



**DEPARTMENT OF AGRICULTURE AND DEPARTMENT OF BUDGET AND  
MANAGEMENT**

**JOINT MEMORANDUM CIRCULAR NO. 04, Series of 2021**

**TO : ALL UNDERSECRETARIES, ASSISTANT SECRETARIES AND  
BUREAU/SERVICE DIRECTORS OF THE DEPARTMENT OF AGRICULTURE  
(DA) AND DEPARTMENT OF BUDGET AND MANAGEMENT**

**ALL DA REGIONAL EXECUTIVE DIRECTORS**

**SUBJECT : GUIDELINES ON THE UTILIZATION OF ENGINEERING AND  
ADMINISTRATIVE OVERHEAD (EAO) EXPENSES FOR THE  
IMPLEMENTATION OF AGRICULTURAL AND FISHERIES  
INFRASTRUCTURE PROJECTS IN THE DEPARTMENT OF AGRICULTURE**

**I. RATIONALE**

The Department of Agriculture is tasked to implement vital infrastructure projects for the benefit of the agriculture sector. The provision for Engineering and Administrative Overhead (EAO) expenses is aimed at promoting the timeliness and quality of the infrastructure projects.

Pursuant to the Special Provision No. 12 under DA-OSEC of the FY 2021 General Appropriation Act (GAA), the DA is authorized to deduct engineering and administrative overhead (EAO) expenses not exceeding one percent (1%) of the project funds for small scale irrigation projects and other infrastructure projects costing more than One Million Pesos (P1,000,000.00). In compliance with the FY 2021 President's Veto Message on the said SP, this Circular is being issued jointly by DA and DBM.

**II. SCOPE AND OBJECTIVES**

This Joint Memorandum Circular (JMC) provides the general guidance on the allowable deductions, usage, and accounting of the engineering and administrative overhead (EAO) expenses authorized under FY 2021 GAA.

It shall cover all small-scale irrigation projects and other infrastructure projects under the Office of the Secretary (Central Office, Regional Field Offices, Agricultural Training Institute (ATI), Bureau of Animal Industry (BAI), Bureau of Agricultural Research (BAR), Bureau of Plant and Industry (BPI), Bureau of Soils and Water Management (BSWM) and, Bureau of Agricultural and Fisheries Engineering (BAFE)) which satisfy the following requirements:

- a. The project has a total project cost of more than One Million Pesos (P1,000,000.00);
- b. The project is funded under the FY 2021 GAA;
- c. The project is listed under the Programs/Activities/Projects (P/A/Ps) of Irrigation Network services (INS) and Provision of Agricultural and



Equipment Facilities (PAEF), and will subsequently be turned over to farmer organizations, Local Government Units (LGUs), or academe;

- d. The project is either implemented by contract or downloaded to the LGUs;
- e. The project has civil works component, either partial or whole; and
- f. The project either consist of a single project or subprojects of the same type or complementary which is procured as one lot and with only one (1) Approved Budget for the Contracts.

This Circular shall not cover the implementation of foreign assisted projects. Similarly, FMR projects whose implementing funds are transferred to the Department of Public Works and Highways (DPWH) are not covered by this guideline.

### III. DEFINITION OF TERMS

For the purpose of this JMC, the following terms shall apply:

1. *Agricultural Infrastructure Project* - refers to the construction, improvement, repair, rehabilitation and maintenance of agri-fisheries facilities that facilitate the production, procurement, processing, preservation and trade.
2. *Implementing Agency* - refers to the DA Central Office, bureaus, and Regional Field Offices whose budget is subsumed under the Office of the Secretary, and are authorized to implement agricultural infrastructure projects.

### IV. ALLOWABLE EXPENSES

The EAO expenses shall primarily be used for expenses directly related to project implementation. Following the Special Provision No. 12 of the FY 2021 GAA, the authorized EAO expenses shall be limited to:

1. administrative overhead including the hiring of individuals engaged as job orders or contract of service or such other engagement of personnel without any employer-employee relationship;
  - *Transportation expenses including per diem, gasoline, vehicle rental and contracted vehicle*
  - *Postage and courier*
  - *Communication equipment and allowance (load)*
  - *Common office supplies and materials*
  - *Purchase of health and medical supplies (e.g. PPEs, tents, etc.)*
  - *Training, meetings/workshops related to project activities (meals and kits)*
2. pre-construction activities such as topographic survey, detailed engineering design, and as-staked plan, among others;
3. construction supervision, monitoring and project management;
4. conduct of constructors' performance evaluation system (CPES); and
5. testing, evaluation and quality control.



## V. PROCEDURES

1. Based on the approved project cost, the Implementing Agency shall allocate not more than one percent (1%) of the project funds for EAO. The project costs shall then be recalculated and the remaining amount shall be reflected in the revised Program of Work. The recalculated cost shall serve as the Approved Budget for the Contract (ABC) of the project.
2. The EAO cannot be charged for projects that have been bidden out prior to the approval of this JMC.
3. All EAOs may be pooled as a common fund but its utilization will be confined within the same P/A/P and banner program. The Implementing Agency shall prepare corresponding BP 201B (Annex A), EAO Request for Utilization (Annex B), Financial Plan (Annex C), Physical Plan (Annex D) and Budget and Financial Accountability Reports (Annex E) using the prescribed forms which shall be duly approved by the head of the Implementing Agency. The Accounting Office of the Implementing Agency shall be furnished with the approved financial documents.
4. The work and financial plan of EAO may be revised or amended subject to the approval of the head of the Implementing Agency. The revised or amended WFP shall be submitted to the DA and copy furnished BAFE and Banner Program, if applicable, for their reference and guidance.
5. The EAO expenses shall be treated or booked-up as capitalized expenditures and forms part of the project cost.
6. In case that an infrastructure project has to be terminated prior to its implementation/construction, charging of EAO is NOT allowed. However, for project whose construction has already started and its physical accomplishment has reached at least 50% based on the Statement of Work Accomplished, EAO can be deducted and utilized accordingly. Provided, that no additional EAO will be deducted for the completion of the project.
7. Variation works resulting to increase or decrease of the project cost shall NOT entail any increase in the amount of EAO.
8. The EAO shall be utilized within the funding year. Any unobligated or undisbursed EAO by the end of the funding year shall be reverted to the unappropriated surplus of the General Fund and shall not thereafter be available.
9. For the effective monitoring and utilization of the EAO, the Implementing Agency shall submit Utilization Report on a quarterly basis to the DA Accounting Division copy furnished BAFE and Banner Program, if applicable.
10. The BAFE will monitor and evaluate the implementation of this JMC. It shall continuously gather feedback on the implementation of this guideline from the concerned internal and external stakeholders.

## VI. GOVERNING CLAUSE

1. Disbursements or expenditures by the DA in violation of this guideline shall be void and shall subject the erring officials and employees to disciplinary actions in accordance to existing penal laws.
2. All releases, transfer of funds, payment, reimbursements and preparation of books of accounts made pursuant to this JMC shall be subject to pertinent laws, government budgeting, accounting and auditing rules and regulations and Government Procurement Reform Act.
3. Issues arising from the implementation of this JMC shall be resolved jointly by DA and DBM.

## VI. SEPARABILITY CLAUSE

The provisions of this JMC are hereby declared separable and if any clause, sentence provision or section hereof should be declared invalid, such invalidity shall not affect the other provisions of this Circular.

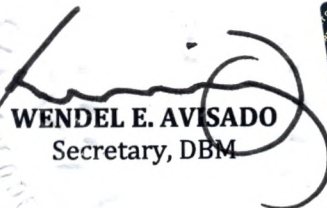
## VII. EFFECTIVITY

This Joint Memorandum Circular shall take effect immediately.

**MAY 27 2021**

Approved

  
**WILLIAM D. DAR, Ph. D**  
Secretary, DA

  
**WENDEL E. AVISADO**  
Secretary, DBM



DEPARTMENT OF AGRICULTURE  
  
in replying pls cite this code :  
For Signature: S-05-21-0467  
Received : 27/05/2021 09:10 AM



## BUDGET PROPOSAL (BP) 201B

NAME OF AGENCY:

FY:

DEPARTMENT:				AGENCY:																		APPROPRIATION SOURCE (Please check):				YEAR (Please check):					
DEPARTMENT OF AGRICULTURE																						<input type="checkbox"/> New Appropriation (Regular Agency Budget) <input type="checkbox"/> Automatic Appropriations <input type="checkbox"/> Continuing Appropriations <input checked="" type="checkbox"/> Others				<input type="checkbox"/> 2020 - Actual Obligations <input type="checkbox"/> 2021 - Current Program <input type="checkbox"/> 2022 - Total Proposed Program					
																										TIER 1		TIER 2			
PROGRAM/ ACTIVITY/ PROJECT	Key Program Code(s)	Travelling	Training And Workshops	Supplies & Materials		Communication		Semi Expendables (SE)				Survey		Professional Services		Repairs and Maintenance					Advertising	Representation (ex. Meetings)	Printing and Publication	Rent/ Lease (ex. Vehicle)	Other MO OE	TOTAL					
Office Supplies	Other Supplies and Mat	Load Allowance	Postage Courier	Comm Equipment	Furniture and Fixtures	ST E	IC T	Parcellary Survey	Geotechnical Investigation	Consultancy	Other PS (COS Salary)	Motor Vehicle	IC T	ST E	Furniture and Fixture	Comm Equipment															
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)						
A. PROGRAMS																															
I. General Administration and Support																															
a. Activity 1																															
1. Sub-Activity 1																															
BAFE																															
TOTAL A.I																															
II. Support to Operations																															
a. Activity 1																															
1. Sub-Activity 1																															
2. Sub-Activity n																															
TOTAL A.II																															
III. Operations																															
MFO 1																															



## EAO REQUEST FOR UTILIZATION

Department/Agency: \_\_\_\_\_

## I. SOURCE AND AMOUNT OF EAO

Name of the Project(s)	Amount	EAO (1% of Approved Amount)
<b>TOTAL</b>		

## II. UTILIZATION OF EAO

PAP/ BANNER PROGRAM	EAO Expense Items	Amount
	1. Administrative Overhead	
	2. Pre-Construction Expenses	
	3. Construction Supervision, Monitoring and project Management	
	4. Conduct of Constructors' Performance Evaluation System	
	5. Testing, Evaluation and Quality Control	
<b>TOTAL</b>		

Submitted by:

Certified Correct:

\_\_\_\_\_  
Head, Engineering Unit\_\_\_\_\_  
Chief, Accounting Unit

Approved by:

\_\_\_\_\_  
Head of Agency



## FINANCIAL PLAN TEMPLATE

CY\_\_\_\_\_ Quarterly Disbursement Program  
( In Thousand Pesos)[illegible]



CO																						
TOTAL PROJECTS																						
GRAND TOTAL																						
MOOE																						
CO																						
TAX Remittance Advice																						
MOOE																						
CO																						

Submitted by:

Certified Correct:

\_\_\_\_\_  
Head, Engineering Unit or representative

\_\_\_\_\_  
Chief, Accounting Unit

Approved by:

\_\_\_\_\_  
Head of Agency / RED

## PHYSICAL PLAN TEMPLATE

Department of Agriculture

Name of Agency: \_\_\_\_\_

Physical Plan \_\_\_\_\_

FY

[illegible]



- Scientific and Technical equipment (Hardware and software)				-					-
- ICT equipment and supplies (e.g. laptop, camera, videocam, drone) to support the monitoring and geo-tagging activities of the engineers				-					-
- Creation of information and multimedia materials related to the project				-					-
- Development of information and application system for the effective monitoring of projects				-					-
<b>AGRICULTURAL AND FISHERY REGULATORY SUPPORT PROGRAM</b>									
<b>Maintenance and Other Operation Expenses (MOOE)</b>									
<b>4. conduct of constructors' performance evaluation system (CPES)</b>									
- honoraria of evaluators;									
<b>5. testing, evaluation and quality control.</b>									
- system testing and commissioning									
- Final Inspection									
- Turnover and acceptance of beneficiary									

Submitted by:

\_\_\_\_\_  
Head, Engineering Unit or representative

Approved by:

\_\_\_\_\_  
Head of Agency

## As at the Quarter Ending \_\_\_\_\_, 20

Department : Department of Agriculture (DA)  
Agency/Entity : Office of the Secretary  
Operating Unit : \_\_\_\_\_  
Organization Code (UACS) : \_\_\_\_\_  
Fund Cluster : D1 - Regular Agency Fund

X	Current Year Appropriations
	Supplemental Appropriations
	Continuing Appropriations

[illegible]



[illegible]

[illegible][illegible]

**Certified Correct:**

Approved by:

Chief, Budget Section

Head of Agency



## As at the Quarter Ending \_\_\_\_\_

X	Current Year Appropriations
	Supplemental Appropriations
	Continuing Appropriations

Particulars	UACS CODE	Appropriation			Allotments					Current Year Obligations					Current Year Disbursements					Balances			
		Authorized Appropriation	Adjustments (Transfer To)/From, Modifications/ Augmentations)	Adjusted Appropriations	Allotments Received	Adjustments (Reductions, Modifications/ Augmentations)	Transfer To	Transfer From	Adjusted Total Allotments	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	Unreleased Appropriations	Unobligated Allotment	Unpaid Obligations	
										Ending	Ending	Ending	Ending		Ending	Ending	Ending	Ending					
										Mar. 31	June 30	Sept. 30	Dec. 31		Mar. 31	June 30	Sept. 30	Dec. 31					
										(15-20) = (23+24)													
1	2	3	4	5=(3+4)	6	7	8	9	10=(6+7)-(9+4)	11	12	13	14	15=(11+12+13+14)	16	17	18	19	20=(16+17+18+19)	21=(5-10)	22=(10-15)	23	24
I. Agency Specific Budget																							
Specific Budgets of National Government Agencies	1101101																						
Personnel Services	50100000																						
Basic Salary - Civilian	50101001																						
Other Compensation	50102000																						
Representation Allowance (RA)	50103000																						
Transportation Allowance (TA)	50103501																						
Maintenance and Other Operating Expenses	50200000																						
Travelling Expenses	50210000																						
Travelling Expenses - Local	50210100																						
Training Expenses																							
Training Expenses	50220100																						
Supplies and Materials Expenses	50230000																						
Office Supplies Expenses																							
ICT Office Supplies	50230100																						
Office Supplies Expenses	50230100																						
Accountable Forms Expenses	50230200																						
Fuel, Oil and Lubricants Expenses	50230300																						
Semi-Expendable Machinery and Equipment Expenses																							
Office Equipment	50232100																						
Information and Communications Technology Equipment	50232100																						
Communication Equipment	50232100																						
Semi-Expendable Furniture, Fixtures and Books Expenses																							
Other Supplies and Materials Expenses	50239900																						





ANNEX E-3

FAR No. 1-B

LIST OF ALLOTMENTS AND SUB-ALLOTMENTS  
As at the Quarter Ending \_\_\_\_\_, 20\_\_

Department: Department of Agriculture (DA)  
Agency : Office of the Secretary  
Operating Unit: \_\_\_\_\_  
Organizational Code (UACS): \_\_\_\_\_  
Fund Cluster: \_\_\_\_\_

X	Current Year Appropriations
	Supplemental Appropriations
	Continuing Appropriations

No.	Allotment / Sub-Allotments		Funding Source		Allotment					Sub-Allotment to Regions/Operating Units					Total Allotments / Net of Sub-Allotments				
	Reference Number	Date	Description	UACS Code	PS	MOOE	FINEX	CO	TOTAL	PS	MOOE	FINEX	CO	TOTAL	PS	MOOE	FINEX	CO	TOTAL
1	2	3	4	5	6	7	8	9	10 = (6+7+8+9)	11	12	13	14	15 = (11+12+13+14)	16	17	18	19	20 = (16+17+18+19)
A. Allotments Received From DBM																			
1																			
2																			
3																			
20																			
	Subtotal Allotment																		
B. Sub-Allotment Received From Central Office																			
17																			
18																			
19																			
20																			
	Subtotal Allotment																		
TOTAL ALLOTMENT																			

Summary by Funding Source:																			
Agency Specific Budget				01101101															
RLIP				01104102															
Miscellaneous Personnel Benefits Fund				01101406															

CERTIFIED CORRECT:

NAME \_\_\_\_\_  
Chief, Budget Section

RECOMMENDING APPROVAL:

NAME \_\_\_\_\_  
Director of Financial Management  
Service(FMS) or Equivalent

APPROVED BY:

NAME \_\_\_\_\_  
Head of Agency or Authorized Representative