GUIDELINES ON THE ACQUISITION OF MOTOR VEHICLES FOR USE IN INFRASTRUCTURE PROJECT SUPERVISION

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As part of the continuing efforts of the Department to pursue economy and efficiency without sacrificing effectiveness in operations, these guidelines are prescribed to address and align the concerns to provide service vehicles for effective infrastructure project supervision, augment and continuously upgrade the existing DPWH fleet and ensure equitable allocation, transparency and accountability in all stages of their management.

1.0 ENGAGEMENT OF VEHICLES FOR USE IN INFRASTRUCTURE PROJECT SUPERVISION

1.1 The number of vehicles to be acquired for project supervision shall be commensurate not with the project cost but with the actual demand in the field. The types of vehicle shall be in accordance with Administrative Order (AO) No. 233, Series of 2008 and with National Budget Circular (NBC) No. 446-A dated 30 January 1998, which prescribe the type of vehicles taking into consideration the intended purpose;

1.2 In accordance with NBC No. 446, Series of 1995 and AO 233, Series 2008, the purchase of service vehicles is subject to the approval of the Agency Head, Department of Budget and Management (DBM) and the Office of the President. The request must contain a justification/computation that the purchase of motor vehicles for supervision of projects of long duration is more advantageous to the government than pure rental. All other required documents listed in the NBC shall be complied with;

1.3 In accordance with Sec. 76, Chapter 7, Book VI of Executive Order No. 292 (Administrative Code of 1987), and D.O. No. 36, Series of 2004, rental of motor transport equipment for a continuous period of more than 15 days needs the authorization by DBM;

1.4 For projects with contract duration of twenty four (24) months or more, the mode of acquisition of service vehicle/s thru procurement must be included in the project contract itself;

1.5 The number of service vehicle/s and the mode of acquisition shall be specified in explicit terms in the tender/bid documents. The BAC Chairman and the signatory to the contract representing the Department shall be held responsible for ensuring this;

1.6 Pursuant to Department Order No. 22, Series of 2006, for projects where Purchase or Lease-Purchase/Rent-to-Own are the mode of acquisition, the contract shall have a provision that in the event the contractor/consultant does not comply with the requirements for turnover the original cost of the motor vehicle shall be deducted from the final billing. In case the final billing is not sufficient to cover the cost, the contractor/ consultant concerned shall be required to pay the difference;

1.7 Whatever mode of acquisition is used, the vehicles to be purchased or rented shall be brand new possibly latest model and locally manufactured/assembled to save on import taxes, support local industries and for sustainability of original parts;

1.8 The Bureau of Equipment (BOE) shall inspect the vehicles to determine compliance with the specifications in

the civil works contract or rental agreement, this order, and all other relevant issuances. The inspection which shall keep and maintain a track record of the service vehicles is mandatory at the start and at the end of the project implementation and may also be done any time in between to make sure/verify, among others, the physical presence and utilization of the same vehicles previously inspected. Substitution with other units during project implementation until turn-over at the end of project duration is strictly prohibited.

2.0 PRICING, BILLING AND PAYMENT

2.1 The procurement of service vehicles for use in project supervision shall be billed at cost and not subject to contractor's profit, Overhead, Contingency, Miscellaneous (OCM) and other indirect costs. The billing may be the outright cost in lump sum or on a progress billing method;

2.2 Official Receipts and Delivery Receipts issued by the car companies or their authorized dealers shall form part of the documents to support the request for Certificate of Clearance for Equipment Rental and Other Obligations and final billings of the contractor as stated in item 1.6 above pursuant to section 14 of D.O. 36, Series of 2004. For this purposes, an official receipt issued by the contractor/consultant for the vehicles shall not be accepted;

2.3 Rental of service vehicles for less than 24 months, shall be covered by a rental agreement that gives complete specifications of units being rented, including vehicle model, chassis number, engine number, and plate number. A copy of this agreement shall form part of the documents to be attached to the progress billings;

2.4 Rental rates shall be based on the DPWH current schedule of rental rates but shall not exceed the DPWH authorized ACEL rates. A provision in the contract should be provided that when project duration exceeds 24 months due to delays, change orders,

extensions, etc. the service vehicles being rented should become the automatic property of the DPWH. For pure rental, in no instance shall the cumulative rental payment exceed the total cost of the vehicle;

2.5 Under the "Facilities for Engineer" in the Bill of Quantities, "Vehicle Rental" shall be itemized into (a) Bare Rental and (b) Operation and Maintenance Cost of Motor Vehicle, e.g., fuel, oil, operator's wage. In this regard, a sample computation of Rental Rates and maintenance costs of brand new vehicles is shown in Annex B[*] to serve as reference of DPWH implementing offices;

2.6 Except for projects of short duration that use pure rental, no final payment to a contractor/consultant shall be processed until and unless there are proofs to show that (a) turnover of service/utility vehicles are duly executed, and (b) a certification from the BOE, RES, or AES, that the service/utility vehicles returned are in good running condition. The contract provision required under Section 1.5 of this Order should be applied.

3.0 TURNOVER FOR AUGMENTATION AND UPGRADING OF FLEET OF SERVICE VEHICLES.

3.1 The turnover to the Department of service/utility vehicles that were procured under rent-to-own/lease purchase agreement for project supervision, shall be governed by the guidelines under Department Order No. 22, series of 2006, and other pertinent rules and regulations;

3.2 Pursuant to Department Order No. 117, series of 2004, transfers of service vehicles from office to office must be coursed thru the Bureau of Equipment and approved by the Bureau of Director. The BOE shall assign the turned over vehicles to augment the existing fleet. Based on an initial determination of the ideal number of vehicles per type per implementing office and the latest inventory of service vehicles, it has been established that the Department has a shortage of approximately 1,500 units, nationwide.

3.3 Once the ideal number of service vehicles has been attained, the vehicles turned over from project supervision

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shall be used to continuously upgrade the fleet in order to avoid the uneconomical maintenance to ageing units.

Any violation of these Rules shall be a ground for disciplinary action without prejudice to the filing of appropriate administrative charges, if warranted.

This Order shall take effect immediately and supersedes other issuances inconsistent herewith.

Adopted: 04 January 2010

(SGD.) VICTOR A. DOMINGO
Secretary

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[*]Text Available at Office of the National Administrative Register, U.P. Law Complex, Diliman, Quezon City

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