

**[ DPWH DEPARTMENT ORDER NO. 03, S. 2010,  
January 04, 2010 ]**

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

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 an actual demand in the field. The types of vehicle shall be in accordance with Administrative Order (AO) No. 233, Series 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 Receipt 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 purpose, 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;