

**[DPWH DEPARTMENT ORDER NO. 29, S. 2011,
May 16, 2011]**

**REVISED GUIDELINES ON THE PREPARATION OF APPROVED
BUDGET FOR THE CONTRACT**

The policies, rules and procedures relative to the preparation of the "Approved Budget for the Contract" (ABC) previously prescribed under Department Order No. 12, Series of 2011, are hereby revised/reiterated.

The ABC shall be prepared on the basis of the design for the project which has been duly approved by authorized officials in accordance with existing regulations.

All items of work to be used in preparing the ABC shall conform to the Standard Specifications for Highways and Bridges, revised 2004, Standard Specifications for Public Works, 1995, and approved Special Specifications for the project.

The ABC shall be composed of the Direct Cost and the Indirect Cost.

A. The Direct Cost shall consist of the following:

- A. Cost of materials to be used in doing the work item called for,
1 which shall include, inter alia, the following:

- A.1.1 Cost at source, including processing, crushing, stockpiling, loading, royalties, local taxes, construction and/or maintenance of haul roads, etc.

- A. 1.2 Expenses for hauling to project site.

- A. 1.3 Handling expenses

- A. 1.4 Storage expenses

- A.1.5 Allowance for waste and/or losses, not to exceed 5% of materials requirement.

- A. Cost of Labor:
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- A-2-1 Salaries and wages, as authorized by the Department of Labor and Employment

- A.2.2 Fringe benefits, such as vacation and sick leaves, benefits under the Workmen's Compensation Act, GSIS and/or SSS contributions allowances, 13th month pay, bonuses, etc.

A. Equipment Expenses

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A.3.1 Rental of equipment which shall be based on the prevailing "Associated Construction Equipment Lessors, Inc." (ACEL) rental rates approved for use by the DPWH (Presently it is the 2009 ACEL Rates). Rental rates of equipment not indicated in the ACEL booklet shall be taken from the rental rates computation, the operated rental rates are preferred over the bare rental rates prepared by the Bureau of Equipment. For simplicity in as the former includes operator's wages, fringe benefits, fuel, oil, lubricants and equipment maintenance. The make, model and capacity of the equipment should be indicated in the detailed unit cost analysis.

A.3.2 Mobilization and demobilization, shall be treated as a separate pay item. It shall be computed based on the equipment requirements of the project stipulated in the proposal and contract booklet. In no case shall mobilization and demobilization exceed 1 % of the Estimated Direct Cost (EDC) of the civil works items.

B The Indirect Cost shall consist of the following:

B. Overhead Expenses - ranges from 5 - 8% of the EDC, which
1 includes the following:

B.1.1 Engineering and Administrative Supervision

B.1.2 Transportation allowances

B.1.3 Office Expenses, e.g., for office equipment and supplies, power and water consumption, communication and maintenance.

B.1.4 Premium on Contractor's All Risk Insurance (CARI)

B.1.5 Financing Cost

(a) Premium on Bid Security

(b) Premium on Performance Security

(c) Premium on Surety for Advance Payment

(d) Premium on Warranty Bond (one year)

B.2 Contingencies - ranges from 0.5-3% of the EDC. These include expenses for meetings, coordination with other stakeholders, billboards, stages during ground breaking & inauguration ceremonies and other unforeseen events.