



JAN 12 2024

DEPARTMENT ORDER)

NO. 05 )  
 SERIES OF 2024 )

dt 1/12/24

**SUBJECT : Breakdown of the Allocation of the Authorized Deductions from Project Related Expenses to be used for Engineering and Administrative Overhead (EAO) and MOOE under FY 2024 GAA, DPWH Budget**

Section 18, Special Provisions of the General Appropriations Act (GAA) FY 2024, states that:

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

- a. three and a half percent (3.5%) for releases to the Central Office;
- b. two and a half percent (2.5%) for releases to the Regional Offices (ROs);
- c. two percent (2%) for releases to the District Engineering Offices (DEOs);
- d. one percent (1%) for infrastructure projects under the Basic Infrastructure Program undertaken by the Central Office, ROs and DEOs; Provided, That the one percent (1%) EAO shall be given only to the implementing unit, regardless where the fund was released; or
- e. one-half of one percent (0.5%) for infrastructure projects of other agencies undertaken by the Central Office, ROs or DEOs, unless otherwise provided in the Special Provision of the agency concerned.

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 equipment and parts; and (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. (CONDITIONAL IMPLEMENTATION- President's Veto Message, December 20, 2023, Volume I-B, pages 782-783, R.A. No. 11975)

Pursuant to the foregoing, the breakdown of allocation of the authorized Project Related Expenses from Project Cost is as follows:

**For Locally-Funded Projects Released to Central Office**

<b>Percentage of Deductions/Retentions from Project Cost</b>				
<b>Implementing Office</b>	<b>CO</b>	<b>RO</b>	<b>DEO</b>	<b>Total</b>
Central Office/UPMO – Implemented	2.00%	0.50%	1.00%	3.50%
RO – Implemented	0.50%	2.00%	1.00%	3.50%
DEO – Implemented	0.50%	0.50%	2.50%	3.50%

**For Directly Released to RO and DEO**

<b>Percentage of Deductions/Retentions from Project Cost</b>			
<b>Implementing Office</b>	<b>RO</b>	<b>DEO</b>	<b>Total</b>
RO – Implemented	2.50%		2.50%
DEO – Implemented		2.00%	2.00%

The Secretary shall approve all requests for project-related expenses on EAO and authorize the release of funds to the concerned implementing office.

This Order supersedes Department Order No. 12 series of 2023, and shall take effect immediately.

Please be guided accordingly.

  
**MANUEL M. BONOAN**  
 Secretary

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 Office of the Secretary



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