

**DEPARTMENT OF BUDGET AND MANAGEMENT (DBM)
CONSTRUCTION INDUSTRY AUTHORITY OF THE PHILIPPINES (CIAP)
PHILIPPINE CONTRACTORS ACCREDITATION BOARD (PCAB)**

Joint Memorandum Circular No. 1, series of 2023 on the
Utilization of Retained Funds of the CIAP-PCAB
September 15, 2023

1.0 LEGAL BASES

In accordance with the following provisions of Republic Act (RA) No. 11711, otherwise known as the "An Act Further Amending RA No. 4566, As Amended, Otherwise Known As The Contractors' License Law," which states:

Section 37. Fee. The amount of fees prescribed by this Act shall be as follows:

- a) Five thousand pesos (₱ 5,000.00) for an original license;
- b) Six thousand pesos (₱ 6,000.00) for examination of an applicant;
- c) Five thousand pesos (₱ 5,000.00) for renewal."

The Board is authorized to collect, retain and utilize or apply all fees, fines, and other charges collected by it under this Act to augment its accreditation and licensing operations, the provisions of any law to the contrary notwithstanding. The Board, in consultation with its stakeholders, is authorized to adjust the fees not more than once every three (3) years, but in no case shall the fees be adjusted or increased by more than fifteen percent (15%)."

2.0 PURPOSE

This Joint Memorandum Circular (JMC) is hereby issued to prescribe the guidelines on the use of the income of the CIAP-PCAB, pursuant to RA No. 4566, as amended by RA No. 11711.

3.0 GENERAL GUIDELINES

3.1 Appropriation of CIAP-PCAB Fund

3.1.1. Income realized from collected fees, fines, and other charges shall be disbursed only for expenditure duly approved by CIAP-PCAB, pursuant to the purposes provided under RA No. 11711, to wit:

“Section 39 of RA 4566, as amended by Section 4 of RA 11711 – The Board is authorized to collect, retain and utilize or apply all fees, fines, and other charges collected by it under this Act to augment its accreditation and licensing operations, the provisions of any law to the contrary notwithstanding.”

3.1.2. The amount collected shall be deposited and maintained in a separate account and shall be duly accounted for under existing Unified Accounts Code Structure (UACS) codes assigned to the CIAP-PCAB by the DBM.

3.1.3. The following fees, fines and other charges collected by CIAP-PCAB shall comprise the Retained Income to be utilized and retained by CIAP-PCAB as authorized under RA 4566 and its Implementing Rules and Regulations, as amended by RA 11711:

3.1.3.1. Registration fees which shall pertain to collection of income from Application for Registration and Classification of Contracts for Government Infrastructure Projects (ARCC) which include fees collected as New Registration or Re-registration, Upgrading of Registration, Size Range and Additional Project Kind;

3.1.3.2. Certification fees for Certified True Copies of License Certificates and other certifications;

3.1.3.3 Licensing fees for the cost of License Certificate issued for the following:

A.) Initial issuance such as those applicable to new license application and new license application approved;

B.) Revision or re-issuance such as those applicable to original or renewal of license certificate occasioned by change of business name, change of Authorized Managing Officer, classification revision, category upgrading or downgrading, and replacement for lost or damaged certificate; and

C.) Renewal such as those applicable to annual license renewal;

3.1.3.4 Filing fees which shall pertain to a ₱1,200 fixed fee for Registration, Application, Classification and Alteration services for all contractors' categories;

3.1.3.5 Categorization fee for each application, change of classification of a single-classification constructor, change of principal classification of a multi-classification constructor, or category upgrading;

3.1.3.6 Category Review fees for review of a constructor's capability to sustain his current category applicable to disassociation of Sustaining Technical Employee (STE) in the lone classification of a single-classification constructor or in the lone principal classification of a multi-classification constructor, or during an annual license renewal application;

3.1.3.7 Classification fees for classification eligibility evaluation based on evaluated pre-classification basis applicable to new license application, classification addition, classification revision involving the addition or introduction of a new classification, or change of the lone STE in a classification sustained by only one such employee;

3.1.3.8 Accreditation fees applicable to accreditation eligibility screening fee (accreditation or re-accreditation application), processing, index rating and other related functions in approving an accreditation or re-accreditation application on a per sub-classification basis, accreditation certificate re-issue fee for re-issuance of certificate of accreditation, and index rating upgrading fee for re-derivation of index rating on a per sub-classification basis;

3.1.3.9 Fines and Penalties which represents the Additional License Fee, Additional Processing Fee, Surcharge¹ for late license renewal and Amnesty for late filing of regular license renewal. Additional License Fee applies to those who file their renewal application after one year from the date of its issuance, and the Additional Processing Fee applies to contractors who fail to meet their staggered renewal filing schedule (as per PCAB Resolution No. 402, series of 2013); and

3.1.3.10 Other Service Income for all other collections which do not fall under any specific income account mentioned above.

¹ Section 6.9 of the IRR of RA 4566, as amended by RA 11711

3.2 Use of Fund

3.2.1. The CIAP-PCAB shall have the authority to utilize the collected fees under RA 11711 exclusively for expenses related to accreditation and licensing operations which include the following:

3.2.1.1. To help defray the travel, accommodation and administrative expenses of the CIAP-PCAB personnel in line with:

- a) Accreditation and Licensing Operations;
- b) Conduct of training programs for the construction industry that is essential for contractors to comply with the requirements to be licensed; and
- c) Promotional activities within the Philippines and overseas pertaining to accreditation and licensing.

3.2.1.2. Purchase of computer equipment and accessories for the CIAP-PCAB to enhance and/or upgrade existing data banking and data exchange capabilities, including the computer equipment to be utilized by Information Technology personnel assisting the PCAB in the maintenance and development of its portals, communication, software, systems, process improvement, database management and enterprise resource planning for accredited and licensed contractors;

3.2.1.3. Purchase of information and communications technology (ICT) equipment and accessories, including systems and software to support the accreditation and licensing operations of the CIAP-PCAB;

3.2.1.4. Purchase of office supplies and equipment for accreditation and licensing operations;

3.2.1.5. Payment for the services of consultant/s to be hired by the CIAP-PCAB for planning, development and implementation of accreditation and licensing operations;

3.2.1.6. Payment for the lease of office space or construction of the same, for CIAP-PCAB personnel and its

stakeholders, purchase and/or acquisition of furniture and fixtures;

3.2.1.7. Payment for allocated expenses for utilities and communication (e.g., electricity and internet consumption);

3.2.1.8. Payment for Capital Outlays that will be used directly for accreditation and licensing operations, such as but not limited to;

- a) Property, Plant and Equipment Outlay;
- b) Land Improvements Outlay;
- c) Buildings and Other Structures Outlay;
- d) Machinery and Equipment Outlay; and
- e) Transportation Equipment Outlay.

Provided, that the purchase and acquisition of Capital Outlay shall be governed by the following rules and regulations:

- a) DBM-Department of Public Works and Highways Joint Circular No. 1 dated October 20, 2016 – Guidelines on the Rehabilitation or Construction of Government Buildings/Office Space and the Acquisition or Outright Purchase of Lot and Building;
- b) OP-Administrative Order No. 14 dated December 10, 2018 – Consolidating Rationalizing the Rules on the Acquisition of Government Motor Vehicles, Adopting a Centralized System of Procurement Therefor, and for Other Purposes;
- c) ICT-related expenditures shall be included in the agency's Information Systems Strategic Plan (ISSP) as approved and endorsed by the Department of Information and Communications Technology (DICT);

- d) Such other issuances or guidelines issued or to be issued thereon.

3.2.1.9. For payment of other maintenance and other operating expenses incurred directly by the CIAP-PCAB pertaining to accreditation and licensing operations.

4.0 SPECIFIC GUIDELINES

4.1 Planning and Budgeting Process

4.1.1. Planning Process

- 4.1.1.1. The CIAP-PCAB shall formulate a three-year Strategic Plan, which shall contain the initiatives embodying its mandate, goals and objectives. The three-year Strategic Plan shall be aligned with CIAP's organizational outcome.
- 4.1.1.2. The CIAP-PCAB's Strategic Plan shall include detailed timelines in which these projects and programs are intended for implementation, particularly those scheduled for the ensuing year.
- 4.1.1.3. Similarly, the CIAP-PCAB's Strategic Plan, as cascaded from CIAP's Strategy Map, shall serve as the basis for identifying relevant programs and projects, which may be implemented for a particular budget year.
- 4.1.1.4. The specific activities, and corresponding costs, including the necessary fund flows, have to be indicated in order to approximate the reasonable timing in the appropriation and release of funds. Such shall be utilized to gauge financial performance in the applicable budget year.
- 4.1.1.5. It is understood that a consolidation of all specified projects and programs shall constitute the total budgetary requirement of the CIAP-PCAB for the budgeted year.
- 4.1.1.6. All the requirements chargeable to the annual/supplemental budget shall be subject to the review and approval of the PCAB and the CIAP Board.

4.1.2. Budget Preparation

- 4.1.2.1. The CIAP-PCAB shall prepare its Annual Budget requirements taking into account the programs and projects and budget estimates submitted by concerned divisions and offices including intended outputs and outcomes. The Annual Budget shall be presented to the CIAP Board and PCAB for approval.

4.1.2.2. The Annual Budget must include comprehensive figures for:

- a. Maintenance and Other Operating Expenses
- b. Capital Outlay

4.1.2.3. Any project or program requirement not included in the prepared Annual Budget shall be consolidated under a supplemental budget subject to fund availability.

4.1.2.4. The budget cycle of the CIAP-PCAB shall be aligned with the schedules specified under relevant circulars issued by the DBM.

4.1.2.5. The CIAP-PCAB shall accomplish the prescribed relevant budget preparation (BP) form, i.e., BP FORM I00-B or the STATEMENT OF OTHER RECEIPTS/EXPENDITURES (Off-Budgetary and Custodial Funds) for submission to the DBM where the information generated from this form will be reported under the Annual Budget of Expenditures and Sources of Financing (BESF).

4.1.3. Budget Authorization

4.1.3.1. The CIAP Board and PCAB shall deliberate on the proposed annual/supplemental budget. For the annual budget for a particular year, a resolution shall be approved not later than October 15 of the preceding year. The CIAP-PCAB shall submit to the DBM not later than November 15 of the preceding year, the annual operating budget for the current fiscal year covering its retained income and the corresponding expenditures.

4.1.4. Budget Execution

4.1.4.1. The CIAP-PCAB shall issue internal guidelines and PCAB Resolutions approved by the CIAP Board as to the policies, procedures and requirements in utilizing the PCAB's Budget which shall be consistent with RA 11711, and in accordance with existing budgeting, accounting and auditing laws, rules and regulations.

4.1.5. Budget Accountability

4.1.5.1. The CIAP-PCAB shall inform the DBM not later than November 15 of the preceding year of its annual operating budget covering the retained income and corresponding expenditures for the budgeted year.

4.1.5.2. Submission of Quarterly and Annual Reports. Within thirty (30) days after the end of each quarter, the CIAP-PCAB shall submit

accomplished budget and financial accountability reports (BFARs), if applicable, to the DBM and Commission on Audit (COA), in accordance with COA-DBM Joint Circular No. 2019-1 dated January 1, 2019, which prescribes the updated guidelines relative to BFARs. Likewise, the agency shall submit to the DBM not later than March 1 of the current year its audited financial statements for the immediately preceding fiscal year.

6.0 TRANSITORY PROVISION

From the effectivity of the RA 11711 on 25 May 2022, and up to 31 December 2023, all plans, budgets and expenditures of the CIAP-PCAB shall be in accordance with the RA 11639 or the FY 2022 General Appropriations Act (GAA) and RA 11936 or the FY 2023 GAA.

All allotments issued for Program/ Activity/Project (PAP) *Licensing, accreditation, registration of construction contractors (domestic and overseas) & Issuance of overseas Project Authorization* under RA 11936 or the FY 2023 GAA shall be used by CIAP-PCAB accordingly.

Subsequently, plans, budget and expenditures of the CIAP-PCAB shall be in accordance with the policies and procedures prescribed under this JMC and such other applicable laws, rules and regulations.

7.0 RESPONSIBILITY AND ACCOUNTABILITY

The disbursements or expenditures by the CIAP-PCAB in violation of the above requirements shall be void and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5, and Section 80, Chapter 7, Book VI of Executive Order No. 292, series of 1987, and to appropriate criminal actions under existing penal laws.

8.0 REPEALING CLAUSE

All orders, rules and regulations inconsistent with this JMC are hereby repealed or modified accordingly.

9.0 RESOLUTION OF ISSUES

Issues or conflicts arising from the implementation of this JMC shall be resolved jointly by the DBM, DTI, CIAP and PCAB.

10.0 EFFECTIVITY

This JMC shall take effect fifteen (15) days after publication in the Official Gazette or Newspaper of General Circulation.


APPROVED:



AMENAHE PANGANDAMAN
Secretary, Department of Budget and
Management



ALFREDO E. PASCUAL
Secretary, Department of Trade and
Industry & Chairman, CIAP Board



PERICLES P. DAKAY
Chairman, CIAP-PCAB Board



ATTY. MARCO C. MAAT
Executive Director, CIAP



ATTY. HERBERT DG. MATIENZO
Executive Director, CIAP-PCAB