementing office shall initiate the termination of contract.

In view hereof, you are directed to **"show cause"** within seven (7) calendar days from receipt hereof why your contract should not be terminated, pursuant to Section IV.3 Appendix 4 of R.A. 9184.

Your immediate compliance on this matter is hereby sought.

Very truly yours,

**(Head of Implementing Office)**

Position

Office Code (e.g. R07.2.JPS/AGC)  
(File Name)

**MONITORING AND IMPLEMENTING GUIDELINES AND PROCEDURES OF  
SANCTION MECHANISMS OF DEPARTMENT ORDER NO. 193, series of 2016**

**I. For Penalty "b", Non-observance of Calibrated Actions of the DO**

Step	Guideline/Procedure	Responsible Office	Prescribed Time (working day)
1.	All IOs shall reflect in the Project Monitoring System (PMS)/Project Management Office-Monitoring System (PMO-MS) under the Project Profile Module (Attachments 1 & 2) or in the Contract Management Module of the Project and Contract Management Application (PCMA) (Attachment 3) the detailed and updated project information as required in the submission of Physical Status/Accomplishments for all infrastructure projects, pertaining to specific reasons of project delays. The reasons of delay shall be categorically stated as whether delay is due to contractor's fault or not.	Implementing Offices (IOs) (DEO/RO/UPMO)	On or before the 30 <sup>th</sup> day of the month in the PMS/PMO-MS for FY 2015 and prior years' projects  On or before the last calendar day of the month in the PCMA for FY 2016 projects and onwards
2.	All IOs concerned shall submit to BOC, thru the Project Monitoring Division (PMD), the list of contracts incurring (-)10% slippage and above, together with the documents relative to their action taken, in accordance with the requirements stipulated in the DO for projects with delay attributable to the contractor (i.e., Notices, Intent to Terminate, catch-up plans, etc.)	Implementing Offices (IOs)	On or before the 5 <sup>th</sup> day of the month
3.	BOC-PMD, shall generate and validate the list of projects/contracts incurring (-)10% slippage and above due to contractor's fault, based on the submission of the IO.  The concerned Undersecretary/Assistant Secretary for Operations shall be provided copy of the list of projects/contracts incurring (-)10% slippage and above due to contractor's fault.	BOC-PMD	Every 5 <sup>th</sup> day of the month
4.	QAU and CPES Teams who conducted project assessments shall furnish BOC, thru BQS, a copy of the list of implementing offices who did not comply with the provisions of this DO, for additional information and reference, aside from the reports coming from the IOs.	QAU & CPES Teams	Within five (5) days after conduct of inspection
5.	BOC shall prepare a Memorandum for signature of the Undersecretary/Assistant Secretary for Operations to all IOs concerned requiring them to explain/justify their action/inaction on the observance of the Department Order.	BOC, U/Sec and A/Sec for Operations concerned	Every 7 <sup>th</sup> day of the month

6.	Concerned IOs, who were issued Memorandum for non-observance/non-compliance to this DO, shall submit explanation/justification to BOC why sanction shall not be imposed on them.	Implementing Offices (IOs)	Five (5) days after receipt of the BOC Notice to Explain
7.	<p>BOC, after evaluation of the documents/ justification submitted by the IO, shall submit a report to the concerned Undersecretary/Assistant Secretary for Operations the list of IOs who failed to comply with the provisions of the DO, recommending imposition of corresponding sanctions/penalties.</p> <p>BOC may conduct actual field validation, if deemed necessary, to verify reports submitted by the IOs.</p>	BOC	Seven (7) days after receipt of the documents from IOs
8.	Based on the evaluation report and recommendation submitted by BOC, the Undersecretary/Assistant Secretary shall issue Memorandum imposing the corresponding penalties prescribed under the DO.	U/Sec or A/Sec for Operations	Within three (3) days after receipt of BOC report
9.	<p>The IOs concerned may request for reconsideration or an appeal on the imposed penalties under the DO.</p> <p>The IOs shall, aside from their justification, attach documents as evidence/proof to support their plea.</p>	Implementing Offices (IOs)	Within five (5) days after receipt of the penalty
10.	The Committee, created for the purpose, shall review and evaluate the appeal submitted by the IOs. If found lacking of merit, the Committee shall recommend that the imposed sanction/penalty as stipulated in the DO shall remain, copy furnish BOC for reference and consolidation. If found to be justifiable, a warning shall be issued that repetition of the same shall be dealt with accordingly.	Committee, U/Sec or A/Sec for Operations	Within seven (7) days after receipt of explanation and complete documents
11.	BOC shall consolidate the sanctions/penalties imposed by the concerned Undersecretary/Assistant Secretary for Operations, to the DPWH officials involved for non-compliance to the DO, for submission to the ManCom for their information and reference.	BOC	Quarterly



## II. For Penalty "a", Non-imposition of penalties under Item B - Penalty of the DO

Step	Guideline/Procedure	Responsible Office	Prescribed Time (working day)
1.	The Implementing Office shall disqualify the contractor from participating in any bidding or award of contract for infrastructure projects if their firm incurred delays in their contracts which is considered attributable to them, as indicated in Items B.1, B.2, and B.3 under Item B Penalty clause of this DO.	Head of IOs	As needed
2.	The BAC of concerned IO shall submit list of these disqualified contractors to the Procurement Service (PrS) for information and validation.  The concerned Undersecretary/Assistant Secretary for Operations and BOC shall be provided copy of the list of these disqualified contractors.	Implementing Offices' BAC	On or before every 5 <sup>th</sup> day of the month
3.	PrS shall check/validate the submitted list of contractors who have been disqualified from participating in any bidding or award of contract for infrastructure projects against the data from the Civil Works Registry (CWR).  If a particular contractor was not penalized, and/or the IO failed to observed the penalties as stipulated in Item B of the DO, PrS shall require the IO, thru a Memorandum, to justify their action/inaction.	Procurement Service (PrS)	Within three (3) days after receipt of report from BAC of IOs
4.	Concerned IOs, who did not observe/comply to this DO, shall submit explanation/justification to PrS why sanction shall not be imposed on them.	Head of IOs	Within five (5) days after receipt of Memorandum from PS
5.	PrS, after evaluation of the documents/justification submitted by the IO, shall submit a report to the concerned Undersecretary/Assistant Secretary for Support Services the list of IOs who failed to comply with the provisions of the DO, recommending imposition of corresponding sanctions/ penalties.	Procurement Service (PrS)	Seven (7) days after receipt of the documents from IOs
6.	Based on the evaluation report and recommendation submitted by PrS, the Undersecretary/Assistant Secretary shall issue Memorandum imposing the corresponding penalties prescribed under the DO.	U/Sec or A/Sec for Support Services	Within three (3) days after receipt of BOC report
7.	The IOs concerned may request for reconsideration or an appeal on the imposed penalties under the DO.	Implementing Offices (IOs)	Within five (5) days after receipt of the penalty

8.	The Committee, created for the purpose, shall review and evaluate the appeal submitted by the IOs. If found lacking of merit, the Committee shall recommend that the imposed sanction/penalty as stipulated in the DO shall remain, copy furnish PrS and BOC for reference and consolidation. If found to be justifiable, a warning shall be issued that repetition of the same shall be dealt with accordingly.	Committee, U/Sec or A/Sec for Support Services	Within seven (7) days after receipt of explanation and complete documents
9.	PrS shall consolidate the sanctions/penalties imposed to the IOs for non-compliance to the DO, for submission to the ManCom for their information and reference.	Procurement Service (PrS)	Quarterly

### **III. Committee to Review and Evaluate the Appeal submitted by the IOs**

The Committee, created for this purpose, shall be composed of the following officials:

Chairman : Concerned Assistant Secretary for Operations  
Undersecretary for UPMO Operations (in case of UPMO projects)

Vice-Chairman : Assistant Director, BOC

Members : Director, Legal Service  
Director, Planning Service  
Assistant Director, BOD  
Assistant Director, BQS  
Division Chief, Civil Works Division, PrS

PMS

File Record

Custom Toolbars

C:\PLC\Data\PMS

Department of Public Works and Highways  
Project Monitoring Group  
PMG: IV-A Southern Tagalog

**PMS**

Project Profile

General Information

Project Data  
Project Listing  
Project Summary  
Executive Summary  
DataBase  
Tools

Infra Year: 2015  
Fund Source: DPWH Infrastructure Program  
Imp Office: IV-A Southern Tagalog  
Project Fund: Locally Funded  
Status: All  
Search:

Project ID	Description	Budget
4A02-15-F-00011	Local Infrastructure Program - Construction of S	10,000
4A02-15-F-00012	Local Infrastructure Program - Construction of E	3,500
4A02-15-F-00013	Local Infrastructure Program - Construction of E	2,000
4A02-15-F-00014	Local Infrastructure Program - Construction of S	2,000
4A02-15-F-00015	Local Infrastructure Program - Riprap Construct	2,000
4A02-15-F-00016	Local Infrastructure Program - Construction of c	1,500
4A02-15-F-00017	Local Infrastructure Program - Construction of E	2,700
4A02-15-F-00018	Construction/Rehabilitation of Floodway, Brgy. E	10,000
4A02-15-F-00019	Construction/Rehabilitation of Drainage/Protecti	10,000

Profile Problems and Issues Pre-Defined

Scope

Effective: 08-30-2016  
End:

Update

Suspended from August 1, 2015 to August 30, 2015 due to RROW problem.

Effective:  
End:

Problems and Issues

Suspended from August 1, 2015 to August 30, 2015 due to RROW problem.]

Effective:  
End:

Description

Num Lock Powered by Microsoft Office Access Filtered

Desktop 9:40 AM 8/30/2016

PMO

Add-Ins

File Records

Custom Toolbars

Department of Public Works and Highways  
Project Monitoring Group  
PMO: Integrator

PMO

General Function

- Project Data
- Project Listing
- PMO Form
- DataBase
- Tools

Project Profile

Project Fund:   
Status: All  
Imp Office:   
Project: Lot 3.1 - Dipolog-Oroquieta City Road,  
Description: Zamboanga del Norte

Search Criteria:

Project ID: 0904-14-H-00189 Description: Lot 3.1 - Dipolog-Oroquieta City Road, Zamb Project C: 242,846.0

Profile Problems and Issues Pre-Defined

Scope

The project consists of 20.682 km AC Overlay and construction/replacement of Macasoy Bridge along Dipolog-Oroquieta City Road

Effective: 07-21-2015  
End:

Update

Effective: 12-01-2015  
End:

Problems and Issues

The UPMO Project Engineer issued an "Early Warning" letter to the contractor per D.O. 102, Series of 1988 and required the same to submit a catch-up program to eliminate/reduce the negative slippage.

Effective: 03-30-2015  
End:

Description

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9:53 AM 8/30/2016



PCMA x PCMA x

int-web-01:500/CWM/MonthlyReviews/?ddlselect=Contract%20ID&searchkeyword=16ZZ0002

Welcome  
Bacatan, Mely R.  
Bureau of Construction

Sign Out

Search

Select

Contract ID

16ZZ0002

Go

Contract Information

Contract ID: 16ZZ0002

Contract Name: PCMA Training Contract for PE 1 (Simplified Reporting) - Improvement of EDSA (C-4) Concrete Reblocking South Bound (From Quezon Ave. to V.V. Soliven) Quezon City, K0016+(536) - K0020+169

Contractor Name: AYSON P.D. CONSTRUCTION (15724)

Contract Effectivity Date: 03/07/2016

Contract Expiry Date: 06/04/2016

Additional Remarks(As Needed)

Contract Management

Potential VO Milestones Monthly Reviews

Submit

Unit of Measure Targets Planned Physical Target Revised Physical Target Actual Output (this month)

f EDSA (C-4) Lane 0.131 0 Please click here to log Actual Output for this month.

+ Add

Action Taken/To Be Taken Date Resolved EDIT

Windows e Internet Explorer Outlook X Word P

9:46 AM 8/30/2016

## Add Cause of Delay

Project Component ID:

P00000906LZ\_RD1

Category:

Contractor Related

Cause of Delay Details:

- Delays in submission of documents required
- Defective Works
- Insufficient manpower
- Insufficient equipment
- Insufficient construction materials
- Failure to follow plans
- Poor project management

Date Resolved:

Save

Cancel