



AUG 03 2008

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

897. 13 DPWH
08-07-2008

DEPARTMENT ORDER)
No.)
Series of 2008 42)
AUG 03 2008)
SUBJECT: **Amending the Revised Guidelines in the Implementation of Special Local Road Fund of RA 8794, per Department Order No. 24 series of 2006 and other Pertinent Provisions in the Road Board Operating Procedures Manual series of 2001**

In order to strengthen the implementation of LGU Projects using Special Local Road Fund (SLRF) under the MVUC, particularly in the identification of implementing units undertaking the projects, the following clarificatory guidelines are hereby issued:

A. **MODE OF IMPLEMENTATION**

As a general policy, the Implementation of projects under the SLRF shall be undertaken by the concerned LGU, either by contract thru competitive bidding or by administration, provided that it has already shown a track record of performance and technical capability in undertaking such projects as certified by the District Engineer concerned in accordance with DO 137 of 1999 (Guidelines for the Implementation of DPWH Projects by LGUs), and pursuant to Amendment No. 3 of the IRR of RA 8794.

However, as an alternative, SLRF projects maybe implemented by the DPWH Regional or District Engineering Offices (RO/DEO) where the project is located, in case the concerned LGU issued a waiver to implement or when the concerned LGU has not implemented the project after six (6) months upon receipt of the funding check.

B. **MEMORANDUM OF AGREEMENT**

In cases where the SLRF Project is to be implemented by the LGU, a Project Memorandum of Agreement (MOA) shall be entered into by and between the DPWH and the LGU concerned, using the format herein attached as Annex "I". However, a MOA is no longer necessary if the RO/DEO will implement the project.

C. **REPEALING CLAUSE**

This Department Order amends pertinent provisions of DO No. 24 of 2006, accordingly and other previous issuances inconsistent herewith.

This Department Order shall take effect immediately.

HERMOGENES E. ERDANE, JR.
Secretary



WIN8S01135

Annex I
Standard Format of Project MOA

MEMORANDUM OF AGREEMENT
BETWEEN THE DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS AND
THE PROVINCE/CITY OF _____
FOR THE IMPLEMENTATION OF THE SPECIAL LOCAL ROAD FUND (SLRF)
UNDER R.A. 8794 OR THE MVUC LAW

KNOW ALL MEN BY THESE PRESENTS:

This Memorandum of Agreement (MOA) entered into and executed this ____ day of _____ in the year of our Lord Two Thousand and ____ by and between

The **Department of Public Works and Highways (DPWH)** represented herein by Assistant Regional Director for Maintenance Operations _____, hereinafter referred to as **DPWH**.

And

The **Provincial/City Government** of _____ represented herein by Governor/City Mayor, _____, and hereinafter referred to as **Local Government Unit (LGU)**.

WITNESSETH THAT:

WHEREAS, pursuant to Republic Act No. 8794, the Motor Vehicle User's Charge Law (MVUC Law), under Section 1 which declares that "it is the policy of the State to provide for and ensure the adequate maintenance of national and provincial roads through sufficient funding for the purpose";

WHEREAS, Section 7 of the said Act, which states that "all monies collected under this Act shall be earmarked solely and used exclusively (1) for road maintenance and improvement of road drainage, (2) for the installation of adequate and efficient traffic lights and road safety devices, and (3) for air pollution control". It further provides that 5% of all monies collected shall be deposited in the National Treasury under the Special Local Road Fund (SLRF), which shall be apportioned to provincial and city governments in accordance with the vehicle population and size of the road network under their respective jurisdiction, and shall be used exclusively for maintenance of local roads, traffic management and road safety devices. It also directs that the Special Road Support Fund, the Special Local Road Fund and Special Road Safety Fund shall be under the DPWH;

WHEREAS, pursuant to Sections 3 and 5 of Executive Order No. 124, dated 30 January 1987, the DPWH shall decentralize its responsibilities to the fullest extent possible; and, may delegate to any agency it determines to have adequate technical capability, any of its powers and functions. Consistent with this policy of decentralization, the DPWH shall assist the

LGUs in developing the latter's capabilities by allowing them greater participation in the local road maintenance and safety provisions;

WHEREAS, it is necessary that a Memorandum of Agreement should be entered into for the purpose of delineating responsibilities regarding the implementation of policies, standards and procedures at the LGU level in accordance with the pertinent provisions of the SLRF under the MVUC Law and its IRR;

NOW, THEREFORE, for and in consideration of the foregoing premises and mutual covenants herein set forth, the **PARTIES** to this Memorandum of Agreement do hereby agree on the following terms and conditions:

**Article I
COVERAGE**

This agreement covers the release, utilization and liquidation of funds for the LGU eligible projects and activities such as road maintenance, road safety devices and traffic management funded by the Special Local Road Fund to be implemented by LGUs in accordance with the policies, standards and procedures of RA 8794 (MVUC Law) and its IRR.

**Article II
SCOPE AND PROJECT IMPLEMENTATION**

01. This agreement specifies the implementation of SLRF Projects along Provincial/City roads in the Province/City of _____, with funding under the MVUC Special Local Road Fund as follows:

1. Name of Project No. 1 and Allocation
2. Name of Project No. 2 and Allocation
3. Name of Project No. 3 and Allocation
4. Name of Project No. 4 and Allocation

02. The Scope of maintenance projects and activities funded under the SLRF is limited to any of the following outputs and categories:

OUTPUT	WORK CATEGORY
a. Carriageway Maintenance	<ul style="list-style-type: none"> ▪ Pavement Maintenance ▪ Regravelling ▪ Bridge and Structure Maintenance
b. Roadside Maintenance	<ul style="list-style-type: none"> ▪ Shoulder Maintenance ▪ Drainage Maintenance ▪ Vegetation Control ▪ Traffic Services Maintenance
c. Preventive Maintenance	<ul style="list-style-type: none"> ▪ Pavement Resurfacing ▪ Concrete Reblocking ▪ Seal Widening ▪ Preventive Works

d. Rehabilitation and Improvement	<ul style="list-style-type: none"> ▪ Rehabilitation ▪ Drainage Improvement ▪ Rehabilitation plus Improvement
e. Emergency Reinstatement	<ul style="list-style-type: none"> ▪ Emergency Reinstatement
f. Road Management	<ul style="list-style-type: none"> ▪ Professional Services and Administration
g. Road Safety	<ul style="list-style-type: none"> ▪ Safety Devices (Installation and Operation) ▪ Safety Projects ▪ Road Safety Education & Training ▪ Road Safety Management

03. The LGUs shall prepare an Annual Work Program (AWP) and Multi-Year Work Program (MWP) to ensure an ultimately current situation with no backlog in local roads maintenance. In preparing the AWP and rolling MWPs, both the LGU regular funds for road maintenance and the Special Local Road Fund shall be taken into account. As much as possible, recurring maintenance projects shall first be sourced from the LGU regular road maintenance fund while non-recurring (asset preservation) projects shall be funded from the Special Local Road Fund.
04. The Annual Work Program containing eligible Work Outputs and Categories in the required formats, shall be prepared by the Provincial /City Engineer's Office and approved by the Governor/City Mayor. The LGUs AWP shall be submitted, reviewed and consolidated by the Department of the Interior and Local Government (DILG) and forwarded to the DPWH-Road Program Office (DPWH-RPO).
05. The LGUs shall implement the project/s by Contract, thru competitive bidding, except for LGUs which were determined by DPWH to have a demonstrated capability to implement the project by itself, i.e. by Administration. Pursuant to Amendment No. 3 dated 29 September 2003 of the IRR of the MVUC Law and in accordance with DPWH Department Order No. 137 series of 1999 under Section 5, the DPWH District Engineer shall evaluate the capability of LGU on the basis of the following criteria:
- a. Maintenance condition of local roads under the LGUs;
 - b. Construction/maintenance experience or track record of the LGU relevant to the proposed Project;
 - c. Organization and personnel of the LGU for the proposed Project;
 - d. Construction equipment of the LGU for the proposed Project; and
 - e. Financial and procurement management systems of the LGU.
06. The details of these evaluation criteria, including the measurable indicators thereof and their application, are given in the prescribed evaluation format "Annex A", which shall be approved by the District Engineer.
07. The DPWH and LGU shall conduct a final inspection of each of the completed project(s) and shall issue a Joint Certificate of Completion for each.

Article III
RELEASE OF FUNDS AND DEPOSITS AND
REPORT OF EXPENDITURES

OPENING OF ROAD FUND DISBURSEMENT ACCOUNT. Each LGU shall maintain a separate Trust Account to be known as the Road Fund Disbursement Account by opening a Local Currency Current Account (LCCA) in any Government Servicing Bank and provide the DPWH with the LCCA Number, copy furnished the DILG.

RELEASE/TRANSFER OF FUNDS. The following procedures shall be followed in the transfer of funds to LGUs:

01. Upon approval of this Memorandum of Agreement and receipt of the Sub-Allotment Advice (SAA) from DPWH-Central Office, the DPWH-Regional Office (RO) shall issue the Letter of Advice of Allotment (LAA) effecting the full transfer of allotment to the concerned LGU. There shall be no retention for engineering and administrative overhead for the DPWH.
02. Initial release of cash advance/funding check shall be drawn equivalent to fifty percent (50%) of the fund allocation for deposit to the account of the LGU. In the event that the allotment is not fully supported by Notice of Cash Allocation (NCA), the DPWH-RO shall request NCA from the DBM-RO through the List of Due and Demandable Accounts Payable (LDDAP), Internal Creditor
03. The LGU shall deposit all monies for SLRF under the Road Fund Disbursement Account.
04. The release of funding check shall be acknowledged through the issuance of an official receipt by the LGU.
05. The DPWH-RO shall only release the remaining fifty percent (50%) of the SLRF allocation within forty five (45) days upon receipt of the Audited Liquidation Report of the initial funding check/cash advance issued to the LGUs.
06. Liquidation Report of the full cash advances shall be submitted by the LGU to the DPWH-RO upon completion of the project.

REPORT OF EXPENDITURES. Each LGU shall submit a Quarterly Audited Report of Expenditure to the Comptrollership and Financial Management Division (CFMD) of the DPWH-RO in the required format, shown as Attachment 1, copy furnished the DILG - Office of Project Development Services (DILG-OPDS). Any unexpended amount after the project completion shall be remitted to the account of the DPWH-RO. The DPWH-RO shall duly issue an official receipt to the LGU remittance of the unused cash balance. The LGU shall be made duly accountable for all funds released to it by the DPWH.

Article IV
WORKING ARRANGEMENTS AND PROCEDURES FOR EXECUTING THIS AGREEMENT

For the efficient and successful execution of this Agreement, the PARTIES hereby agree to undertake the following:

A. DUTIES AND RESPONSIBILITIES OF DPWH:

01. To advise LGU of their Annual SLRF allocation based on the payment profile determined by the Board on its assessment of the revenues into the SLRF in coordination with the DILG.
02. Upon the receipt of the Sub-Allotment Advice (SAA) from the DPWH-Central Office, to transfer the fund and issue cash advance to LGU the amount approved by the Road Board for the SLRF for the year.
03. To provide technical assistance to LGU in preparing implementation mechanisms, standards and procedures on SLRF project implementation and provide training for institutional capacity building in coordination with DILG.
04. To assist LGUs in installing and operating an approved budget tracking system and to conduct an assessment of the progress and quality of funded SLRF road maintenance, road safety and traffic management projects in coordination with the DILG.

B. DUTIES AND RESPONSIBILITIES OF LGUs:

01. To prepare and submit Annual Work Program (AWP) of eligible work outputs and categories corresponding to the amount as will be advised by DILG based on the payment profile and allocation to be approved by the Road Board. The AWP should be prepared in the required format.
02. To open a separate Trust Account/Local Currency Current Account (LCCA) to be known as the Road Fund Disbursement Account which shall be used exclusively for road maintenance, road safety devices and traffic management.
03. To implement the road maintenance, road safety and traffic management works in accordance with the Approved Work Program and Maintenance Performance Standards and Procedures required of all LGUs, and submit to DILG a quarterly report on the progress and quality of the funded works, copy furnished the DPWH-DEO.
04. To establish, maintain and operate a financial management system to record details of all expenditures from the SLRF released to the LGUs and submit a quarterly financial report showing (1) billings for works/services completed/supplied which has been paid; (2) billings for works/services completed which have been received (but not yet paid); and (3) the estimated value of works completed but not yet billed.

05. To prepare and submit to DPWH an Annual Report in the specified format not later than 20th of February of each year. The Annual Report shall show/describe:
 - The opening balance in the Road Fund Disbursement Account at the beginning of the financial year;
 - The expenditure in cash terms for the financial year
 - The works completed in sufficient detail.
06. To conduct annual Inventory of the existing Local Road Networks and their conditions in order to update the database/statistical records of the provincial/city roads assets and submit to DILG Central Office for updating of the National Inventory of Local Roads.
07. To assign Engineers to monitor the SLRF projects thru periodic inspection, verification and measurement of work accomplished to ensure that the approved maintenance standards are being followed.

Article V
EFFECTIVITY

This Agreement shall be effective from the date of its signing and shall continue to be in force, unless sooner terminated by either party within thirty days (30) upon prior written notice delivered to the other.

**Article VI
SPECIAL PROVISIONS**

All Annexes and other documents attached to this Memorandum of Agreement shall be understood as forming part of this MOA. Provisions and contents thereof are therefore binding on both parties unless part or whole of these documents are amended and mutually agreed upon by both parties.

IN WITNESS WHEREOF, the PARTIES have hereto affixed their signatures on the date and place above-written.

FOR THE DPWH:

FOR THE LGU:

**ASSISTANT REGIONAL DIRECTOR
FOR MAINTENANCE OPERATIONS**

**PROVINCIAL GOVERNOR/
CITY MAYOR**

WITNESSES:

DISTRICT ENGINEER

PROVINCIAL/CITY ENGINEER

APPROVED:

DPWH REGIONAL DIRECTOR

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

_____)s.s.
x _____ x

BEFORE ME, this _____ day of _____, 200__ at _____, Philippines personally appeared Honorable **GOVERNOR/ CITY MAYOR** _____ with Community Tax Certificate No. _____ issued at _____ on _____ and **DPWH ASSISTANT REGIONAL DIRECTOR** _____ with Community Tax Certificate No. _____ issued at _____ on _____ known to me to be the same persons who executed the foregoing instrument and they acknowledged to me that the same is their free and voluntary act and deed and of the entities they represent.

WITNESS MY HAND AND NOTARIAL SEAL

Notary Public

Doc. No. _____
Page No. _____
Book No. _____

EVALUATION OF CAPABILITY OF LOCAL GOVERNMENT UNIT (LGU) TO IMPLEMENT DPWH INFRASTRUCTURE PROJECTS

Name of LGU: _____ Date of Evaluation: _____
 Name of Project proposed to be implemented by LGU: _____

 Estimated Project Cost: _____

CRITERIA	APPLICATION
<p>1. Maintenance Condition of Local (LGU) Roads</p> <p>The LGU must have maintained its Local roads to a "fair" to "satisfactory" level, using the road condition rating of the DPWH Bureau of Maintenance.</p>	<p>Actual condition rating of Local Roads as of _____ (date): _____</p>
<p>2. Experience or Track Record relevant to the proposed Project</p> <p>2.1. The cost of the largest single relevant project completed by the LGU within the last three years should be at least 50% of the estimated cost of the Project.</p> <p>2.2. The cost of the completed largest single relevant project managed within the last three years by the key LGU personnel to be assigned to the Project (Project Manager to Foreman) should be at least 50% of the estimated cost of the Project.</p>	<p>Cost of largest project completed by LGU: _____ Versus 50% of estimated cost of proposed Project: _____</p> <p>Cost of largest project managed by key LGU personnel: _____ Versus 50% of estimated cost of proposed Project: _____</p>
<p>3. Organization and Personnel for the Project</p> <p>The LGU must have the required key Personnel from its Engineering Office who are available to undertake, supervise, and manage the Project by administration.</p>	<p>Yes / No</p>
<p>4. Construction Equipment for the Project</p> <p>The LGU must own and commit for the Project the required minimum owned equipment.</p>	<p>Yes / No</p>

CRITERIA

APPLICATION

5. Financial and Procurement Management Yes / No

5.1. The LGU must have satisfactory financial and procurement management systems as indicated by the absence of adverse findings in the latest COA audit report. Yes / No

5.2. The LGU must have fully liquidated its previous cash advances from the DPWH.

CONCLUSION: Based on this evaluation, the LGU is / is not (please encircle) capable of implementing the subject Project by administration.

Approved by:

DPWH District Engineer

SPECIAL LOCAL ROAD FUND (Fund 152)

Statement of Expenditures

For the Period of _____

Province/City:
Address:
Telephone Number:

Name of Project:
SARO No./Date:
SAA No./Date:
LAA No./Date:

Total Cash Advance	P	XXXXXX
Less: Previous Liquidation		XXXXXX
Balance	P	XXXXXX
Less: This Liquidation		XXXXXX
Unliquidated Amount	P	XXXXXX

Name of Payee/Creditor	Date of Check	Check No.	Amount Paid
TOTAL			P XXXXXX

Prepared by:

Certified Correct:

(Chief Accountant)

Approved:

Verified and Found Correct:

Governor/City Mayor

(COA Resident Auditor)