



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS
OFFICE OF THE SECRETARY
MANILA

(R)
DPWH-13 DPWH

2-21-91

18 February 1991

DEPARTMENT ORDER)

No. 42) Subject: Guidelines in the Implementation
Series of 1991) of Memorandum Order No. 341 of
) the Office of the President
) authorizing prepayment of certain
) materials

In connection with Department Memorandum Circular No. 29, series of 1991 circularizing Memorandum Order No. 341 of the Office of the President allowing pre-payment of cement, asphalt and steel bars, the following Guidelines are hereby issued for the guidance of, and strict compliance by, all concerned:

1. Contractors who wish to avail of this facility shall submit a written request addressed to the head of the office implementing the project on which the materials are to be used indicating therein and/or submitting the following:

(a) the quantities of materials for which pre-payment is desired which should not exceed the project requirements per balance of work as of the filing date of the request;

(b) the unit cost of the materials and the corresponding total cost of quantities applied for;

(c) the name of the Supplier to which payment shall be made;

(d) Contract Agreement between Contractor and Supplier indicating the quantities of materials covered by the purchase agreement, their unit cost and corresponding total cost, mode/timing of deliveries to the project site and terms of payment;

(e) the manner of recouping the amount pre-paid, the recovery period of which shall not exceed the date when the project shall have been 80% complete;

2. The Head of the Implementing Office shall process the request with special attention to the following:

(a) quantities requested for pre-payment are the actual requirements of the project per balance of work therein;

(b) the total amounts pre-paid shall be fully recovered not later than the time when 80% of the

project shall have been completed;

(c) recouping the pre-paid amount during the scheduled recovery period will not strain the cash flow of the contractor which is detrimental to his operations and successful completion of the project. The cash flow shall consider remaining deductions due to retainage and recouplement of the 15% advance payment.

3. The Head of the Office implementing the project shall approve the request, with modifications therein as may be necessary in view of para 2 above, and shall indicate in the approval the manner of recouplement thereof and, further, direct that a Surety Bond callable on demand shall be submitted by the contractor as Guarantee that in the event contractor fails to fully pay DPWH for the amount pre-paid to its nominated materials Supplier, the Surety shall assume the Contractor's obligation pertaining thereto and shall, upon written demand, immediately pay DPWH the unrecouped amount without need of judicial action thereon.

4. Upon submission of the Surety Bond above-mentioned, the Head of Implementing Office shall cause the verification of the Bond for its authenticity, including the authorities of the signing/endorsing officials of the Surety Company, and, when confirmed authentic and valid, shall cause pre-payment of the subject materials to the contractor's nominated Supplier, for the account of the contractor, chargeable against the obligated contract amount.

5. The Head of the Implementing Office shall ensure that repayments are made in accordance with the schedule of recouplement indicated in para 3 above.


JOSE P. DE JESUS
Secretary