



Republic of the Philippines
Department of Health
OFFICE OF THE SECRETARY

DEC 29 2020

ADMINISTRATIVE ORDER

No. 2020- 0062

SUBJECT: Guidelines for the Implementation of Projects Funded Under the Health Facilities Enhancement Program (HFEP) Fiscal Year 2020

I. RATIONALE

The implementation of the Health Facilities Enhancement Program (HFEP) is committed to achieve the country's overall health system goals which are mainly to improve health outcomes, provide financial risk protection and responsiveness. The HFEP implementation for the Fiscal Year 2020 is guided by the Department of Health's (DOH) FOURmula One Plus for Health (F1 plus) to attain the government mandate to implement Republic Act (R.A.) 11223 otherwise known as the Universal Health Care Law.

The approved budget for the Health Facilities Enhancement Program (HFEP) in the General Appropriations Act (GAA) 2020 is primarily apportioned for the purchase of medical equipment for the DOH hospitals, LGU hospitals, Rural Health Units (RHU) and Barangay Health Stations (BHS). The approved budget also provides fund for the construction of thirty (30) new BHS and for the completion, repair, renovation, rehabilitation of RHUs, City Health Offices (CHOs) and BHS. The GAA also includes the approved fund for the procurement of eighteen (18) Medical Transport Vehicles for Local Government Unit (LGU) Health Facilities.

II. OBJECTIVE

This Administrative Order provides the guidelines for the procurement and implementation of HFEP funded projects for equipment, infrastructures, and medical transport vehicles as prescribed in the Republic Act (R.A.) No. 11465 otherwise known as the General Appropriations Act for Fiscal Year 2020.

III. SCOPE

This Order covers the implementation of projects under the HFEP FY 2020 by the DOH Central Office, Centers for Health Development (CHDs), DOH hospitals, Ministry of Health - Bangsamoro Autonomous Region in Muslim Mindanao (MOH-BARMM) pursuant to Republic Act (R.A.) 11054 Organic Law for the BARMM, and other government health facilities.

IV. DEFINITION OF TERMS

- 1. Health Facility** - refers to an establishment, whether stationary or mobile, land based or otherwise, that provides healthcare services such as diagnostic, therapeutic, rehabilitative, palliative, and/or related health services.



2. **Implementing Unit** – refers to the health facility or the Center for Health Development (CHD) or other DOH offices or operating units where the fund is appropriated and capable of carrying out the implementation of the proposed project(s).
3. **Medical Transport Vehicle** – a motor vehicle designed and equipped to transport patients and/or provide medical services. Examples are land ambulances, sea ambulance, dental health bus, mobile clinics, etc.
4. **Slippage** -is a delay in work execution occurring when actual accomplishment falls below the target as measured by the difference between the scheduled and actual accomplishment of the Work by the Contractor as established from the work schedule. This is actually described as a percentage of the whole Works.
5. **Variation Order** – may either be in the form of a Change Order, Extra Work Order, or Supplemental Agreement, issued to cover any increase or decrease in work quantity, including introduction of new work items not included in the original contract, including the reclassification of work items that are due to change of plans and specifications.

V. GENERAL GUIDELINES

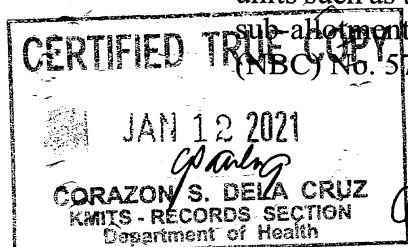
1. **Budget.** The total approved budget for the implementation of HFEP projects in the DOH-Central Office, CHDs, DOH Hospitals, other DOH facilities and LGU health facilities is Eight Billion Three Hundred Fifty One Million Six Hundred Ten Thousand Pesos (P8,351,610,000.00) shall be used exclusively for the following purposes:

Project	Comprehensive Release	For Later Release	Total
Medical Equipment	Php 5,864,710,000.00	Php 1,086,400,000.00	Php 6,951,110,000.00
Infrastructure	Php 0.00	Php 1,337,500,000.00	Php 1,337,500,000.00
Medical Transport Vehicle	Php 0.00	Php 63,000,000.00	Php 63,000,000.00
			Php 8,351,610,000.00

Total approved budget for the Implementation of HFEP Projects under GAA 2020

2. Release of Budget

- a. Upon the release of the budget from the Department of Budget and Management (DBM), the DOH Central Office shall sub-allot or transfer the fund to the implementing units such as the CHDs, DOH Hospitals, Corporate Hospitals and MOH-BARMM. The sub-allotment or transfer shall be in accordance with the National Budget Circular (NBC) No. 578 issued by the DBM.



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- b. For the projects under the **For Later Release** classification, the DBM requirements for the issuance of the Special Allotment Release Order (SARO) or General Allotment Release Order (GARO) are specified in *Annex A: Requirements for the release of funds for the projects under For Later Release*.

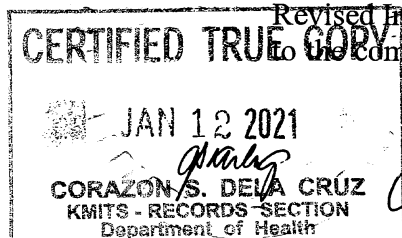
3. Implementation of Projects

- a. The implementing units where the fund is sub-allotted or transferred shall primarily implement the equipment and infrastructure projects.
 - b. Medical transport vehicle projects shall be primarily implemented by the Health Facilities Enhancement Program Management Office (HFEP-MO). The implementation, upon the approval of the DOH Executive Committee, may also be designated to the respective CHD and/or to the hospitals that have the capability to conduct the procurement. In such case, the HFEP-MO shall prepare the necessary Department Order and Sub-allotment Guidelines.
 - c. All procurements for infrastructure, equipment and medical transport vehicle projects shall be in accordance with the pertinent provisions of R.A. No. 9184 or otherwise known as Government Procurement Reform Act and its Implementing Rules and Regulations, and other pertinent accounting and auditing laws, rules and regulations.
4. **Reporting.** All CHDs, DOH Hospitals, other DOH Health Facilities, LGU Health Facilities and MOH-BARMM shall submit to the HFEP MO the monthly Physical and Financial Performance Real-Time Report (PAFPRR) for all projects not later than the 10th day of each succeeding month, in soft and in signed hard copies.

VI. SPECIFIC GUIDELINES

A. Implementation of Equipment Projects

1. The implementing unit shall prepare the Terms of Reference (TOR) or the Purchase Request (PR) and other pertinent procurement documents. The implementing unit shall establish its own Technical Working Group (TWG) that shall prepare the PR or TOR. The TWG shall be at least composed of representatives from the end-users and from the engineering and/or biomedical department of the health facility.
2. The PR or TOR shall include amongst others, the detailed equipment technical specifications, accessories, technical documents, compliance with applicable product standards, warranty, completion period for the delivery and installation (if applicable), functional testing and commissioning, training for end-users and maintenance staff, preparation of the installation site (if applicable), payment terms, etc. The TWG can use as references the available technical specifications issued by the World Health Organization (WHO) which can be found in the WHO official website (<http://bit.ly/WHO-TS>).
3. The TWG shall have the responsibility and accountability to ensure that no item in the PR or TOR is referenced to a specific brand of the equipment as provided under the Revised Implementing Rules and Regulations of *R.A. No. 9184, Rule VI, Sec. 18*. Prior to the commencement of the procurement, the Bids and Awards Committee (BAC) of



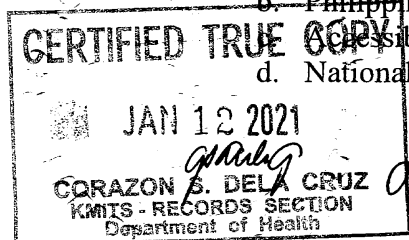
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the implementing unit shall require the TWG to indicate in each page of the PR or TOR the names and signatures of the TWG members signifying that no item in the PR or TOR is referenced to a specific brand of the equipment.

4. For radiologic equipment, the implementing unit shall use the TOR (and its amendments, if any) issued by HFEP-MO and cleared by the Physics Laboratory Support Division, Central Services Laboratory of the Food and Drug Administration.
5. For equipment that requires the preparation of installation site, the implementing unit shall ensure that prior to procurement, the installation site has the required infrastructure including the electrical utilities and if necessary, adequate water supply. The installation site must be ready and must not cause any delay in the delivery, installation and commissioning of the equipment. The implementing units shall likewise ensure the availability of the trained personnel for the operation of the equipment.
6. The implementing unit shall verify that the suppliers participated in the bidding for the equipment projects are not included in the current Government Procurement Policy Board (GPPB) list of blacklisted entities (gppb.gov.ph/blacklistedsuppliers.php).
7. Immediately after the completion of the procurement, the implementing unit shall ensure that the equipment is properly classified and recorded in the books of assets of the health facility.
8. For the equipment procured by the CHD for the LGU health facilities, the turnover of the equipment shall be accompanied by the corresponding Deeds of Donation as appropriate, and shall be in accordance with the Government Accounting and Auditing Manual (GAAM).

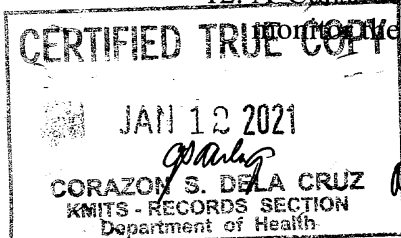
B. Implementation of Infrastructure Projects


1. The implementing units shall ensure that the infrastructure projects conform to the GAA 2020 General and Special Provisions for infrastructure projects.
2. The implementing unit shall submit the approved Schematic Floor Plan to the DOH-Health Facilities Services Regulatory Bureau (HFSRB) or to the respective CHD-Regulations, Licensing and Enforcement Division (RLED) and secure a Permit to Construct (PTC) prior to the preparation of the Detailed Architectural and Engineering Design (DAED).
3. The implementing unit shall prepare and approve the DAED Plans, Detailed Unit Price Analysis (DUPA) and other bidding documents required for the procurement of the project.
4. The building design shall strictly conform to the provisions of the latest edition of the following Building Codes, other pertinent Laws and their Implementing Rules and Regulations (IRR), and DOH Manuals and Standards:
 - a. National Building Code of the Philippines (PD No. 1096)
 - b. Philippine Green Building Code, a Referral Code of PD No.1096
 - c. Accessibility Law (BP 344)
 - d. National Structural Code of the Philippines (NSCP) Latest Edition



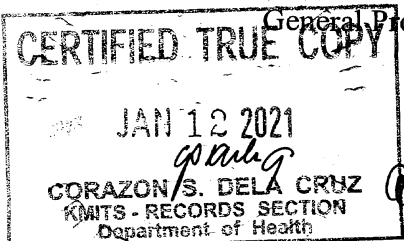
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- e. Plumbing Code of the Philippines (RA No. 1378)
 - f. New Philippine Electrical Engineering Law (RA No. 7920)
 - g. Philippine Mechanical Engineering Act of 1998 (RA No. 8495)
 - h. Fire Code of the Philippines (RA No. 9514)
 - i. Ecological Solid waste Management Act (RA No. 9003)
 - j. DOH Healthcare Waste Management Manual 4th Edition
 - k. Philippine Clean Air Act of 1999 (RA No. 8749)
 - l. Philippine Clean Water Act (RA No. 9275)
 - m. DOH Hospital Licensing Standards for Physical Plant (DOH AO 2012-0012)
 - n. Joint DOH and DENR Administrative Order (AO 02-2005)
 - o. Local ordinances and regulations
5. The building design shall likewise strictly adhere to the **DOH Administrative Order 2020-0011 Guidelines in the Implementation of the Unified Color, Signage Features, and Design of Identified Interior Spaces for Health Facilities Enhancement Program (HFEP)-funded and coordinated Health Facilities and Medical Transport Vehicles.**
 6. For the facility having a gross floor area of 10,000 square meters or more, the implementing unit shall comply with the DOH Department Circular No. 2019-0059 Green Certification of Government Healthcare Facility Projects.
 7. The implementing unit shall verify that the contractors participating in the bidding for the infrastructure projects are not included in the current Construction Industry Authority of the Philippines (CIAP) list of blacklisted contractors and GPPB list of blacklisted entities (gppb.gov.ph/blacklistedsuppliers.php).
 8. The implementing unit shall clearly indicate in the contract that the contractor shall be the one responsible for securing the required national and local government permits such as Building Permit, Occupancy Permit, Utility Power Company approval, etc. The contract shall also specify that all documents needed for the application for the permits that are originating from the implementing unit shall be promptly provided to the contractor.
 9. The implementing unit shall ensure that any change in the specifications of materials shall be permitted only if the alternative material is stronger or more durable than the originally specified material and that the funds for any additional cost shall be available and certified by the institution's budget officer.
 10. Preconstruction Conference shall be conducted prior to the commencement of the project to ensure that all issues are discussed and agreed upon by the implementing units and the contractor.
 11. Prior to the installation of any equipment/assemblies/machines required for the project, especially by a separate contractor/supplier, a pre-installation conference shall be conducted.
 12. A Construction Progress Conference shall be held on an agreed interval to properly monitor the progress of the project.




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13. The implementing unit shall conduct a weekly/bi-weekly/monthly inspection to properly monitor the progress of the project.
14. Any Variation Orders or changes in the specifications of the materials shall be permitted only if the alternative material is stronger or more durable than the originally specified material and that funds for any additional cost shall be available and certified by the institution's budget officer.
15. The implementing unit shall clearly indicate in the Contract the appropriate duration of the project recommended by HFEP MO. The duration of the project with a contract cost of below Php10 Million up to Php50 Million shall be in accordance with ***Annex B: Duration of the project recommended by HFEP MO***
16. For projects with a cost of more than Php50 Million, the duration shall be based on the Construction Schedule considering the use of optimum additional resources. The schedule shall be approved by the respective CHD and shall be endorsed to the HFEP MO Project Monitoring Unit (PMU) for the monitoring and evaluation of the project.
17. In case of **Negative Slippage**, the **Calibrated Actions** shall be in accordance with ***Annex C: Negative Slippage and Calibrated Actions***
18. **Project Completion Phase.** The Implementing Unit shall use the Forms in ***Annex D: Punch-list Forms*** as a tool in conducting the preliminary inspection when the project has reached ninety-five percent (95%) accomplishment of the total contract amount. A copy of the report shall be provided to the Contractor for the preparation of the final turnover of the project. The report shall contain, among others, the remaining works, work deficiencies for necessary corrections, and the specific duration/time to fully complete the project considering the approved remaining contract time. This, however, shall not preclude the claim of the implementing unit for any liquidated damage. The Punch-listing shall be conducted with the presence of the Contractor and the end-users or their duly authorized representatives.
19. **Post-construction Phase.** The Implementing Unit shall inspect the project three (3) months prior to the expiration of the Defects Liability Period. The Implementing Unit shall accomplish the Form in ***Annex E: Post-Construction Report Form*** and provide a copy to the Contractor to undertake the repair of any damage to the Works. The expenses that will be incurred due to the repair of the damages shall be at his own expense borne by the Contractor. Upon completion rectification/repair as stated in the Post-Construction Report, the Implementing Unit shall issue to the Contractor the Form in ***Annex F: Defects Liability Certificate*** together with the Certificate of Final Acceptance.
20. The implementing units shall designate its Engineering and/or Infrastructure Department to be the custodian of the accomplished report Forms described in Annexes C to F.
21. The CHDs may enter into a Memorandum of Agreement (MOA) with the concerned LGU for the implementation of infrastructure project/s pursuant to Section 87 of the General Provisions of the GAA 2020, provided that the LGU has:



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- a. Capability to implement the project by administration or contract and in accordance with the design, plan, specifications, and such other standards and policies of the DOH;
- b. No COA audit findings in previous HFEP project/s;
- c. Good track record in implementing infrastructure projects as evidenced by full liquidation documents;
- d. Seal of Good Local Governance or Seal of Good Financial Housekeeping

*The sample template for the MOA is provided in **Annex G: Sample template for the Memorandum of Agreement (MOA) between CHDs and LGUs.***

22. Administrative Overhead Expenses – In accordance with Section 6 Special Provisions of the GAA 2020 Special Provisions, in the implementation of infrastructure projects costing more than One Million Pesos (P1,000,000.00), the DOH is authorized to deduct not more than one and one half percent (1 ½%) of the project cost to be used for administrative overhead expenses. Administrative overhead expenses shall include but not limited to the following, for monitoring and inspection of projects:
 - a. Hiring of job order personnel
 - b. Transportation expenses, hiring of vehicles and gasolines
 - c. Per diems
 - d. Communication allowance;
 - e. Supplies and materials in reporting and documentation

C. Procurement of Medical Transport Vehicles

1. The TOR that shall be used for the procurement of the medical transport vehicle shall be the Terms of Reference (and its amendments, if any) issued by HFEP-MO.
2. The requirements and procedures on the turnover of the medical transport vehicle to the respective recipients shall be in accordance with DOH Department Order No. 2018-0338: Guidelines on the Distribution of Medical Transport Procured Under HFEP to the Respective Recipients. All medical transport vehicles shall be turned over to the designated recipients with corresponding Deeds of Donation as appropriate and shall be in accordance with the Government Accounting and Auditing Manual (GAAM).

D. Project Modification or Realignment

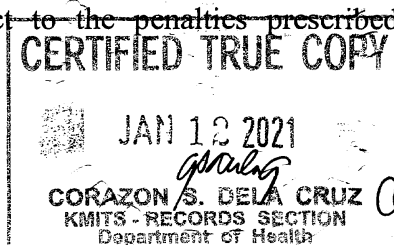
Project modification shall follow Section 70 of the General Provisions of the GAA 2020 and the Sec. 3.10 of the National Budget Circular (NBC) No.578 dated 6 January 2020 issued by the DBM as shown in **Annex H**.

E. Use of Savings

Use of savings shall be pursuant to Sections 66, 67, 68, and 69 of the General Provisions of the GAA 2020 and sec. 3.11 of NBC No.578 as shown in **Annex H**.

F. Penalties for Failure to Strictly Enforce the HFEP Project Implementation Guidelines

The concerned implementing unit shall see to it that this Guidelines shall be strictly enforced. Failure to do so shall, after due process, make the responsible officials/employees liable and subject to the penalties prescribed for Violation of



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Reasonable Office Rules and Regulations under Section 46 (F)(3) of the Revised Rules of Administrative Cases in the Civil Services (RRACCS), as follows:

1. First offense: Reprimand
2. Second offense: Suspension for 1 - 30 days
3. Third offense: Dismissal

G. Roles and Responsibilities


1. The HFEP MO shall prepare the corresponding Guidelines on the sub-allotment and utilization of funds for the infrastructure and equipment projects appropriated in the GAA for the DOH hospitals and/or other DOH health facilities and to the respective CHD for the implementation of the projects for LGU health facilities. The HFEP MO shall likewise prepare the necessary Guidelines for the transfer of funds and Memorandum of Agreement for the infrastructure and equipment projects appropriated in the GAA for the health facilities operated by other NGAs, DOH Corporate Hospitals and DOH BARMM.
2. Upon the approval of the Department Order on the Sub-allotment and Disbursement of Funds, the Administration and Financial Management Team (AFMT), through the Financial and Management Service (FMS) shall facilitate and process the release of the Sub-allotment Advice (SAA).
3. The HFEP-MO shall provide oversight functions to CHDs, DOH Hospitals, and LGU health facilities in the implementation of HFEP Projects including the monitoring and evaluation of the status of HFEP projects. The HFEP-MO shall likewise provide technical assistance, if necessary, to the HFEP projects. The HFEP MO Project Monitoring Unit (PMU) shall provide and manage all information systems required for the implementation and coordination of HFEP projects. It shall provide technical and logistical assistance to make operational, comprehensive and updated information system on HFEP.
4. The CHDs shall be the regional manager, implementing arm, and procuring entity of the DOH for their respective programs. They shall provide technical assistance and monitor all HFEP projects in the LGUs, maintain and regularly update the Physical and Financial Performance Real-Time Report (PAFPRR) in coordination with the LGU units and the HFEP MO.

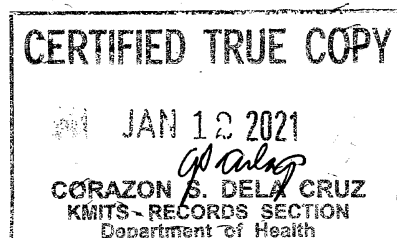
VII. REPEALING CLAUSE

All orders, rules, regulations, and other related issuances inconsistent with or contrary to this Order are hereby repealed, amended, or modified accordingly.

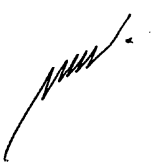
VIII. EFFECTIVITY

This Order shall take effect immediately upon publication in newspaper of general circulation.


FRANCISCO T. DUQUE III, MD, MSc
Secretary of Health



- Annex A:** Requirements for the release of funds for the projects under For Later Release
- Annex B:** Duration of the project recommended by HFEP MO
- Annex C:** Negative Slippage and Calibrated Actions
- Annex D:** Punch-list Forms
- Annex E:** Post-Construction Report Form
- Annex F:** Defects Liability Certificate
- Annex G:** Sample template for the Memorandum of Agreement (MOA) between CHDs and LGUs
- Annex H:** Relevant Provisions of the GAA 2020 and NBC No. 578 for HFEP FY 2020

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Annex A

Requirements for release of funds for the projects under For Later Release HFEP 2020

1. Request letter for the release of the funds addressed to the HFEP MO
2. Detailed Financial Plan
3. Physical Plan
4. Monthly Disbursement Plan
5. Program of works/Project Profile
6. Agency certification that the project can be implemented within the validity of the appropriation
7. For equipment projects: list of equipment to be procured and its Purchase Request
8. For infrastructure projects: Clearance from the Department of Public Works and Highways (DPWH) for building structural integrity/resiliency; signed picture of geo-tagged actual location of project and/or form the Department of Environmental and Natural Resources (DENR) for environmental clearance.
9. Commitment from the agency head to fund the cost of maintenance and repair of the projects
10. Certification from the agency head that the project is not fully funded from other sources.



Annex B

Standard Construction Duration per Project Construction Cost & Estimated Monthly Percentage of Accomplishment of HFEP Infrastructure Projects

Project Construction Cost	Contract Duration	Day 1-30	Day 31-60	Day 61-90	Day 91-120	Day 121-150	Day 151-180	Day 181-210	Day 211-240	Day 241-270	Day 271-300
P10M & below	120 CD	20%	50%	80%	100%						
P11-P25M	180 CD	10%	20%	56%	70%	80%	100%				
P26M-P40M	240 CD	8%	16%	40%	56%	67%	75%	92%	100%		
P41M-P50M	300 CD	7%	14%	21%	43%	56%	74%	81%	88%	95%	100%

Notes:

1. For projects P51M & above, computation shall be based on the Construction Schedule (Bar Chart/S-Curve), considering the use of optimum additional resources. The Construction Schedule are to be prepared by the CHD/DOH Hospitals Engineers. Provide approved copies to HFEP Performance Management Unit (PMU) for proper monitoring and evaluation.
2. The above duration is applicable for New Construction Projects, provide additional 20% for projects with existing facilities for Repair/Renovation/Rehabilitation/Improvement.
3. For existing facilities, the end-user should submit a Plan for Patient Transfer before submitting proposals. Turn-over of the site to the Procuring Entity should be accomplished during the Pre-procurement of the project.
4. The Start Date, is the date when the Contractor is obliged to commence execution of the Works. The contractor should be granted possession of the site upon issuance of the Notice to Proceed.

Annex C: Negative Slippage and Calibrated Actions

(AGENCY LETTER HEAD)

(Date of Issuance)

(Authorized Managing Officer)
Position
Company/Firm
Complete Address

SUBJECT : Notice for the Negative Slippage
1st Warning

Dear Mr /Ms. (Last Name):

This refers to your contract, (Name of Project) in the amount of (Contract Amount in words and in numbers). Please be informed that as of (date the accomplishment was computed), due to your fault caused by (state the reason e.g. limited equipment, materials, manpower, etc.), you have incurred a negative slippage as follows:

Name of Project	Accomplishment			Slippage
	Planned	Revised	Actual	
(Name of Project)	___.__%	___.__%	___.__%	-___.__%

Pursuant to DOH Department Order No. ___, Series of 2019, Annex ___ - Administrative Action on Contracts with Negative Slippage in Accordance with the Revised Implementing Rules and Regulations (RIRR) of R.A. 9184; you are hereby directed to submit, within seven (7) calendar days from receipt hereof, a detailed "catch-up plan" on a two-week basis to eliminate the slippage and a revised Construction Schedule/Bar Chart.

In the action program being required, specify therein the additional input resources such as money, manpower, materials, equipment, and management to cope up and meet the desired result accordingly. On-site supervision shall likewise be intensified and evaluation of project performance shall be done every other week.

Your immediate compliance on this matter is hereby sought.

Very truly yours,

(Head of Procuring Entity)
Position

Cc: LEONITA P. GORGOLON, MD, MHA, MCHM, CEO VI
Director IV, Health Facilities Enhancement Program

Annex C: Negative Slippage and Calibrated Actions

(AGENCY LETTER HEAD)

(Date of Issuance)

(Authorized Managing Officer)
Position
Company/Firm
Complete Address

SUBJECT : Notice for the Negative Slippage
Final Warning

Dear Mr./Ms. (Last Name):

This refers to your contract, (Name of Project) in the amount of (Contract Amount in words and in numbers). Please be informed that as of (date the accomplishment was computed), due to your fault caused by (state the reason e.g. limited equipment, materials, manpower, etc.), you have incurred a negative slippage as follows:

Name of Project	Accomplishment			Slippage
	Planned	Revised	Actual	
(Name of Project)	__._%	__._%	__._%	-__._%

Pursuant to DOH Department Order No. __, Series of 2019, Annex __ - Administrative Action on Contracts with Negative Slippage in Accordance with the Revised Implementing Rules and Regulations (RIRR) of R.A. 9184; you are hereby directed to submit, within seven (7) calendar days from receipt hereof, a more detailed program of activities with weekly physical targets, a revised Construction Schedule/Bar Chart, together with the required additional input resources to accelerate your work accomplishment and reduce the slippage over a defined time period.

On-site supervision shall likewise be intensified and evaluation of project performance shall be done at least once a week.

Your immediate compliance on this matter is hereby sought.

Very truly yours,

(Head of Procuring Entity)

Position

Cc: LEONITA P. GORGOLON, MD, MHA, MCHM, CEO VI
Director IV, Health Facilities Enhancement Program

Annex C: Negative Slippage and Calibrated Actions

(AGENCY LETTER HEAD)

(Date of Issuance)

(Authorized Managing Officer)

Position

Company/Firm

Complete Address

SUBJECT : Notice to Terminate Contract

Dear Mr./Ms. (Last Name):

This refers to your contract, (Name of Project) in the amount of (Contract Amount in words and in numbers). Please be informed that as of (date the accomplishment was computed), due to your fault caused by (state the reason e.g. limited equipment, materials, manpower, etc.), you have incurred a negative slippage as follows:

Name of Project	Accomplishment			Slippage
	Planned	Revised	Actual	
(Name of Project)	_____%	_____%	_____%	- ____%

Pursuant to Department Order No. ___, Series of 2019, Annex ___ - Administrative Action on Contracts with Negative Slippage in Accordance with the Revised Implementing Rules and Regulations (RIRR) of R.A. 9184; you are hereby directed to "show cause" within seven (7) calendar days from receipt hereof why your contract should not be terminated, pursuant to Section IV.3 Appendix 4 of R.A. 9184.

Your immediate compliance on this matter is hereby sought.

Very truly yours,

(Head of Procuring Entity)

Position

Cc: **LEONITA P. GORGOLON, MD, MHA, MCHM, CEO VI**
Director IV, Health Facilities Enhancement Program

Annex D:

Health Facilities Enhancement Program

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Annex E

Health Facilities Enhancement Program

POST-CONSTRUCTION INSPECTION REPORT						HFEP FORM NO.		
C GENERAL INFORMATION								
NAME OF FACILITY								
PROJECT DESCRIPTION								
LOCATION								
CONTRACT AMOUNT								
CONTRACTOR								
IMPLEMENTING AGENCY				DATE OF INSPECTION				
CERTIFICATE OF ACCEPTANCE & TURN-OVER (REF. NO & DATE):								
DEFECT LIABILITY PERIOD:								
D POST-CONSTRUCTION INSPECTION REPORT								
Room/Area		DEFFECTIVE			FINDINGS	ACTION TO BE TAKEN & DURATION		
		YES	NO	N/A				
INSPECTED BY:		APPROVED BY:			CERTIFIED BY END-USER:		FOR COMPLIANCE BY THE CONTRACTOR	
_____ Name & Signature		_____ Name & Signature			_____ Name & Signature		_____ Name & Signature	
DATE:		DATE:			DATE:		DATE:	

Annex F



Republic of the Philippines
Department of Health
{AGENCY LETTER HEAD}

Defects Liability Certificate

We, the undersigned hereby certify and accept the hereunder specified Health Infrastructure project which has been inspected and defects have been corrected per hereto attached documents supporting final acceptance of the project.

Name of Facility: Specify Name of Health Facility
Location: Specify exact address of the facility (Building No., Street Name, Brgy. Municipality/City, Province, Region)
Project Description: State Project Description and Program of Works
Actual Date of Completion: Specify Actual Date of Completion
Remarks Choose one of the following:

- Completed with no defects
- Completed with corrected defects

Work Done by: Choose one of the following:

- By Administration
- By Contract

If through contract,
Contract Amount: Specify Amount
Contractor & Address Specify Name and Address of Contractor

Certified by:

Accepted by:

Head of Procuring Entity

End-User

Date:

Date:

Acknowledge by:

Contractor

Date:

**Annex G: Sample template for the Memorandum of Agreement (MOA) between
CHDs and LGUs**

MEMORANDUM OF AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This agreement is entered into by and between:

The **CENTER FOR HEALTH DEVELOPMENT** for _____ with office
address at _____ represented by _____, **MD MPH, CESO III**, in
her capacity as Director IV, herein after referred to as "**CHD-__**"
and

The **{MUNICIPALITY/PROVINCE}** OF _____ with office address at
_____ herein represented by **{MAYOR/GOVERNOR}** _____ his
capacity as {Municipal Mayor/Provincial Governor}, herein after referred to as "**LGU**"

Witnesseth

WHEREAS, Department of Health thru the Health Facilities Enhancement Program for
CY ____ has appropriated the amount of _____ (Php
_____) intended for the **Completion of** _____
to be implemented and procured by the Local Government Unit of _____ thru transfer of
fund.

NOW, THEREFORE, in consideration of the foregoing premises and stipulations herein
set forth, the Parties hereto agree and do hereby agree as follows:

A. FUND UTILIZATION

1. The funds shall be chargeable against the General Appropriations Act (GAA) CY ____ or Republic Act under the Health Facilities Enhancement Program of the Department of Health for Comprehensive Release (FCR) and shall be obligated On or before, ____.
2. CHD- ____ shall transfer the fund according to the scheme or mode of project implementation/procurement adopted by the Local Government Unit as set forth in Section C of this Memorandum of Agreement.
3. In the event that the LGU fails to execute the project within _____ calendar days from the date of receipt of the First (1st) Tranche, the funds shall be reverted back to the CHD- ____, unless otherwise with justifiable reasons.

B. RESPONSIBILITIES OF THE LGU

1. Submit a Sangguniang Bayan Resolution authorizing the {Municipal Mayor/Provincial Governor}, to enter into an agreement with the CHD- ____;
2. Ensure that the Schematic Plan for the infrastructure project complies with the existing DOH standards for licensing and accreditation;
3. Prepare complete Detailed Architecture and Engineering Drawing (DAED) Plans, Technical Specifications, Scope of Work, Bill of Quantities, Detailed Cost Estimates, Approved Budget of the Contract and all other Documents for Bidding Purposes following provisions of the National Building Code, Structural, Electrical, Sanitary and Mechanical Codes, Fire Code, Accessibility Law, and all other pertinent laws and regulations;

4. Bid and award the infrastructure project in conformity to the provisions of R.A. 9184 and its Revised IRR and allow CHD- ____ personnel to act as observer in the bidding process and as member in the Technical Working Group for prequalification and bid evaluation;
5. Supervise the implementation of the project following the highest standards for materials control, safety, and quality assurance and hire or assign a quality control engineer for such purpose and secure the necessary local permits;
6. Attend monitoring meetings called for by CHD- ____ and immediately act on the observations made by the agency which would require corrections and revisions on the implementation of the project;
7. Raise to CHD- ____ for arbitration, any issues on the project implementation and must seek first the clearance and approval of the agency for any proposed Variation Orders;
8. Ensure immediate implementation and completion of the Project within the specified duration;
9. Together with CHD- ____, conduct final inspection of the project prior to the issuance of the Certificate of Completion;
10. Regularly submit the Fund Utilization Report (FUR) of the infrastructure project to CHD- ____ and submit the documentary requirements enumerated in Section C herein, corresponding to the chosen scheme/mode of project implementation;
11. Ensure that the health facility shall be functional within three (3) months after the turnover and acceptance of the project and should be utilized according to its purpose;
12. Ensure that funds shall be provided and reflected in the {Municipal/Provincial} Annual Operational Plan for the continuing maintenance and operations of the facility/infrastructure project and acquisition of equipment;
13. Book-up the cost of the infrastructure project in the Book of Accounts and furnish CHD- ____ a copy of the Journal Entry Voucher (JEV) within six (6) months after completion of the said project;
14. Ensure that the health facility will be accredited by PhilHealth in its Maternity Care Package.

C. RESPONSIBILITIES OF THE CHD- ____

1. Release / transfer the funds _ to the LGU after receipt of the documentary requirements that corresponds to the scheme or mode of project implementation/procurement adopted by the LGU as set forth herein, to wit:

A. Project Implemented by Contract

1. *First (1st) Tranche* - Twenty percent (20%) of the Total Project Allocation upon execution of this MOA and submission of the following documentary requirements by the LGU - to be accomplished in three (3) sets;
 - Fund Utilization Report (FUR) showing One Hundred Percent (100%) utilization of previous HFEP Infra Projects with full release of funds and completed projects
 - Detailed Architectural and Engineering Drawings (DAED) approved by the CHD- _ Regional Director
 - Approved and notarized Memorandum of Agreement (MOA)
 - Program of Work (POW) approved by the LCE
 - Colored pictures of the existing health facility **BEFORE** the implementation of the current Project, if applicable
2. *Second (2nd) Tranche* - Fifty percent (50%) of the Project's Total Contract Price (PTCP), after submission of the following documentary requirements by the LGU - to be accomplished in three (3) sets:
 - Letter request of the LGU for the release of the Second (2nd) Tranche
 - Fund Utilization Report (FUR) showing utilization of at least Sixty percent (60%) of the amount released in the First (1st) Tranche
 - Pictures with caption of the **ON-GOING** implementation of the Project.
 - Minimum of:
 - 4 - Angles Exterior and
 - 5 - Angles Interior
3. *Final Release* - The remaining balance of the Project's Total Contract Price (PTCP) including Extra Work/Variation Order if any, provided that the project has reached at least fifty percent (50%)

completion and the LGU has submitted the following requirements to CHD-___ - to be accomplished in three (3) sets:

- Letter request of the LGU for the release of the remaining fund.
- Fund Utilization Report (FUR) equivalent to at least sixty percent (60%) of the total amount previously released for the 1St and 2nd Tranche.
- Statement of Work Accomplished (SWA) equivalent to at least 50% of the PTCP.
- As-Built Plan, if there are any changes in the plan or Variation order Pictures with caption of the **ON-GOING** implementation of the project Minimum of:
 - 4 - Angles Exterior and
 - 5 - Angles Interior
- Copy of Journal Entry Voucher (JEV) of completed HFEP Infra Projects that were previously implemented by the {Municipal/Provincial} Government through a MOA with CHD-_, if applicable.

B. Project Implemented by Administration

1. *First (1st) Tranche* - Twenty percent (20%) of the Total Project Allocation upon execution of this MOA and submission of the following documentary requirements by the LGU - to be accomplished in three (3) sets:
 - Fund Utilization Report (FUR) showing One Hundred Percent (100%) utilization of previous HFEP infra projects with full release of funds and completed projects, if applicable
 - Detailed Architectural and Engineering Drawings (DAED) approved by the CHD- _ Regional Director
 - Approved and notarized Memorandum of Agreement (MOA)
 - Program of Work (POW) approved by the LCE
 - Colored pictures of the existing health facility **BEFORE** the implementation of the current Project, if applicable
2. *Second (2nd) Release* - Equivalent to 100% of the cost of Materials upon submission by the LGU of the following documentary requirements in three (3) sets:
 - Approved Purchase Order (PO)
 - Notice of Award
3. *Final Release* - The remaining balance of the Project cost after deducting the total amount of the 1ST and 2ND Tranche releases to cover the Labor Cost based on the approved Program of Work and upon submission by the LGU of the following requirements in three (3) sets:
 - Letter request of the LGU for the release of remaining balance
 - Fund Utilization Report (FUR) showing utilization of at least sixty percent (60%) of the total amount released in the 1St and 2nd Tranche
 - Copy of Journal Entry Voucher (JEV) of previous HFEP Infra Projects completed and implemented by the {Municipal/Provincial} Government through MOA with CHD-____, if applicable.
2. Provide technical assistance to the {Municipal/Provincial} Engineering Office in the preparation of schematic plans for infrastructure;
3. Evaluate and approve the Detailed Architecture and Engineering Plans, Technical Specifications, Scope of Work and the Approved Budget for the Contract prior to bidding and award of the infrastructure project;
4. Attend all meetings called for by the LGU-BAC in the conduct of infrastructure procurement as observer;
5. Monitor progress of infrastructure project and act promptly on any requests for arbitration or for Variation Orders;
6. Together with the LGU, conduct final inspection of the project prior to issuance of the Certificate of Completion;
7. Ensure that the LGU/contractor complete the infrastructure project within the specified project duration;
8. Ensure that utilization of funds shall follow the usual budgeting, accounting and auditing rules and regulations;
9. Submit a Monthly Fund Utilization report with all the pertinent supporting documents to DOH Finance Service (cc: HFEP) on or before the 7th day of the following month.

D. AMENDMENTS

This MOA may be amended or revoked only upon mutual consent of the parties provided that all amendments shall be covered by Supplemental Provisions signed by both parties which shall be incorporated by way of reference as an integral part of this MOA.

IN WITNESS WHEREOF, the Parties have affixed their hands this ____ day of _____ at _____.

For the CHD-_____:

For the {Municipality/Province} of _____:

DIRECTOR IV

{MAYOR/GOVERNOR}

Signed in the Presence of

PDO,

{M/PHO}

Accountant III

{Municipal/Provincial} Treasurer

ACKNOWLEDGEMENT

Republic of the Philippines)
Province of _____) S.S.
X-----X

BEFORE ME, a Notary Public for and in the Province and City of _____, this ____ of _____, ____ at _____, Philippines, personally appeared the following:

Name	Type of Government Issued ID/No.	Place/Date of Issue

All personally known to me, upon, competent proof of identity indicated below their respective name and signature, to be the same persons who executed the foregoing document and acknowledged to me that the same is their free and voluntary act and deed.
This instrument consists of 5 pages, including this page on which the acknowledgment is written and signed on each and every page thereof by the parties and their instrumental witnesses.
WITNESS MY HAND AND SEAL on the place and at the date first abovewritten:

Notary Public

Doc No. _____:
Page No. _____:
Book No. _____:
Series of _____.

Annex H: Relevant Provisions of the GAA 2020 and NBC No. 578 for HFEP FY 2020

General Appropriations Act 2020 General Provisions

Sec. 66. Authority to Use Savings. The President of the Philippines, the President of the Senate of the Philippines, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, the Heads of the Civil Service Commission, the Commission on Elections, and the COA are hereby authorized to declare and use savings in their respective appropriations to augment actual deficiencies incurred for the current year in any item of their respective appropriations.

The foregoing constitutional officers authorized to use savings shall be responsible for ensuring that a semestral and annual report on their respective use of savings shall be submitted to the President of the Senate of the Philippines and the Speaker of the House of Representatives, copy furnished the DNM. The report shall indicate among others, the amount of savings generated, the sources and grounds used therefor, and the existing program, activity or project in their respective appropriations augmented. They shall likewise ensure that said reports are posted on their respective websites.

Sec. 67. Meaning of Savings. Savings refer to portions or balances of any released appropriations in this Act which have not been obligated as a result of any of the following:

- (a) completion, final discontinuance, or abandonment of a program, activity or project for which the appropriation is authorized; or
- (b) implementation of measures resulting in improved systems and efficiencies and thus enabled an agency to meet and deliver the required or planned targets, programs and services approved in this Act at a lesser cost.

In case final discontinuance or abandonment is used as basis in the declaration of savings, such discontinued or abandoned program, activity or project shall no longer be proposed for funding in the next two (2) fiscal years.

Allotments that were not obligated due to the fault of the agency concerned shall not be considered savings.

Sec. 68. Rules on Augmentation. Augmentation is the act of the constitutional officers authorized to use savings in their respective appropriations to cover a deficiency in any existing item of appropriation within their respective offices. A deficiency in an item of appropriation may result from:

- (a) Unforeseen modifications or adjustments in the program, activity or project; or
- (b) Re-assessment in the use, prioritization and/or distribution of resources.

An item of appropriation shall pertain to the amount appropriated for an activity or project authorized in this Act.

The particulars of the expenditures to be funded from savings should be within the scope of, or covered by an existing activity or project. The existence of an activity or project regardless of the availability of allotment class/es is sufficient for the purpose of augmentation.

In no case shall a non-existent activity or project be funded by augmentation from savings or by the use of an appropriations authorized in this Act.

Sec. 69. Priority in the Use of Savings. In the use of savings, priority shall be given to the payment of compensation, year-and-bonus and cash gift, retirement gratuity, terminal leave benefits, old-age pension of veterans, and other personnel benefits authorized by law and in this Act, as well as the implementation of priority project or activity covered in this Act.

Sec. 70. Rules on Modification in the Allotment. As a general rule, departments, bureaus, and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs shall spend what is programmed in their respective appropriations in this Act. In exceptional circumstances, agencies may modify the allotment issued within an activity or project subject to approval of the following ensued by the timely submission of reports by all offices concerned:

- (a) The heads of agencies, for the following: (i) change in the details of an activity or project without changing its nature and within the same operating unit; and (ii) change in the object of expenditure (Travelling Expenses, or Investment Outlays) within an allotment class (MOOE, or Capital Outlays);
- (b) The DBM, in the following modifications: (i) from one allotment class to another; (ii) from one operating unit to another; (iii) within a special purpose fund; and (iv) for the payment of magna carta benefits authorized under Section 50 hereof; and
- (c) The President of the Philippines, for the payment of intelligence funds within the Executive branch.

All modification in the allotment shall not entail any increase in the total amount appropriated for an activity or project.

National Budget Circular No. 578 January 6, 2020

3.10 Modification of Allotments Issued

As a general rule, departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs shall spend what is programmed in their respective appropriations in the FY 2020 GAA.

In exceptional circumstances, agencies may modify the allotment issued within an activity or project (Section 70, GP of the FY 2020 GAA), upon **timely submission of reports by all offices concerned**. The existence of an allotment class or object of expenditure in the recipient P/A/P is not necessary for purposes of modification.

3.10.1 Modification refers to any change within an activity, project, in operating unit, allotment class, object of expenditure, within a special purpose fund (SPF) and within the purpose authorized under the Unprogrammed Appropriation, as reflected in the FY 2020 GAA.

3.10.2 Modification covering allotments for MOOE and CO shall not entail any increase in the total amount appropriated for an activity or project. In the case of programs with several activities, modification may be done only within each activity.



3.11 Use of Savings to Augment Deficient Appropriations for P/A/Ps

The following guidelines shall be observed in the use of savings to augment deficient appropriations for P/A/Ps in the FY 2020 GAA:

- 3.11.1 Savings as defined under Section 67, GP of the FY 2020 GAA, refer to portions or balances of any released appropriations in the FY 2020 GAA which have not been obligated as a result of any of the following:
 - 3.11.1.1 Completion, final discontinuance, or abandonment of a program, activity or project for which the appropriation is authorized. **However, in case the declaration of savings is based on final discontinuance or abandonment, such discontinued or abandoned program, activity or project cannot be proposed for funding in the next two (2) fiscal years, i.e., 2021 and 2022;** and
 - 3.11.1.2 Implementation of measures resulting in improved systems and efficiencies and thus enabled an agency to meet and deliver the required or planned targets, programs and services approved in the FY 2020 GAA at a lesser cost.
- 11.2 Augmentation, pursuant to Section 68, GP of the FY 2020 GAA, is the act of the constitutional officers authorized to use savings in their respective appropriations to cover a deficiency in any existing item of appropriation within their respective offices.
- 11.3 An item of appropriation shall pertain to the amount appropriated for an activity or project authorized in the FY 2020 GAA. A deficiency in an item of appropriation may result from:
 - 3.11.3.1 Unforeseen modifications or adjustments in the P/A/P; and
 - 3.11.3.2 Re-assessment in the use, prioritization and/or distribution of resources.

3.11.4 Savings may be used to augment actual deficiency/ies incurred for the current year in any existing item activity or project within the respective appropriations of each authorized constitutional officer cited in Section 66, GP of the FY 2020 GAA. The existence of an activity or project regardless of the availability of allotment class/es is sufficient for the purpose of augmentation (Section 68, GP of the FY 2020 GAA).

3.11.5 In the use of savings, priority shall be given to the payment of compensation, year-end bonus and cash gift, retirement gratuity, terminal leave benefits, old-age pension of veterans, and other personnel benefits authorized by law and under the FY 2020 GAA, as


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well as the implementation of priority project or activity covered in the FY 2020 GAA (Section 69, GP of the FY 2020 GAA).