



Republic of the Philippines
Department of Transportation
LAND TRANSPORTATION FRANCHISING & REGULATORY BOARD
East Avenue, Quezon City

MEMORANDUM CIRCULAR
NO. 2022-031

SUBJECT: IMPLEMENTING GUIDELINES ON THE PUV SERVICE CONTRACTING PROGRAM UNDER THE GENERAL APPROPRIATIONS ACT OF 2022

WHEREAS, the Service Contracting Program was initially implemented under Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act, as part of the Government's Covid-19 response and recovery interventions, providing for temporary livelihood to displaced workers in the transportation industry through the implementation of the said Program;

WHEREAS, in pursuance thereto, the Department of Transportation (DOTr) issued Department Order No. 2020-017 on 26 September 2020, which provides for the Implementation of the PUV Service Contracting Program and Other Related Activities, and designated the Land Transportation and Regulatory Board (LTFRB) as the Implementing Agency for the said Program;

WHEREAS, seeing the positive effect of the previously implemented program particularly to the lives of the transport drivers and operators, as well as to the commuting public as a whole, the government appropriated an amount of Seven Billion pesos (Php 7,000,000,000.00) sourced from the General Appropriations Act (GAA) of 2022 or RA No. 11639 to ensure continuance of the Program;

WHEREAS, pursuant to the special provisions of the RA. 11639 and the President's veto message, the appropriated amount of Seven Billion Pesos (P7,000,000,000) shall be used for the implementation of the service contracting program in accordance with the guidelines, rules and regulations to be issued by the DOTr and the Land Transportation Franchising and Regulatory Board.

WHEREAS, pursuant to the said special provision of GAA 2022 and the President's veto message, DOTr issued Department Order No. 2022-002 pertaining to the implementation of the the PUV Service Contracting Program and stating that the LTFRB as the main implementing agency of the Program has the obligation to promulgate the necessary implementing guidelines to ensure its efficient and effective implementation;

WHEREAS, in a Memorandum of Agreement entered into between the DOTr and the LTFRB dated 10 March 2022, the former shall transfer the funds to the latter amounting to Six Billion Nine Hundred Ninety Nine Million pesos (Php6,990,000,000.00) to be used exclusively for the implementation of the PUV Service Contracting Program;

WHEREAS, pursuant to the directive under DO 2022-002 and in compliance with the specific provision of GAA 2022, this Memorandum Circular providing for the implementing guidelines of the Program is hereby promulgated.

NOW THEREFORE, for and in consideration of the foregoing, the Board hereby prescribes the following guidelines for the effective implementation of the Public Utility Vehicle Service Contracting Program, and the corresponding payment scheme:

I. GENERAL GUIDELINES:

The purpose of the Program is to ensure efficient, safe and financially viable operations of public transportation under the existing situation brought by the COVID-19 pandemic. As such, the LTFRB, in its effort of giving additional aid to affected PUV operators during this time of pandemic, shall enter into a contract with the qualified PUV operators covered under the Program by paying the cost of services rendered per trip. The participants in the Program shall render the services strictly in accordance with the terms and conditions that may be stipulated in the Service Contract, including labor standards, social legislations and other applicable laws.

To ensure the efficient and effective implementation of the PUV Service Contracting Program, the LTFRB as the implementing agency of the Program, undertakes to comply with the provision of RA 11639, the President's Veto message, and any subsequent legislations that may be enacted or issued extending the Program. For this purpose, the LTFRB, in coordination/partnership with other government agencies/priority local government units, may create new and/or additional bodies/groups/committees and promulgate additional guidelines and issuance necessary for the implementation of the Program.

The operation of PUVs participating in the Program shall be monitored by the LTFRB through the Program Manager, in close coordination with the Project Implementing Unit (PIU).

Meanwhile, the LTFRB may commence the roll out of Gross Service Contracting upon receipt of funds from the DOTr, particularly on routes that may be identified by the Board, in accordance with the guidelines stated under item III.(A) and (B) of this MC, even if there is no Program Manager yet. As such, the following means of monitoring the operations of PUVs enrolled in the Program may be used, necessary for the computation of payouts, to wit:

1. Manual monitoring to be conducted by the LTFRB and PIU personnel, who shall issue the corresponding Certification for the number of trips rendered;
2. Use of the Central Public Utility Vehicle Monitoring System (CPUVMS) of the LTFRB, and the corresponding Certification as to the number of trips rendered shall be issued by the Information Systems Management Division (ISMD);
3. For PUVs with installed and operational GPS, the concerned GPS service provider shall give access to LTFRB for purposes of monitoring the number of trips or kilometer-run of the units. The GPS provider shall issue a corresponding Certification as to the number of trips rendered by the PUV units.

Once a Program Manager is selected, the records generated from the monitoring scheme mentioned above shall be transferred/incorporated into the Systems to be developed by the Program Manager, and monitoring shall likewise be handed over to the Program Manager.

II. COVERAGE:

Participants of the Program shall be **OPERATORS** of Public Utility Vehicles (PUVs) with valid and existing Certificates of Public Convenience (CPC) and Provisional

Authority (PA), including those with Special Permits currently allowed to resume operations by the Board on routes nationwide, and in modes/denominations as may be identified herein.

III. TYPES OF SERVICE CONTRACTING

Once enrolled in any of the types of Service Contracting on a particular route, as mentioned below, operators may no longer be qualified to be registered or transferred to another type of Contracting for the same route within the duration of the contract.

For Consolidated Entities with mixed units (Modern and Traditional) of PUJs and/or UVEs, the operator may:

1. Enroll all the Modern and Traditional units in one (1) particular type of Service Contracting; Or
2. Enroll separately all the Modern and Traditional units in any of the types of Service Contracting.

A. Gross Service Contracting exclusive for Health Care Workers (HCW) –PUVs covered shall provide free rides to Medical Health Workers in routes which may be determined by the central office or the RFROs. Participants in the Program shall be paid based on a predetermined weekly amount as stipulated in the contract, subject to deductions for an amount equivalent to any unserved or uncompleted trips for the week. The amount shall be computed based on a service plan (taking into consideration the route length, number of trips, and number of units).

1. Denominations covered

- a. **For the MUCEP area:** Consolidated entities operating PUBs offering free rides to Health Care Workers (HCW) regardless of community quarantine status.
- b. **For Intra-Regional Routes:** Consolidated entities operating PUBs, Mini-Bus, Modern PUJs, Modern and Traditional UVE, and Tourist Transport (Van type unit) offering free rides to HCWs regardless of community quarantine status.

B. Gross Service Contracting – Nationwide Free Rides for Health Care Workers (HCW) and Authorized Persons Outside Residence (APORs)–Participants under this Service must strictly operate on their authorized and existing route, and strictly no fare shall be collected from the passengers. Participants in the Program shall be paid based on a Predetermined weekly amount as stipulated in the contract, subject to deductions for an amount equivalent to any unserved or uncompleted trips for the week. The amount shall be computed based on a service plan (taking into consideration the route length, number of trips, and number of units).

2. Denominations covered

- c. **For the MUCEP area:** Consolidated entities operating PUBs, Modern and Traditional PUJs and Modern and Traditional UVEs offering free rides to Medical Workers and APORs regardless of community quarantine status.
- d. **For Intra-Regional Routes:** Consolidated entities operating PUBs, Mini-Bus, Modern and Traditional PUJs, Modern and Traditional UVEs offering free rides to Medical Workers and APORs regardless of community quarantine status.

- C. **Net Service Contracting** – in addition to the fare revenue derived from their fare box, participants in the Program shall be paid based on a Predetermined weekly amount as stipulated in the service agreement, subject to deductions for an amount equivalent to any unserved or uncompleted trips for the week. The amount shall be computed based on a service plan (taking into consideration the route length, number of trips, and number of units).

1. **Denominations covered**

- a. **For MUCEP area:** Consolidated entities operating PUBs, Modern and Traditional PUJ, and Modern and Traditional UVE
- b. **For Intra-Regional Routes:** Consolidated entities operating PUBs, Modern and Traditional PUJ, Modern and Traditional UVE, Mini-bus, and FILCAB

IV. **SERVICE PLAN**

The FPMD and the RFROs prior to onboarding shall come up with a Service Plan in coordination with the operators, which shall form part of the documents of the Program:

- 1. **Limitations**
 - a. RFRO Routes covered are inter-provincial and intra-provincial with a maximum route length of 100 kilometers.
 - b. Maximum number of units shall be pegged based on the number of authorized units along the route
 - c. Number of trips shall be determined based on parameters and coordination with the Operators in terms of actual number of trips
- 2. **Exception to the limitations**
 - a. Number of trips may be exceeded **temporarily** subject to the written justification of the RFROs/CO under the following circumstances:
 - i. low deployment of units along the routes such that increasing the number of trips per unit will address passenger demand during rush hours.
 - ii. despite deployment of units per Service Plan, deployed units are still not sufficient to cater passenger demand during rush hours
 - iii. Operators are not entitled to increase trips on their own, as unauthorized trips will not be considered for payment.The written justification must be submitted immediately to the PIU Central Office.
- 3. **Change in Service Plan**

Items in the Service Plan may be requested for revision **permanently** subject to the approval of the CO/RFROs under the following conditions:

 - a. **Number of units**
 - i. Authorized units along the route have increased/decreased based on the most recent records of the CO/RFROs on CPC, PA or SP.
 - b. **Number of trips**
 - i. Average actual number of trips per unit has a significant difference against the number of trips per unit according to the Service Plan after at least four (4) weeks of operations.
 - ii. A decrease in the number of trips may be considered to ensure that the funds for the Program are utilized judiciously.
 - iii. An increase in the number of trips may be considered to address passenger demand on high priority routes.
 - c. **Route structure**

- i. Route structure may be considered for modification due to the following reasons: road closure, re-routing, etc.
- ii. Evidence such as memorandum, announcement, and other relevant issuances citing the reasons enumerated in item "i" shall be submitted to the CO/RFRO to support the request for route modification.

V. ONBOARDING INCENTIVE

A one-time incentive of Five Thousand pesos (Php5,000) per unit shall be given to the operator upon issuance of onboarding notice to shoulder pre-operating costs.

VI. RATES

The applicable rates for each type of Service Contracting shall be as follows:

1. Gross Service Contracting on Nationwide Free Rides for Health Care Workers and APORs

- a. For consolidated entities operating PUBs, the rate per kilometer shall be Eighty-Four pesos (Php 84.00).
- b. For consolidated entities operating smaller denominations such as Modern and Traditional PUJs and UVEs, the rate per kilometer shall be Fifty-Four Pesos (Php 54.00).

2. Net Service Contracting

- a. For PUBs and Mini-buses, the rate per kilometer shall be Forty-Six pesos & 50/100 (Php 46.50)
- b. For smaller denominations, such as Modern and Traditional PUJ and UVE and FilCab, the rate per kilometer shall be Twenty-Eight pesos (Php 28.00).

VII. PAYMENT SCHEME

Payout shall be paid on a weekly basis, based on the predetermined weekly amount, in accordance with the **route service plan**. The predetermined weekly amount shall be computed based on the maximum number of trips per week (taking into consideration the number of units and route length), multiplied by the rate per trip.

In order to discourage trip-cutting, fractional or uncompleted trips shall not be counted or considered as one (1) trip, and thus, shall not be paid.

Predetermined Weekly Amount = number of trips per week x rate per trip

Rate per trip = route length x rate per kilometer

Sample Computation:

Number of authorized units	:	20
Number of trips per day	:	80 (4 trips for every unit)
Number of trips per week	:	560 (80 x 7)
Route length	:	10 kilometers
Rate per kilometer	:	Php 46.50
Predetermined Weekly Amount	=	560 trips per week x Php465.00 per trip
	=	Php 260,400.00

$$\begin{aligned} \text{Rate per trip} &= 10\text{km} \times \text{Php } 46.50 \\ &= \text{Php } 465.00 \end{aligned}$$

Should the operators fail to render the **required number of trips per day based on the maximum allowable trips per week**, as provided in the service plan and in the contract, a corresponding amount equivalent to the unserved trips shall be deducted from its weekly payout. Any unserved trips on a particular day shall not be compensated in the succeeding days of the week.

In order to be entitled to the payout, the participant shall comply with the following:

1. Must be enrolled in the Program
2. Uploaded into the System and logged-in daily. For those covered under item I.(1.) (2.) and (3.), the following shall govern:
 - a. For manual monitoring in applicable cases, submission of required certified manual monitoring report.
 - b. For monitoring through GPS, submission of certification from a GPS service provider.
3. Submitted the necessary documentary requirements, such as but not limited to executed contracts, Certifications as to actual trips rendered, as may be necessary, and other documents as may be required.

For Consolidated Traditional PUJs and UVEs, a Secretary Certificate shall also be submitted, to attest that the individual members have agreed to allow the Cooperative/Corporation's authorized representative to enter into a contract under the Service Contracting Program with the LTFRB, and that payments for payout shall be paid to the Cooperative/Corporation and not to the individual members.

4. Any discrepancy between the recorded trips of the Program Manager and the report of the Operator, such as but not limited to road closure or re-routing, the same shall only be paid if it is duly supported by a Certification by the GPS or AFCS provider after due validation by the concerned LTFRB office, and upon submission of satisfactory proof that indeed there was road closure or re-routing, as may be deemed applicable. The LTFRB CPUVMS may also be used as a basis for validating discrepancies through a Certification duly issued by ISMD.

During the initial implementation as mentioned under item I.(2.)(3.) Specifically for the use of GPS, the claim for discrepancy shall be validated based on the GPS track on the map, certified by the GPS service provider.

Any claim for the discrepancy must be filed within three (3) days from the date of receipt of the payment. Claims filed beyond the said period shall no longer be entertained.

VI-1. MINI-LOOP ROUTES

Mini-loop routes particularly on the EDSA Busway route shall be provided by the LTFRB through the issuance of corresponding route service plan. The applicable Rates and Payment Scheme shall be in accordance with the provisions stated in this MC.

VIII. MONITORING SCHEME

1. **Monitoring using either Manual or the Systems of the Program Manager**
Payouts should be based on the report of kilometer-run generated from the Systems of the Program Manager based on mobile phone or GPS installed in the authorized

unit. However, in areas where there are low or no internet connections, the Program Manager shall be able to provide sufficient number of personnel to conduct manual monitoring. As such, the manual monitoring report duly certified by the Program Manager shall be the basis for the computation of payout.

2. Monitoring using CPUVMS and/or Manual Monitoring through Deployment of PIU and/or LTFRB personnel

Whenever the circumstances require, prior to the onboarding of the Program Manager, the PIU and/or LTFRB personnel may be deployed to conduct manual monitoring and/or utilize the existing CPUVMS.

IX. CREATION OF THE TECHNICAL TEAM

The Technical Team shall be composed of the following technical personnel from different Divisions:

Head	:	Executive Director
Members	:	Representative, Technical Division
		Representative, Franchise Planning and Monitoring Division
		Representative, Legal Division
		Representative, Information Systems Management Division
		Representative, Financial Management Division
		Representative, NCR Regional Office
		Head, LTFRB Program Implementing Unit

The Technical Team shall closely monitor the proper implementation of the Program, with the following functions:

1. Implement and recommend policies to the Board relative to the implementation of the Service Contracting Program;
2. Monitor timely accomplishment of the strategies and activities set forth in the Program;
3. Establish the Program Implementing Unit (PIU) for the implementation of the Program, and hire additional personnel for the Program subject to existing policies, rules and regulations;
4. Oversee and supervise the operations of the Program Implementing Unit through the Office of the Executive Director as the end user. The representatives of each division shall supervise the corresponding sub-section of the Program Implementing Unit on the proper implementation of the Program, in coordination with the OED;
5. Monitor procurement activities of the Bids and Awards Committee (BAC) with respect to the procurement of the services of the Program Manager;
6. Coordinate and monitor the activities of the Program Manager;
7. Monitor timely accomplishment of all other procurement activities as may be necessary to implement the Program;
8. Monitor timely accomplishment of all procurement activities and deliverables of the Program Manager;
9. Supervise in the preparation and signing of documents relative to the disbursement of funds for the Program;
10. Coordinate with other agencies as may be necessary for the execution of the Program; and
11. Perform such other functions as may be required in the implementation of the Program.

X. CREATION OF PROGRAM IMPLEMENTING UNIT (PIU)

The Office of the Executive Director shall be the end-user of the Program and shall oversee the daily operation of the PIU. The PIU shall be created with the following sub-units:

1. **PIU-Audit and Accounting** – shall be under the oversight function of the Financial and Management Division (FMD) for any concerns or issues regarding finance matters.
2. **PIU-Personnel, Payroll and Disbursement** – shall be under the oversight function of the Administrative Division.
3. **PIU-Information Technology** – shall be under the oversight function of Information Systems Management Division (ISMD) for any concerns or issues regarding IT matters.
4. **PIU-Technical** – shall be under the oversight function of the Technical Division and Franchise Planning and Monitoring Division (FPMD) for any concerns or issues regarding technical matters.
5. **PIU-Legal** – shall be under the oversight function of the Legal Division for any concerns or issues regarding legal matters.
6. **PIU-Communications and Regional Coordination** – shall be under the oversight function of the Office of the Executive Director (OED).

The PIU shall perform the following duties and responsibilities:

1. Coordinate with the Technical Team through OED for proper implementation of the Program;
2. Act as liaison between LTFRB and other participants to the Program;
3. Perform logistical requirements for the efficient and effective implementation of the Program;
4. Prepare and coordinate with the participants, including but not limited to the signing of Service Contract for the Program;
5. Maintain and keep records of all activities and transactions (both hard copies and electronic files) of the Program;
6. Closely coordinate with the Program Manager to monitor compliance of the participants in the Program as indicated in the Service Contract. Relative thereto, the PIU shall establish a Monitoring System, which shall include the following:
 - a. Compliance with the terms and conditions of the Service Contract
 - b. Daily evaluation of the operations of routes covered by the Program
 - c. Closely monitor compliance of the Participants with the provisions of the Service Contracting.
 - d. Identification of automatic deviation of route, trip cutting, or speeding by the authorized unit of the participant
 - e. Determination of boarding and alighting stations, and dwell time at stations
 - f. Ability to measure headway or distance from each vehicle
 - g. Compliance with existing Health Protocols by the Participants
 - h. Implementation of a Passenger Information and Feedback Component as may be established by the Program Manager.

Additional scope of the Monitoring System may be included as deemed necessary by the Technical Team as approved by the Implementation Committee.

7. Conduct random System Audit on Program Manager with respect to the implementation of its monitoring systems
8. Coordinate with the FMD and Administrative Divisions for the processing of payment to participants of the Program, under the direct supervision of the Technical Team.

9. Ensure payments are timely and properly made and accounted for by the Program Manager according to existing accounting and auditing rules and regulations.
10. Coordinate with the PUVMP - Project Management Office for route identification.
11. Submit weekly reports to the Technical Team through the OED
12. Shall make an assessment report on the accomplishment of the Program Manager particularly on the milestone.
13. Perform such other functions as may be given by the Technical Team through the OED.

XI. SELECTION OF PROGRAM MANAGER

The corresponding Technical Specifications shall be issued by the Board for the selection and qualifications of a Program Manager for the Program, who must have the following qualifications:

1. Have knowledge and/or at least one (1) year of experience in planning, developing, executing, and managing monitoring platforms (similar or applicable to the needs of the public transport sector).
2. The candidate should have at least five (5) years of professional experience in the field and must possess significant knowledge about software systems for the monitoring, optimization, and dissemination of information of the public transport sector or any similar industry.
3. The candidate should demonstrate significant knowledge about software systems for collecting feedback from the public transport sector and commuters or any similar industry.
4. Has the ready capacity to onboard, upload, monitor, and manage 100,000 PUV units. In case of manual monitoring, The Program Manager shall submit its deployment plan to the Technical Team upon the commencement of the Service Contracting Program.
5. Shall have the capacity to onboard, upload, monitor, manage, and deliver the target number of units set per region within the implementation timeline.
6. Shall have the knowledge and capacity to seamlessly utilize the existing systems for the project and must be able to manage and adjust the system according to the needs of the program; shall have the ability to migrate and integrate existing data (Automatic Fare Collection System (AFCS), GPS, and Fleet Management System (FMS)) from the current systems to the new one.
7. The candidate shall have sufficient proof of financial capability to deliver or undertake the contract. Capitalization requirements must be sufficient to cover onboarding requirements for the program.
8. The candidate shall be able to provide any form of evaluation and assessment or Certificate of Project Completion from its former clients for the past one-year (1) year.
9. The candidate shall have the capacity to set up a bond upon issuance of a Notice of Award in accordance with RA 9184.
10. The Program Manager should not be an operator of any public utility vehicle.

A separate selection process shall be undertaken by the LTFRB Bids and Awards Committee for this purpose.

XII. DUTIES AND RESPONSIBILITIES OF THE PROGRAM MANAGER

The Program Manager selected shall perform the following tasks:

1. Provide a centralized public transport planning and monitoring systems;

2. Monitor and oversee public transport services provided by MMDA, LGUs, and others;
3. Monitor operations of public transport services based on the service contract and service plan, such as but not limited to:
 - a. prescribed operating hours, headway, number of round trips, designated stations/stops, waiting/dwell times at stations/stops, load factor and other safety protocols, availability of back-up units (in case of emergency, break down, sudden surge in demand, etc.); and
 - b. Provide statistics, public transport and operations data for planning and follow-up and analysis.
4. Submit weekly and monthly, or daily upon request, monitoring reports to the PIU on the implementation of the Program, which shall include, among others:
 - a. Performance/accomplishments of the participants which shall include monitoring of the free rides nationwide.
 - b. Performance/accomplishments as Program Manager based on the Technical Specifications for the Program.
 - c. Passenger feedback on the level of service provided by the participants of the Program.
 - d. Technical and Non-technical issues encountered during operations.
 - e. Other inputs/suggestions/concerns necessary to improve the Program.
5. Modify service plan as may be deemed necessary upon the advice, instruction or concurrence of the LTFRB Central Office through the FPMD;
6. Provide a Command Center and Support Personnel within the LTFRB Central Office as well as, Support Personnel for the LTFRB Regional Offices;
7. Develop, manage, and maintain a system that aggregates all AFCS payment and/or transaction logs from operators.
8. Oversee, or directly implement (as may be appropriate), the rest of the Plans mentioned under part 1 above.
9. Allow immediate use and access to a digital monitoring system that supports responsibilities 1) and 2), specifically allowing:
 - a. Collection of raw GPS / location data from vehicles
 - b. Collection and mapping of designated routes
 - c. Compliance with the terms and conditions of the Service Contract.
 - d. Daily evaluation of the operations of routes covered by the Program.
 - e. Monitoring of compliance of the participants to the service plan and provisions of the Service Contract.
 - f. Automatic detection of unauthorized deviation of route, trip cutting, skipping, speeding, etc. by the authorized unit of the Participant.
 - g. Determination of boarding and alighting stations, and dwell time at stations.
 - h. Ability to measure headway or distance from each vehicle.
 - i. Compliance with existing Health Protocols by the Participants.
 - j. Compatibility with automated fare collection systems
 - k. Integration of Passenger Information and Feedback Component
 - l. Provide all necessary software licenses and hardware to run the system.
 - m. Continuously conduct training, capacity building and planning sessions for the operations of the systems developed for the program to the LTFRB and its Regional Offices.
 - n. Provide a monitoring system that is able to collect data using a mobile device (cellphone) or a GPS device.
 - o. Provide SIM cards to each of the authorized units enrolled in the Program.

- p. Provide use of and immediate access to a publicly-available mobile application and website that operates 24/7 and allows the following:
 - a. For the public to plan their journey on the public transport network (road and rail transport),
 - b. For the public to plan their trips based on their desired origin and destination,
 - c. Enables public transport payment and ticketing, and
 - d. For the public to directly submit feedback on public transport services.
 - e. Is proven to be functional through previously-existing deployment with government departments, and strong public acceptance across all major mobile app marketplaces, such as the App Store and Google Play Store.
- q. Assist DOTr, LTFRB and its Regional Offices in procurement and negotiations with service contractors, as well as in obtaining all government approval which may be required;
- r. Assist in the determination of compliance to the Service Contracting Program as basis for the payment of the service contracts;
- s. Conduct training and orientation of participants in the Program;
- t. Contingency plan to ensure delivery of required services.
- u. Turnover of all data and systems, hardwares and softwares, databases, reports, equipment, including source codes developed for the Program and conduct capacity-building sessions with the LTFRB on the management of the systems.

XIII. PROCEDURE FOR THE SELECTION OF PARTICIPANTS (OPERATORS) TO THE SERVICE CONTRACTING PROGRAM

Participants to the Program shall be determined by the Technical Team, which should meet the following parameters:

1. Participants shall be composed of operators of identified routes;
2. Shall be holders of valid and existing Certificate of Public Convenience and Provisional Authority, including those authorized to operate during Community Quarantine through Special Permits.
3. Participants' PUV units should be roadworthy, in accordance with the OFG and LTO guidelines.
4. The PUV units should be installed with appropriate GPS or mobile devices to ensure monitoring of their operations.
5. Participants' PUV units should not have been involved in any road crash incident considered as fatal or have caused destruction to property for the last two (2) years.
6. Participants should undergo orientation to be conducted by the LTFRB, through the Program Manager, prior to their participation in the Program.
7. Participants shall execute a Service Contract Agreement in line with the implementation of the Program

XIV. RESPONSIBILITIES OF THE PARTICIPANTS (OPERATORS) DURING THE IMPLEMENTATION OF THE PROGRAM

The participant (operator) shall:

1. Ensure strict compliance with the Service Contract Agreement, including the required Service Plan;
2. Ensure that all authorized units under the contract must be deployed at any given time.

3. Ensure payment of salaries and benefits to its drivers and other personnel, as may be required by labor and other applicable laws, including issuances by the Board provided that there should be no diminution of benefits to the drivers.
4. Ensure that all drivers of authorized units are holders of Valid Professional Driver's License with appropriate restriction code.
5. Ensure that only those authorized units with current registration and valid Passenger Accident Insurance are enrolled in the Program.
6. Ensure each authorized unit is equipped with a mobile phone with internet connection or GPS device for proper trip monitoring.

XIV. ACCOUNTING, PAYMENT SYSTEM AND LIQUIDATION

The LTFRB through the Technical Working Group, Financial Management Division and Program Implementing Unit shall ensure that funds allocated for the Program are properly utilized, liquidated, and accounted for in accordance with the existing accounting and auditing rules and procedures. **Weekly financial reports shall be submitted by the PIU through the Technical Team, to the Financial and Management Division (FMD).**

To facilitate payment under the Program, the following procedures shall be observed:

1. Based on the daily monitoring of the participants, the Program Manager shall prepare and certify a summarized report on the actual number of trips (based on actual kilometer-run per unit), which shall be the basis of the payroll.

Payouts to be prepared by RFROs should be based on the certification of the Program Manager either manually or extracted from the System.

2. The PIU shall prepare and ensure correctness and accuracy of the payrolls and other related supporting documents for the eligible participants;
3. The PIU shall prepare the corresponding Obligation Request and Status and Disbursement Voucher to be endorsed to the Financial and Management Division (if processed in the Central Office) or Accounting and Budget Section (if processed in RFROs) for validation and approval of disbursements.
4. The third-party electronic payment provider shall submit to the FMD and Program Manager weekly proof of payments to participants through the PIU. The PIU, in coordination with the Program Manager, shall submit a daily report to the FMD for the status of funds.
5. The Program Manager shall facilitate liquidation and verification of actual payments to participants and submit a report thereof to the PIU.
6. The PIU shall verify the report of the Program Manager and submit the report to the Technical Team and FMD.
7. Disbursement of funds shall strictly comply with existing accounting and auditing procedures.

XV. AUTHORITY OF CONCERNED LTFRB PERSONNEL

For the prompt, expeditious and efficient processing of documents relative to the implementation of the Service Contracting Program, the Board authorizes the concerned personnel to perform the following functions, as hereby delegated, to wit:

1. The Executive Director/OIC-Executive Director (for Central Office) and All Regional Directors (for their respective RFROs) to sign Service Contracts of PIU personnel and PUV operators enrolled in the Program, Disbursement Vouchers and other related documents for the payment of services rendered by PUV operators enrolled and participated in the Program;

2. All other personnel that may be assigned by the Board or RFRO Regional Directors to assist them, and sign all necessary documents for the proper implementation of the Service Contracting Program, as well as to coordinate with their respective Land Bank of the Philippines (LBP) Servicing branch for the processing of the payments to the participants.

XVI. EVALUATION OF THE PROGRAM

Within thirty (30) days from the termination of the Program, the Technical Team shall conduct an evaluation of the Program and shall submit a Report relative thereto to the Board.

All issuances inconsistent herewith are hereby deemed superseded or amended accordingly.

This Memorandum Circular shall take effect immediately following its publication in at least one (1) newspaper of general circulation. Let three (3) copies thereof be filed with the UP Law Center – Office of National Administrative Register (ONAR).

SO ORDERED.

APPROVED AND ADOPTED THROUGH TELECONFERENCE

on 17 MAR 2022, Quezon City, Philippines


ATTY. MARTIN B. DELCRA III
Chairman




ENGR. SHERWIN MYLIL S. BEGYAN
Board Member


PCOL. JOEL C. PERNITO (Ret.)
Board Member

Attested by:


MARIA KRISTINA E. CASSION
Executive Director