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DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS
OFFICE OF THE SECRETARY
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**SUBJECT: Guidelines and Procedures for the
Cost Estimation Audit of DPWH
Regional and District Engineering
Office**

In order to guarantee consistency and eliminate subjectivity in the audit of cost estimates prepared and approved by the DPWH Regional and District Engineering Offices, and to uphold high level of trust and confidence in the Cost Estimation Audit Team (CEAT), the Bureau of Construction (BOC), as the lead technical bureau mandated to formulate and oversee implementation of policies relating to cost estimation, established this revised Guidelines and Procedures for the Annual Cost Estimation Audit of DPWH Regional and District Engineering Offices, which constitutes a comprehensive and systematic framework for evaluating and verifying the accuracy and reliability of project cost estimates, is hereby established and enforced.

This revised Guidelines and Procedures, while staying true to its commitment of ensuring DPWH-implemented projects are of the right cost, aims to expand the scope of audited projects and shift the audit's focus towards cost accuracy.

This Order supersedes Department Order No. 1, Series of 2018 and Department Order No. 99, Series of 2023, and shall take effect immediately.

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Secretary

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Department of Public Works and Highways
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GUIDELINES AND PROCEDURES FOR THE COST ESTIMATION AUDIT OF THE DPWH REGIONAL AND DISTRICT ENGINEERING OFFICES

OVERVIEW

Cost estimation is the process of calculating the financial resources required for the construction and/or maintenance of a specific infrastructure project based on credible, prescribed, and acceptable references. This serves as a pivotal element of project management and decision-making aiding stakeholders in ascertaining the project's feasibility, budget requisites, and funding requirements. If left unchecked, it can lead to a variety of negative consequences, not only impacting the project itself but also affecting the organization and other involved entities. These adverse outcomes encompass budget overruns and underruns, project timeline extensions, compromises on quality, entanglement on legal and contractual matters, financial strain, and dissatisfaction among stakeholders, hence, the imperative need for a Cost Estimation Audit.

The Bureau of Construction (BOC), as the lead technical bureau mandated to formulate and oversee implementation of policies relating to cost estimation, established the said Cost Estimation Audit by virtue of Department Order No. 1, Series of 2018. This initiative aligns with the DPWH Quality Policy's commitment to deliver the right projects at the right cost.

Although the aforementioned Department Order already defined the existing framework of procedures and criteria for the said audit, this revised Guidelines and Procedures aims to expand the scope of audited projects and shift the audit's focus towards cost accuracy.

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1. RATIONALE

In order to guarantee consistency and eliminate subjectivity in the audit of cost estimates prepared and approved by the DPWH Regional and District Engineering Offices, and to uphold high level of trust and confidence in the Cost Estimation Audit Team (CEAT), this revised Guidelines and Procedures governing the annual Cost Estimation Audit, which constitutes a comprehensive and systematic framework for evaluating and verifying the accuracy and reliability of project cost estimates, is hereby established and enforced.

2. OBJECTIVES

This revised Guidelines and Procedures standardizes and systematizes the conduct of the Cost Estimation Audit, thereby fortifying the following objectives:

- 2.1. Monitor awareness on documented information necessary in the processing and approval of DPWH cost estimated.** CEA assesses the DPWH Implementing Offices' extent of awareness regarding policy issuances on documented information necessary for the preparation, evaluation, and approval of cost estimates, as well as the adeptness in their application.
- 2.2. Check consistency of estimates with the approved plans.** CEA verifies the accuracy of the project cost estimates prepared by the DPWH Implementing Offices derived from the pertinent approved plans and standard specifications, thus, eliminating potential budget overruns and underruns and minimizing future contract claims such as variation orders and time extensions.
- 2.3. Ensure proper utilization of Construction Cost Estimation Manuals.** CEA determines the appropriate, effective, and efficient utilization of the existing Construction Cost Estimation Manuals in DPWH Implementing Offices' preparation of project cost estimates.
- 2.4. Ensure proper utilization of Direct and Indirect Cost References.** CEA determines the appropriate, effective, and efficient utilization of the latest Construction Materials Price Data (CMPD), Association of Carriers and Equipment Lessors Equipment Guidebook (ACEL), DPWH Standard Labor Rates, most current Guidelines in the Preparation of Approved Budget for the Contract (ABC), and any other prescribed and acceptable cost estimation-related references in DPWH Implementing Offices' preparation of project cost estimates.
- 2.5. Measure the proficiency in cost estimation of implementing offices.** CEA serves as an annual assessment tool for evaluating the performance of the DPWH Implementing Offices, underscoring the overall accuracy of the cost estimates, in accordance with the predefined audit areas focused on the processing of cost estimation-related reports and documents,
- 2.6. Promote continual improvement in cost estimation-related operations.** CEA focuses on the identification and assessment of weak points of the DPWH Implementing Offices in the preparation of project cost estimates and develop ways to strengthen, enhance, and improve their performance in the delivery of cost estimation-related operations.

3. AUDIT AREAS

3.1. Document Management System

3.1.1. Document Requirements

Ensures completeness of all required documents in the processing of Program of Works (POW) and Approved Budget for the Contract (ABC) per most current policy on Implementation of Document Tracking System (DoTS) for Civil Work Projects.

3.1.2. Document Flow

Observes adherence to the prescribed document flow stipulated in the most current Standard Procedures Manual for Regional and District Engineering Offices, specifically in the preparation of POW and ABC under processing of Detailed Engineering and Design (DED) demonstrated in the registration of the documents to the Implementing Office's respective DoTS center, inclusion of appropriate signatories, etc.

3.1.3. Document Filing and Storage System

Checks adequacy of filing system including proper recordkeeping, storage management, labeling/tagging (annexing and indexing) of documents, and existence of data repository of cost estimates for safekeeping.

3.2. Consistency with the Approved Plans

3.2.1. Pay Items in the Summary of Quantities vs Programmed Pay Items

Checks consistency of pay item codes and descriptions between the summary of quantities per approved plans and approved POW/ABC.

3.2.2. Appropriateness of Programmed Pay Items

Checks appropriateness of programmed pay items with the actual project requirements consistent with the approved plans and applicable standard specifications.

3.2.3. Quantities in the Summary of Quantities vs Programmed Quantities

Checks consistency of pay item quantities and unit of measure between the summary of quantities per approved plans and approved POW/ABC.

3.2.4. Detailed Quantity Calculation vs Programmed Quantities

Checks consistency of pay item quantities between the resulting quantities per detailed quantity calculations and approved POW/ABC.

3.2.5. Standard List of Pay Items vs Programmed Pay Items

Checks consistency of pay item codes, descriptions, and units of measure in the approved POW/ABC with the most current policy on Standard Pay Item List for DPWH Infrastructure Projects.

3.3. Appropriateness of the DUPA Components

3.3.1. Manpower Component

Verifies appropriateness of the programmed manpower components based on existing cost estimation manual, standard cost sheets, and/or actual requirements.

3.3.2. Equipment Component

Verifies appropriateness of the programmed equipment components based on existing cost estimation manual, standard cost sheets, and/or actual requirements.

3.3.3. Material Component

Verifies appropriateness of the programmed material components based on existing cost estimation manual, standard cost sheets, and/or actual requirements.

3.3.4. Productivity Output

Verifies appropriateness of the adopted productivity output based on the capacity and make of the utilized combination of programmed manpower and equipment resource.

3.4. Accuracy of the Direct Cost

3.4.1. Labor Rates

Checks accuracy of cost of labor utilized in the DUPA consistent with standard Labor Rates issued by the Bureau of Construction and/or any valid references (including canvassed rates and IO's own computation) used.

3.4.2. Equipment Rental Rates

Checks accuracy of rental rates of equipment utilized in the DUPA consistent with the appropriate ACEL Equipment Guidebook and/or any other valid references (including canvassed rates, BOE-prescribed rates, and IO's own computation) used.

3.4.3. Construction Material Prices

Checks accuracy of construction material price utilized in the DUPA consistent with the appropriate Construction Materials Price Data and/or any other valid references (including canvassed prices and IO's own computation) used.

3.5. Appropriateness of the Indirect Cost

3.5.1. Overhead, Contingencies, and Miscellaneous (OCM) Expenses

Checks appropriateness of the OCM percentage mark-up used based on latest policy issuances.

3.5.2. Contractor's Profit (CP)

Checks appropriateness of the percent CP percentage mark-up used based on latest policy issuances.

3.5.3. Value Added Tax (VAT)

Checks appropriateness of the VAT percentage used based on latest policy issuances.

3.6. Overall Cost Accuracy

Checks the percent accuracy of the total project cost as per approved ABC—total construction cost excluding the cost of EAO, ROW, and other Contingencies—in comparison with the resulting total project construction cost based on the evaluation of the Cost Estimation Audit Team (CEAT).

4. AUDIT MECHANICS

4.1. Management of the Cost Estimation Audit

4.1.1. Pre-Construction Division (PCD) Chief

- a. While the BOC Director is responsible for the full oversight of the Cost Estimation Audit, the Chief of PCD shall manage the activities of the CEAT subject for approval of the BOC Director, through the BOC Assistant Director.
- b. The Chief of PCD shall convene the Chiefs of Sections of the PCD, or their authorized representatives, in cases of disputes and concerns regarding CEA guidelines, CEA reports, CEAT competency requirements, etc.; however, the Chief of the Division shall have the authority to decide on such matters, subject to the approval of the BOC Director, through the BOC Assistant Director.

4.1.2. PCD Cost Estimation Section (PCD-CES)

- a. The PCD-CES, headed by the Section Chief, shall be responsible for the preparation of the annual audit plan (Annex B) and all post-audit activities such as consolidation of audit reports, assessment of audit effectiveness, and performance of other tasks, as may be assigned, relative to the audit.
- b. The PCD-CES pertains to all the technical staff of the section holding a permanent Engineering (Engineer II, Engineer III, and Engineer IV) position.

4.2. Cost Estimation Audit Team (CEAT)

4.2.1. The CEAT shall conduct the audit proper of assigned Implementing Offices and prepare all relevant documents and reports.

4.2.2. The CEAT shall consist of two (2) members, each meeting the minimum competency requirements enumerated hereunder.

- a. Technical personnel, Civil Engineer, holding a permanent Engineering position under the BOC.
- b. Must be currently involved in the preparation, review, and evaluation of cost estimation-related documents such as, but not limited to, POW for funding, POW

for bidding, POW for modification, construction schedules, CMPD, Labor Rates, Bill of Quantities (BOQ), and variation order.

- c. Must have at least one (1) year experience in the review, and evaluation of cost estimation–related documents.

4.3. Projects for Audit

4.3.1. Project Requirements

Table 1 – Number of Projects per Category

Implementing Office	Project Category
1. Regional Office	a. Two (2) Road Projects b. One (1) Bridge Project c. Two (2) Other Public Works (Flood Control, Drainage, Slope Protection, Building)
2. District Engineering Office	a. Three (3) Road Projects b. One (1) Bridge Project c. One (1) Other Public Works (Flood Control, Drainage, Slope Protection, Building)

4.3.2. Project Selection

The projects for audit shall be selected by the CEAT from the shortlist of projects established by the PCD–CES, based on the following minimum criteria.

- a. The project is included in the Annual Infrastructure Program (AIP) based on the approved National Expenditure Program (NEP) or General Appropriations Act (GAA) for the latest fiscal year.
- b. The project's cost estimates (POW, ABC, and DUPA) is duly approved/signed by the authorized officials.
- c. The project has an appropriation of at least P50 million, underscoring its significant scope and substantial number of pay items involved. If no project in a specific category reaches a minimum appropriation of P50 million, the highest-funded project from the same category shall serve as a replacement.

In the event that an implementing office lacks any projects in a specific category, only road projects meeting the above criteria shall be considered as replacements.

4.4. Frequency and Duration of Audit

4.4.1. Frequency of Audit

- a. All DPWH Regional and District Engineering Offices shall be audited once per fiscal year. The PCD–CES shall be responsible for the establishment of CEA schedule which shall be objectively random and distributed throughout the year.

- b. The PCD–CES shall be responsible in the grouping of DPWH Implementing Offices to form a “Cluster”—a strategic combination of five (5) to six (6) DPWH Regional and/or District Engineering Offices authorized to prepare and approve project cost estimates, and within the same regional jurisdiction considering geographical locations and climatic norms—to be assigned to CEAT for audit.

4.4.2. Duration of Field Audit

- a. The duration of audit shall be dependent on the number of Regional and District Engineering Offices that comprised the cluster assigned to the CEAT.
- b. The duration of audit shall encompass the CEAT’s conduct of entry meeting, audit proper, exit meeting, and transition to the next audit site.

4.5. Audit Activities

This section shall be the basis of the standardized process flow in the conduct of Cost Estimation Audit.

4.5.1. Pre-Audit Activities

- a. The PCD–CES shall prepare and maintain the Roster of CEAT members (Annex C) based on the qualification requirements stipulated in Section 4.2 of this Guidelines and Procedures on or before the 10th day of January of the current year for approval of the BOC Director.
- b. The PCD–CES shall prepare the annual CEA Audit Plan (Annex B) on or before the 15th day of January of the current year for approval of the BOC Director.
- c. The PCD–CES Chief and the PCD Chief shall endorse the Roster of CEAT members and the CEA Audit Plan, through the BOC Assistant Director, to the BOC Director for approval on or before 30th day of January of the current year.
- d. With reference to the approved CEA Audit Plan for the current year, the CEAT shall prepare the individual directive citing the schedule and projects for audit, through the PCD–CES Chief, the PCD Chief, and BOC Assistant Director, for approval of the BOC Director.

4.5.2. Activities during Audit

Once the directive is approved by the BOC Director and received by the CEAT:

- a. The CEAT shall:
 - Coordinate with the assigned IO to be audited.
 - Obtain complete set of documents for the five selected projects to be audited.
 - Check for the completeness of documents based on checklist indicated in this Department’s most current policy on Document Tracking System (DoTS) for Civil Works.

- Review and evaluate the cost estimates by checking the appropriateness, correctness, and compliance of the project cost estimates with the existing rules and latest DPWH policies and issuances.
 - Conduct meeting with the IO to discuss initial audit observations.
 - Prepare CEA Summary Report, including the Summary of Ratings and Memoranda to the respective Heads of each audit sites informing them of the audit observations and corresponding recommendations, for approval by the authorized officials in accordance with the existing policies of the Department.
- b. The PCD–CES Chief shall review and check the CEA Summary Report, Summary of Ratings, and Memoranda to the respective Heads of each audit site, initial the reports, and recommend approval to the PCD Chief.
 - c. The PCD Chief shall review and check the CEA Summary Report, Summary of Ratings, and Memoranda to the respective Heads of each audit site, initial the reports, and recommends approval to the BOC Director through the BOC Assistant Director.
 - d. The BOC Assistant Director reviews and initials the report and forwards it to the BOC Director for approval.
 - e. The BOC Director reviews and approves the report and forwards it to the respective audit sites.

4.5.3. Post-Audit Activities

- a. Upon approval of the reports, the CEAT shall provide both hard and electronic file copy of the CEA Summary Reports to the PCD–CES for safekeeping.
- b. The PCD–CES shall prepare and maintain a single data repository of both hard and electronic file copy of the CEA Summary Reports and Summary of Ratings for CEA Analytics.
- c. The PCD–CES shall prepare the nationwide report on CEA ratings of all audit sites (including the summary and analysis of findings) and a transmittal memorandum, underscoring the recommendation on adjustment and/or retention on delegated authority to approve POW/ABC of each audit site based on the CEA results, addressed to the DPWH Secretary, through the Undersecretary and Assistant Secretary for Technical Services, for approval of the BOC Director not later than 30th day of November of the current year.
- d. The PCD–CES Chief and the PCD Chief shall review, check, and endorse the nationwide report on CEA ratings and the transmittal memorandum to the DPWH Secretary for approval of the BOC Director, through the BOC Assistant Director.
- e. The BOC Assistant Director reviews and initials the report and forwards it to the BOC Director for approval.
- f. The BOC Director reviews and approves the report and forwards it to the Office of the Secretary through the Undersecretary and Assistant Secretary for Technical Services.

5. RATING MECHANICS

5.1. Rating Areas

5.1.1. Document Management System (5 points)

a. Document Requirements (3 points)

Each document requirement shall be given an equivalent score for existence. Partial score (half of the equivalent score) shall be given to a document requirement with minor defect/deficiency such as, but not limited to, format errors.

Presented documents with major defects/deficiencies such as, but not limited to, content errors, inconsistencies on dates and signatories, and outdated references shall be given no score at all.

b. Document Flow (1 point)

The adopted flow in the processing and approval of POW/ABC shall be demonstrated in the completeness and appropriateness of signatories in the cost estimation reports (POW, ABC, DUPA); and evident in the documents' registration to IO's DoTS center or any form of logbook data entry in cases where the IO's DoTS is not operational or unavailable.

c. Document Filing and Storage System (1 point)

The IO is implementing a clean, organized, and systematic filing and storage system including the existence of a data repository of electronic file copies of the cost estimates.

5.1.2. Consistency with Approved Plans (10 points)

a. Pay Items in the Summary of Quantities vs Programmed Pay Items (2 points)

Pertains to the percentage of programmed pay items that are consistent with the summary of quantities indicated in the approved plans in terms of pay item code and description.

b. Appropriateness of Programmed Pay Items (2 points)

Pertains to the percentage of programmed pay items that are consistent with the approved plans and standard specifications in terms of appropriateness, e.g., Road and bridge projects must utilize pay items on DPWH Standard Specification Volume II, while other public works must utilize DPWH Standard Specification Volume III.

c. Quantities in the Summary of Quantities vs Programmed Quantities (2 points)

Pertains to the percentage of programmed pay items that are consistent with the summary of quantities including the units of measure indicated in the approved plans in terms of pay item quantities.

d. Detailed Quantity Calculation vs Programmed Quantities (2 points)

Pertains to the percentage of programmed pay items which quantities are consistent with the accurate detailed back-up quantity calculation.

e. Standard List of Pay Items vs Programmed Pay Items (2 points)

Pertains to the percentage of programmed pay items that are consistent with the most current policy on Standard Pay Item List for DPWH Infrastructure Projects in terms of pay item code, description, and unit of measure.

The percentage shall be computed based on the total number of complying pay items over total number of pay items ratable under the rating area. The resulting percentage shall then be multiplied to the maximum possible points for the rating area to get the score of the audited project for the said rating area.

5.1.3. Appropriateness of DUPA Components (20 points)

a. Manpower Component (6 points)

Pertains to the percentage of pay items with appropriate manpower components based on existing cost estimation manual, standard cost sheets, and/or actual requirements.

b. Equipment Component (6 points)

Pertains to the percentage of pay items with appropriate equipment components based on existing cost estimation manual, standard cost sheets, and/or actual requirements. (Note: insufficiency/deficiency in minor tools shall be given half point for the pay item in question)

c. Material Component (6 points)

Pertains to the percentage of pay items with appropriate material components based on existing cost estimation manual, standard cost sheets, and/or actual requirements. (Note: insufficiency/deficiency in miscellaneous materials shall be given half score while non-consideration of number of uses shall be given no point for the pay item in question)

d. Productivity Output (2 points)

Pertains to the percentage of pay items with appropriate outputs per hour based on the variations of manpower and equipment, existing cost estimation manual, standard cost sheets, and/or actual requirements.

The percentage shall be computed based on the total number of complying pay items, including those with half score, over total number of pay items ratable under the rating area. The resulting percentage shall then be multiplied to the maximum possible points for the rating area to get the score of the audited project for the said rating area.

5.1.4. Accuracy of the Direct Cost (20 points)

a. Labor Rates (5 points)

Pertains to the percentage of all labor (foreman, skilled labor, unskilled labor, etc.) utilized in the DUPA that are consistent with the applicable standard Labor Rates issued by the Bureau of Construction and/or any valid and acceptable references used in terms of cost.

b. Equipment Rental Rates (5 points)

Pertains to the percentage of all equipment (transit mixer, dump truck, water truck, road grader, etc.) utilized in the DUPA consistent with the appropriate ACEL Equipment Guidebook and/or any other valid and acceptable references used in terms of rental rates.

c. Construction Material Prices (10 points)

Pertains to the percentage of all materials (cement, sand, gravel, pipes, RSB, etc.) utilized in the DUPA consistent with the appropriate Construction Materials Price Data and/or any other valid and acceptable references used in terms of unit price.

Any inconsistency in the cost of labor, rental rate of equipment, or price of construction material, across all DUPA where it was used, shall be given no score. The percentage shall be computed based on the total number of complying labor, equipment, or material over the total number of labor, equipment, or material. The resulting percentage shall then be multiplied to the maximum possible points for the rating area to get the score of the audited project for the said rating area.

5.1.5. Appropriateness of the Indirect Cost (5 points)

Pertains to the percentage of programmed pay items with appropriate utilization of indirect cost percent mark-up such as OCM, CP, and VAT pursuant to the most current Guidelines in the preparation of ABC. Any pay item that utilized incorrect percent mark-up for any of the indirect cost component shall be considered non-compliant, thereby given no score. The percentage shall be computed based on the total number of complying pay items over total number of pay items ratable under the rating area. The resulting percentage shall then be multiplied to the maximum possible points for the rating area to get the score of the audited project for the said rating area.

5.1.6. Overall Cost Accuracy (40 points)

Pertains to the accuracy percentage of the IO's approved ABC as compared to the total construction cost as evaluated by the CEAT. It is computed based on the absolute value of variance between the estimates as approved by the IO and as evaluated by the CEAT.

5.2. Rating System

5.2.1. Project Rating

- a. The following tables shall be the basis of the computation of numerical rating for each audited project, consistent with the prescribed CEA Checklist attached as Annex A of this Guidelines.

Table 2 – Rating Areas defined in Section 5.1.1.

CHECKING OPTIONS	DESCRIPTION
YES	<ul style="list-style-type: none"> - shall be checked if the requirements/measures are fully met and shall be given full points for the rating area. - shall be checked if the requirements/measures are substantially met but with minor defects/deficiencies mentioned in Section 5.1.1 and shall be given half of the maximum possible points for the rating area.
NO	<ul style="list-style-type: none"> - shall be checked if the requirements/measures are met but with major deficiencies mentioned in Section 5.1.1, or not met at all and shall be given no points for the rating area.
N/A	<ul style="list-style-type: none"> - shall be checked if the requirements/measures are not applicable to the audited project and shall be given full points for the rating area.

Table 3 – Rating Areas defined in Section 5.1.2, 5.1.3, and 5.1.5.

PARAMETER	FORMULA/DERIVATION
% of complying pay items	$= \frac{\text{Number of complying pay items} + \text{N/A pay items}}{\text{Total number of programmed pay items}} \times 100$
Points/Score for the Requirement/Measure	$= \frac{\% \text{ of complying pay items}}{\text{items}} \times \text{Maximum possible points for the requirement/measure}$

Table 4 – Rating Areas defined in Section 5.1.4.

PARAMETER	FORMULA/DERIVATION
% of complying labor/equipment/material (L/E/M)	$= \frac{\text{Number of complying L/E/M}}{\text{Total number of programmed L/E/M}} \times 100$
Points/Score for the Requirement/Measure	$= \frac{\% \text{ of complying L/E/M}}{\text{L/E/M}} \times \text{Maximum possible points for the requirement/measure}$

Table 5 – Rating Areas defined in Section 5.1.6.

PARAMETER	FORMULA/DERIVATION
% Absolute Accuracy	= 100 – % absolute variance of estimate
% Absolute Variance	= 100 x $\frac{ (\text{ABC approved by IO}) - (\text{ABC as evaluated by CEAT}) }{\text{ABC approved by IO}}$

Table 6 – Equivalent points for range of % absolute accuracy (x):

Range of % Absolute Accuracy	Point Equivalent
$99.0 \leq x \leq 100.0$	40.00
$95.0 \leq x < 99.0$	35.00
$90.0 \leq x < 95.0$	30.00
$85.0 \leq x < 90.0$	25.00
$80.0 \leq x < 85.0$	20.00
$x < 80.0$	0.00

Table 7 – Summary of rating per audited project:

Rating Area	Maximum Possible Points
1. Document Management System	5.00
a. Document requirements	3.00
b. Document flow	1.00
c. Document filing and storage system	1.00
2. Consistency with Approved Plans	10.00
a. Consistency of programmed pay items	2.00
b. Appropriateness of programmed pay items	2.00
c. Consistency of programmed quantities	2.00
d. Appropriateness of programmed quantities	2.00
e. Consistency with standard list of pay items	2.00
3. Consistency of DUPA Components	20.00
a. Labor component	6.00
b. Equipment component	6.00
c. Material component	6.00
d. Productivity Output	2.00
4. Accuracy of Direct Cost	20.00
a. Labor cost	5.00
b. Equipment rental rates	5.00
c. Construction material prices	10.00
5. Appropriateness of Indirect Cost	5.00
6. Overall Cost Accuracy	40.00
TOTAL	100.00

In such case that the IO could not provide the POW, ABC, DUPA and other supporting documents for any of the selected project for audit, upon confirmation

that the said project existed, i.e., undergone procurement and implementation, the said project for audit will not be allowed to be replaced and shall automatically be given a score of zero (0) as project rating.

5.2.2. Implementing Office Rating

- a. The Overall Rating (OR) of the Implementing Office shall be the average rating of all the projects audited.

Table 8 – Overall Rating of the IO

PARAMETER	FORMULA/DERIVATION
Overall Rating (OR)	$= \frac{\sum \text{Ratings of all audited projects}}{\text{Total number of audited projects}}$

- b. Equivalent Adjectival Rating

Table 9 – Equivalent adjectival rating for each range of numerical overall rating

Range of % OR	Adjectival Rating Equivalent
Above 95 to 100	Outstanding (O)
Above 85 to 95	Very Satisfactory (VS)
Above 75 to 85	Satisfactory (S)
65 to 75	Fair (F)
Below 65	Unsatisfactory (US)

Although it is satisfactory to obtain a rating of above 75 to 85 which is already considered as a passing rate, the IO must maintain at least a VS rating (above 85) for the BOC to recommend increase or retention on the IO's delegated authority to approve Cost Estimates (POW and ABC).

If the IO fails to obtain a rating of above 85, the BOC will have to recommend reduction on the IO's authority to approve cost estimates (POW and ABC).