



Republic of the Philippines
Department of Education

21 SEP 2018

DepEd O R D E R
No **040** , s. 2018

**GUIDELINES ON THE UTILIZATION OF THE ENGINEERING AND ADMINISTRATIVE
OVERHEAD FUNDS UNDER THE 2018 BASIC EDUCATION FACILITIES FUNDS**

To: Undersecretaries
Assistant Secretaries
Regional Secretary, ARMM
Bureau and Service Directors
Regional Directors
Schools Division Superintendents
All Others Concerned

1. The Department of Education (DepEd) issues the enclosed **Guidelines on the Utilization of the Engineering and Administrative Overhead (EAO) Funds under the 2018 Basic Education Facilities Funds (BEFF)** to guide the implementing units at the different levels of the Department in the proper utilization of the EAO funds in accordance with the Special Provisions of the General Appropriations Act for 2018.
2. The guidelines provide directions to all implementing units of the BEFF and its corresponding programs and projects in the proper and authorized usage of the EAO, which is provided to support the management and monitoring of the different programs/projects to ensure that the target outputs are compliant with the given standards and budget allocation.
3. All DepEd orders and other related issuances, rules and regulations that are inconsistent with these guidelines are repealed, rescinded or modified accordingly.
4. This Order shall take effect immediately upon its approval.
5. Immediate dissemination of and strict compliance with this Order is directed.


LEONOR MAGTOLIS BRIONES
Secretary

Encl.: As stated

References: DepEd Order Nos.: 28, s. 2008; and 17, s. 2011

To be indicated in the Perpetual Index
under the following subjects:

BASIC EDUCATION
FUNDS
POLICY

PROGRAMS
PROJECTS



(Enclosure to DepEd Order No. 040, s. 2018)

**GUIDELINES ON THE UTILIZATION OF THE ENGINEERING AND
ADMINISTRATIVE OVERHEAD (EAO) FUNDS UNDER THE 2018 BASIC
EDUCATION AGENDA FACILITIES FUNDS (BEFF)**

I. Rationale

Under the General Appropriations Act (GAA) of Fiscal Year 2018, specifically Special Provision **NO. 5** under the Basic Education Facilities Fund (BEFF), an Engineering and Administrative Overhead (EAO) fund representing a certain percentage of the total appropriations for the construction, replacement, and completion of Kindergarten, Elementary and Secondary School Buildings and Technical-Vocational Laboratories and the construction of Water and Sanitation Facilities is authorized to support the monitoring and supervision activities of the construction projects by the Department of Public Works and Highways (DPWH) and the DepEd. Thus, this guideline is being set to ensure the proper utilization of the said funds.

II. Scope and Objectives

This guideline provides the allowable activities and expenses for the utilization and disbursement for the efficient and effective utilization of the EAO Funds provided under the 2018 General Appropriations Act.

Likewise presented are the specific roles and responsibilities of the Central, Regional, and Division Offices to ensure the proper management and reporting of the utilization of the said funds.

III. Principles and Policy Statement

The monitoring and evaluation of every project is crucial to ensure that projects are implemented in accordance with the approved time, cost and the set design standards. The classrooms construction under the BEF Funds of the department are being implemented by the Department of Public Works and Highways (DPWH). As owner or end user of the various school building projects, the department has the role to ensure that funds released for such purpose are

utilized properly and that school buildings are constructed on schedule and on the agreed standard designs and specifications. These responsibilities are lodged at the level of the Central, Regional and Division Engineers of the department. However, in order to properly do its tasks, the engineers must be provided with enough financial support given the varying conditions of the schools nationwide.

The EAO provided in the 2018 GAA will address the financial requirements for the effective operation of the concerned offices from the Central Office down to the Division Offices and monitoring and evaluation of various infrastructure projects of the department.

IV. Allowable Expenses

1. Special Provision No. 5 of the 2018 GAA further provides that the total amount of the EAO shall be equally shared by both DPWH and DepEd, the use of which shall be limited to the following:
 - a. Administrative overhead including the hiring of individuals engaged through job-orders or contracts of service or such other engagement of personnel without any employee-employer relationship;
 - b. Pre-construction activities after detailed engineering;
 - c. Construction project management;
 - d. Testing and quality control;
 - e. Acquisition, rehabilitation and repair of related equipment and parts; and
 - f. Contingencies in relation to pre-construction activities.

The share of DepEd of the EAO funds shall be released directly to the DepEd Central office. While the share of the DPWH shall be released directly to the DPWH.

2. To ensure that the DepEd's share of the EAO funds is used efficiently and effectively, the following guidelines on the utilization of such funds shall be as follows:
 - a. The monitoring activities shall be the main responsibility of the Regional and Division Offices with support from the Central Office through the Office of the Undersecretary for Administration (OUA) and Education Facilities Division (EFD).
 - b. The following Central/Regional/Division officials/personnel are authorized to utilize the EAO funds for the monitoring of the BEFF projects:
 - i. Educational Support Service Division Chiefs (ESSD Chiefs)
 - ii. School Governance Operations Division Chiefs (SGOD Chiefs)
 - iii. Regional and Division Engineers/Architects (Plantilla and COS)
 - iv. OUA/EFD Personnel
 - v. Regional/Division/Central Office Accountants

c. Matrix of Allowable Expenses

Allowable Expenses	Central Office	Regional Office	Division Office
Support to the Operations of the Education Facilities Division of the Central Offices: 1. Salaries of Education Facilities Division (EFD) Contract of Service Staff and Consultants; 2. Purchase of Service Vehicles for the monitoring of various projects of the Central, Regional and Division Engineers	OUA, EFD		
Meetings, Workshops, Seminars and Registration Fees during seminars relative to BEFF projects; 1. Expenses for Board and Lodging; 2. Transportation expenses including gasoline expenses and expenses for the hiring of vehicles; 3. Per Diem; 4. Supplies and Materials for the conduct of the activity.	Allowed	Allowed	Allowed
Expenses incurred in the monitoring and inspection of projects; 1. Transportation expenses including gasoline expenses and expenses for the hiring of vehicles; 2. Per Diem; 3. Supplies and Materials for the preparation and submission of reports; 4. Communication expenses 5. Expenses for the submission of reports and other related documents to concerned offices thru registered mails or couriers. 6. Expenses for the procurement of necessary equipment (Laptop, printer,	Allowed	Allowed except for items #6 to #8 which shall be subject to the approval of the Central Office	Allowed except for items #6 to #8 which shall be subject to the approval of the Central Office

Allowable Expenses	Central Office	Regional Office	Division Office
camera, videocam, drone) to support the monitoring activities of the engineers; 7. Creation of Information Materials and other Multimedia materials related to the implementation of the Basic Education Facilities Fund 8. Development of information system and applications for the effective monitoring of the projects			

3. The EAO shall be released to the Regional and Division Offices on a quarterly basis and on the following conditions:

a. The allocated EAO shall be released in the following manner:

- i. Seventy-seven and 50/100 percent (77.5%) will be retained at the Central Office **(CO)**;
- ii. Twenty percent (20%) will be released to the Division Offices **(DO)** through the issuance of Sub-Allotment Release Order (Sub-ARO);
- iii. Two and 50/100 percent (2.5%) will be released to the Regional Offices **(RO)** through the issuance of Sub-ARO.

b. The amount to be released on the succeeding quarters shall be based on the quarterly report on the utilization of the downloaded funds and on the number of remaining sites with ongoing projects needed to be monitored to be submitted by the recipient RO/DO.

V. Monitoring and Evaluation

a. Matrix of Responsible Offices for the issuance, disbursement and monitoring of utilization of EAO Funds.

Activity	Responsible Offices		
	CO	RO	DO
Preparation of Subsaro to the Regional and Division Offices	EFD and Budget Division Central Office		
Issuance of subSARO	Office of the Undersecretary		

	for Budget and Performance Monitoring		
Receiving and Recording of issued subSARO		Budget Officer/ Accountant	Budget Officer/ Accountant
Approval of the proposed utilization of EAO		Regional Director	Division Superintendent
Monitoring of Disbursement and Utilization of Funds	EFD, EPDU, Budget Division	Budget Officer/ Accountant	Budget Officer/ Accountant

- b. For the effective monitoring of the utilization of the released amount, the **DO** shall submit Utilization Report on a quarterly basis to the **RO** which then sends the consolidated report to the Central Office thru the Accounting Division, copy furnished EFD, Office of the Undersecretary for Administration, and Office of the Undersecretary for Finance - Budget and Performance Monitoring.
4. The utilization of this fund shall be subject to the standard accounting and auditing rules and regulations and the Government Procurement Reform Act (R.A. No. 9184).
5. The EFD of the Central Office in close coordination with the Education Support Services Division (ESSD) of the Regional Offices thru Regional Engineers and School Governance and Operations Division (SGOD) thru Division Engineers will monitor and evaluate the implementation of this policy. They shall continuously gather feedback on the implementation of this policy from the concerned internal and external stakeholders.

Reference:

DepEd Order: Nos. 28 s. 2008 and No.17 s. 2011