

**ADMINISTRATIVE ORDER**

No. 14  
Series of 2023

**SUBJECT : GUIDELINES ON THE ADOPTION OF NEW ESTIMATED  
USEFUL LIFE OF DSWD PROPERTIES**

**I. RATIONALE**

This Administrative Order is issued in compliance with government rules and regulations specifically those issued under Commission on Audit (COA) Circular Nos. 2015-007 and 2022-004 which mandated National Government Agencies (NGAs), Local Government Units, and Government Corporations (GCs) to establish the estimated useful life (EUL) of each asset based on experience on the life of their Properties, Plant, and Equipment (PPE), as well as Semi-Expendable Properties (SEP) using, as the basis of the range of estimated useful life (EUL) provided therein.

Prior to the issuance of the aforementioned Circulars, the Department uses the prescribed EUL under COA Circular No. 2003-007 or the Revised Estimated Useful Life in Computing Depreciation for Government Property, Plant and Equipment.

A Technical Working Group (TWG) was created for the determination of the new EUL of the Department's properties<sup>1</sup>. The TWG was guided by different factors, such as properties' past history, obsolescence, costs, and technological advancement. Their collaboration and sharing of ideas based on their respective expertise paved the way to the determination of new EUL of the Department's properties.

The issuance of this Administrative Order shall signal the transition of the utilization of the old estimated useful life to the new estimated useful life for the different classes of the Department's properties.

**II. OBJECTIVES**

This Administrative Order specifically intends to:

1. Prescribe the EUL of the Department's tangible assets for the following purposes:
  - a. To be used as one of the factors, along with the residual value and initial cost, in the computation of the depreciation of the Department's assets; and
  - b. To be used in the determination of the end-user's accountability over low-valued semi-expendable properties issued to them in view of the rule that the end of useful life means the end of the accountability of the end user<sup>2</sup>

<sup>1</sup> Special Order No. 3342 s. 2022

<sup>2</sup> Section 4.10, COA Circular No. 2022-004 states that "Upon expiration of the estimated useful life for low-valued semi-expendable property, the issued ICS to the end user shall be automatically cancelled. The end of the useful life means the end of the accountability of the end-user. However, if the low-valued semi-expendable property is deemed unserviceable before the end of its useful life, it shall be returned to the Property and/or Supply Division/Unit for cancellation of the ICS and proper disposal"

2. Provide review mechanisms of the established EUL for uniform application both in the Central and Field Offices.

### III. LEGAL BASIS

1. **COA Circular No. 2015-007 dated October 22, 2015**<sup>3</sup>. The estimation of the useful life of the assets is a matter of judgment based on the experience of the entity with similar assets. The agency/entity is in the best position to estimate the expected useful life of its PPE, using as guide the provided life spans.
2. **COA Circular No. 2022-004, Section 4.13 dated May 31, 2022**<sup>4</sup> (relative to the increase in the capitalization threshold of PPE from ₱15,000 to ₱50,000.00)
  - a. Section 4.12. The agency shall determine/provide the estimated useful life of each semi-expendable property, subject to the post-audit of the COA Auditor concerned. The agency is in the best position to estimate the useful life of its semi-expendable property. The agency shall also issue an updated policy/memorandum determining/providing the estimated useful life, as necessary.
  - b. Section 4.13. To serve as a guide, a range of estimated useful life per class is provided, as follows:
    - o Semi-Expendable Machinery and Equipment – 5 to 15 years
    - o Semi-expendable Furniture, Fixtures and Books – 2 to 15 years

Based on the above life spans, the entity shall prepare the specific EUL for each semi-expendable property based on its experience on the useful life of its assets, and copy furnished the COA Auditors.

### IV. DEFINITIONS

1. **Capitalization Threshold** – refers to the monetary value at which an entity elects to capitalize tangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.
2. **Property, Plant and Equipment (PPE)** – refers to those tangible assets that meet the capitalization threshold of ₱50,000.00 and are:
  1. purchased, constructed, developed or otherwise acquired;
  2. held for use in the production or supply of goods or services or to produce program outputs;
  3. for rental to others;
  4. for Administrative Purposes;
  5. expected to be used during more than one reporting period; and
  6. not intended for resale in the ordinary course of operations.

In further classifying these properties, the aforementioned capitalization threshold of ₱50,000.00 shall be applied as follows:

---

<sup>3</sup> Government Accounting Manual for Use of All National Government Agencies Volume 1, Chapter 10, Section 27 (f), p. 185

<sup>4</sup> Guidelines on the Implementation of Section 23 of the General Provisions of Republic Act No. 11639 also known as the General Appropriations Act for FY 2022 dated May 31, 2022



- Items with an individual value below the threshold but which work together in the form of a group of network asset whose total value exceeds the threshold (example: computer network) shall be considered as part of the primary PPE.<sup>5</sup>
  - Each Item within the bulk acquisition with aggregate or total value of PPE, such as library books, computer peripherals and small items of equipment which meet the capitalization threshold shall also be considered PPE.
3. **Semi-expendable Property (SEP) –**
- a. Tangible items which meet the definition and recognition criteria of PPE, but below the capitalization threshold of ₱50,000.00. SEP is further categorized as follows:
    - i. Low-valued items – the cost of each item is ₱5,000.00 or less; and
    - ii. High-valued items – the cost of each item is more than ₱5,000.00 but less than ₱50,000.00.
  - b. It includes promotional items, freebies, and attachments to subscription plans (*i.e.* mobile phones) as well as those acquired through fabrication.
4. **Tangible Assets/Property** – identifiable non-monetary assets with physical substance.
5. **Useful Life** – refers to the period over which an asset is expected to be available for use by the Department or the number of production or similar units expected to be obtained from the asset by the Department.

## V. COVERAGE

1. The estimated useful life prescribed herein shall be applied to all tangible properties acquired by the Department, through any mode, whether classified as PPE or SEP as defined and categorized above. On the other hand, lands, not being subject to depreciation, shall not be covered by this Order.
2. The estimated useful life of other tangible items not included herein, such as supplies and inventories shall be prescribed through a separate issuance or Memorandum to be issued by the Secretary.
3. The policies stated herein shall have a Department-wide application.

## VI. POLICIES

1. In compliance with the rules enunciated under COA Circular Nos. 2015-007 and 2022-004, the Department hereby adopts the EUL of the different classifications of its properties, as presented in the attached **ANNEX A** of this Order.
2. The EUL provided herein shall be reviewed annually, in order to determine its appropriateness or the need to update or change the same, in whole or in part, taking into consideration the prescribed EUL under COA Circular Nos. 2015-007 and 2022-004 as well as the various factors such as, but not limited to the following:

---

<sup>5</sup> Government Accounting Manual for Use of All National Government Agencies Volume I, Chapter 10, Section 4 of

- a. **Acquisition Cost** – value of the property upon acquisition and the category of the property based on the current capitalization threshold as indicated under Section III (2)(b) of this AO.
  - b. **Manufacturer’s Specification** – manufacturer’s recommendations, or warranty information for the furniture or equipment, including the estimated lifespan based on their design, materials, and intended usage.
  - c. **Quality of Materials/ Durability** – quality of the materials used in the construction of furniture and equipment. There can be a presumption that high-quality materials tend to last longer than cheaper or lower-quality alternatives
  - d. **Intended Use/Wear and Tear** – how the furniture or equipment will be used. Items subjected to heavy use, frequent movement, or harsh environmental conditions might have a shorter life expectancy compared to those items used moderately. Analyze the potential wear and tear the items will experience over time. For example, furniture in a high-traffic office area might wear out more quickly than furniture in a low-traffic waiting room.
  - e. **Technological Obsolescence** – In the case of technology-related equipment, consideration must be on how quickly technological advancements may render the equipment obsolete or less efficient.
3. A TWG shall be constituted, through a Special Order to be signed by the Secretary for the purpose of reviewing and recommending updates or changes in the established EUL, as may be deemed necessary.
- a. Composition – the TWG shall be composed of technical staff from the following Office, Bureau, and Services (OBS) in the Central Office:

<b>Chairperson</b>	Chief, Property, Supply, and Asset Management Division (PSAMD) under the Administrative Service (AS)
<b>Vice-Chairperson</b>	Chief, Accounting Division under the Financial Management Service (FMS)
<b>Permanent and Alternate Members</b>	<ol style="list-style-type: none"> <li>1. Representatives from the following Bureau and Services in the Central Office, with salary grade not lower than 15: <ul style="list-style-type: none"> <li>a. Information and Communications Technology, Management Service (ICTMS)</li> <li>b. Digital Media Service (DMS)</li> <li>c. Disaster Response and Management Bureau (DRMB)</li> </ul> </li> <li>2. Section Heads of Accounting Section and Property and Supply Section (PSS) in Field Offices and their respective alternates</li> </ol>

- b. Specific Functions:

The TWG members shall discharge the following specific functions on a **jury duty** in order to provide expected output within set timeline:

- i. Review the existing EUL and determine the need for updates or changes, taking into consideration various factors such as, but not limited to changes in manufacturing industry practices, history, technology/obsolescence, costs, regulatory changes, economic conditions, etc.;



- ii. Attend the annual meeting as required under this Order; and
  - iii. Submit a report on the discussions and the needed updates on the estimated useful life of DSWD properties to the Secretary through the Undersecretary of General Administration and Support Services Group (GASSG) and recommend the same for its approval.
- c. Term – the TWG members shall be designated for a term of three (3) years. Replacement of members may be warranted only for justifiable reasons, and subject to the approval/disapproval of the Secretary through the Undersecretary for GASSG. In such case, the replacement shall serve only the unexpired term of the member being replaced.
- d. Annual meeting – the annual TWG meeting shall be conducted at any day within the month of October of the current year.
- e. Members of the Secretariat who will assist the TWG shall consist of two (2) representatives each from the AS – PSAMD and FMS – Accounting Division through the same Special Order.
4. Updates or changes in the EUL, as may be recommended by the TWG, shall be issued through a Memorandum to be signed by the Secretary.
5. In the event that newly purchased or acquired properties are not yet listed under Annex A of this Order, the same shall be assigned a temporary EUL upon the recommendation of the Head of the Administrative Service (AS) / Administrative Division (AD), and concurrence of the Head of the Financial Management Service (FMS) / Finance Management Division (FMD).
- a. The factors under Section VI (2) shall be given weight allocations, as follows:

Factors	Weight Allocation
1. Acquisition Cost	20%
2. Manufacturer’s Specification	10%
3. Quality of Materials/ Durability	20%
4. Intended Use/Wear and Tear	20%
5. Technological Obsolescence	30%
	<b>100%</b>

- b. In providing the temporary EUL, the factors provided under Section VI (2) of this AO shall be taken into consideration as well as the minimum life span provided under COA Circular Nos. 2015-007 and 2022-004.
- c. In determining the EUL based on the acquisition cost, the following shall be used as constant factors:

Category of Property based on the Capitalization Threshold	No. of Years (constant factor)
Low-Valued SEP	2
High Valued SEP	4
PPE	6

- d. Provided, that in case the resulting EUL for a property shall be lower than the minimum EUL as prescribed under the COA Rules, the prescribed minimum life span shall be adopted as the temporary EUL

*Illustration:*

For a property categorized as PPE (with a prescribed EUL of not less than 5 years but not more than 15 years) and an acquisition cost of Php50,000.00 and above, the computation may be made, as follows:

Factors	Weight Allocation	Recommended EUL	Temporary EUL
1. Acquisition Cost	20%	6	1.2
2. Manufacturer's Specification	10%	5	0.5
3. Quality of Materials/Durability	20%	7	1.4
4. Intended Use/Wear and Tear	20%	5	1.0
5. Technological Obsolescence	30%	5	1.5
			5.6 <i>(to be rounded off)</i> <b>hence, the EUL will be 6 years</b>

- e. The attached template (**ANNEX B**) shall be used in recommending the temporary EUL.
  - f. PSAMD/PSS shall facilitate and initiate compliance with this undertaking by preparing and proper routing of ANNEX B to concerned offices (AS/AD and FMS/FMD).
  - g. Should there be a conflict in the recommendations between the AS/AD and FMS/FMD, the same shall be elevated to the Undersecretary for General Administration and Support Services Group/ Regional Director for final resolution.
  - h. The approved temporary EUL shall be included in the updated list of Annex A, as provided for under Section VI (2) of this Order. For this purpose, PSAMD/PSS shall keep a record of all approved temporary EULs and ensure their availability during the annual meeting of the TWG.
6. The Resident COA Auditor shall be given a copy of the EUL adopted by the Department, within 15 working days upon approval or effectivity thereof.
  7. In accordance with Section 4.9 of COA Circular No. 2022-004, accountability over Low-Valued SEP shall be extinguished upon expiration of the EUL or upon return before

the end of its EUL, whether serviceable or non-serviceable. The Inventory Custodian Slip (ICS) issued to the end user shall be automatically canceled.

On the other hand, accountability over all other properties (PPEs and High-Valued SEP) shall not be extinguished regardless of the expiration of EUL, except upon return/turn over to PSAMD/PSS or transfer to another accountable officer, or in case of loss or damage, upon approval of the request for relief from property accountability.

8. Notwithstanding the foregoing provision on the extinguishment of accountability over Low-Valued SEP, the same may still be returned/turned over by the accountable officer/end user, if no longer needed and found to be serviceable. Upon request, it may be re-issued to another accountable officer/end user through an ICS. The same shall no longer be assigned a new EUL.

PSAMD/PSS shall maintain a record of all reissued Low-Valued SEP, for monitoring purposes.

9. Returned/turned over PPEs and High-Valued SEP that are requested to be re-issued to another accountable officer/end user shall be assigned the remaining EUL, to be determined and counted from the date of acquisition, as reflected in the Property Accountability Receipt (PAR)/ICS.

#### VII. EFFECTIVITY AND REPEALING CLAUSE

1. This Order shall take effect immediately upon signing and previous issuances contrary to or inconsistent with this Order are hereby repealed, modified or amended accordingly.
2. The EUL prescribed herein, being an accounting estimate shall apply prospectively.

Let copies of this Order be disseminated to the Central Office and Field Offices for their information and guidance.

Issued this 7th day of December 2023, in Quezon City, Philippines.

  
REX GATCHALIAN,  
Secretary

Date DEC 06 2023

Certified True Copy  
  
WILLIAM V. GARCIA JR.  
OIC-Division Chief  
Records and Archives Mgt. Division  
11 DEC 2023



**TABLE OF ESTIMATED USEFUL LIFE OF DSWD PROPERTIES**

ARTICLE DESCRIPTION		No. of Years	
<b>Land Improvements</b>		10	
<b>Building</b>	Wood	30	
	Concrete	30	
	Mixed	30	
<b>Books</b>		5	
<b>Communication Equipment</b>	Antenna	PPE	9
		SEP - High Value	4
		SEP - Low Value	3
	Audio Component/Recorder/Player		4
	CCTV		3
	Cellphone	PPE	5
		SEP - High Value	4
		SEP - Low Value	3
	Digital Telephone		4
	Facsimile Machine		4
	Microphone		3
	Musical Instruments		4
	Video Recorder		5
	Sound System		5
	Transceiver		8
	Two Way Radio		5
	Telephone		5
	Television	PPE item	5
		SEP	3
	Video Camera		5
<b>Disaster Response and Rescue Equipment</b>	Fire Fighting Equipment		5
	Other Disaster and Rescue Equipment		5
<b>Furniture and Fixtures</b>	Bed frame	Wood	5
		Metal	5
	Bed Foam		3
	Glass Board		4



	Blinds	3	
	Bookshelves	5	
	Cabinet	5	
	Cash Box	3	
	Chair	Plastic	3
		Metal	3
		Solid Wood	8
	Corkboard	4	
	Divider/Partition/Panel	5	
	Filing Rack	6	
	Safety Vault	9	
	Sala Set/Sofa Set	Solid Wood	9
		Other Materials	5
	Table	Solid Wood	9
		Other Materials	5
	White Board	4	
<b>IT Equipment</b>	Aerial Drone	5	
	Barcode Scanner	5	
	Photo Camera	5	
	Computer Desktop	5	
	Computer Laptop	5	
	CPU	5	
	Digital Camera	5	
	Graphic Tablet	5	
	Computer Hardware	5	
	Computer Accessories	4	
	LAN (Router, server, switch and the like)	5	
	Copier	5	
	Printer	PPE	5
		SEP - High Value	4
		SEP - Low Value	3
	Scanner	5	
	Software	5	
	Projector	5	
	Video Conferencing Kit	5	
	Web Camera	3	

<b>Medical, Dental and Laboratory Equipment</b>	Dental Chair	8	
	Dental Compressor	6	
	Dental Tools	5	
	Glucometer	3	
	Health Scale	3	
	Hospital Bed	8	
	Medical Tools	5	
	Patient Monitoring System Machine	8	
	Stretcher	4	
	Weighing Scale	Beam Type	8
		Digital scale	3
Wheel Chair	4		
<b>Office Equipment</b>	Air Conditioning Unit	5	
	Air Purifier	5	
	Binding Machine	5	
	Bundy Clock	5	
	Cutting Board/Paper Cutter (Paper Trimmer Cutter)	5	
	Dater and Check Writer	4	
	Electric Fan	3	
	Finger Scan / Biometric Machine	5	
	Holes Ring Binder	4	
	Laminating Machine	4	
	Luggage	4	
	Paper Shredder	4	
	Stencil Cutter Machine	4	
	Typewriter	5	
<b>Transportation Equipment</b>	Bus	7	
	Mini Bus	7	
	Sedan	7	
	Pick up	7	
	Van	7	
	Wagon	7	
	AUV	7	
	SUV	7	
	Motorcycle	7	



<b>Other Transportation Equipment</b>	Ambulance		8
	Forklift		10
	Truck		10
	Wing Van		10
<b>Sports Equipment</b>			5
<b>Technical and Scientific</b>			5
<b>Other Machineries and Equipment</b>	Emergency Light		3
	Floor Polisher		4
	Milling Machine		7
	Packaging Machine		8
	Sealer (Sealing Machine/Bag Closer)		8
	Sewing Machine		8
	Trolley		5
<b>Other Property, Plant and Equipment</b>	Disinfection Device	PPE	4
		SEP - High Value	3
		SEP - Low Value	3
	Generator Set		6
	Kitchen Equipment	PPE	5
		SEP - High Value	4
		SEP - Low Value	3
	Motor pool Equipment	PPE	5
		SEP - High Value	4
		SEP - Low Value	3
	Container Van		25

## REQUEST FOR CONCURRENCE ON ESTIMATED USEFUL LIFE

## For Newly Purchased/Acquired Property

Dear \_\_\_\_\_:

This is to request your concurrence on the herein recommended Estimated Useful Life (EUL) for the following property items, which are not included under Annex A of Administrative Order No. \_\_\_\_\_ series of 2023:

ARTICLE AND DESCRIPTION	ACQUISITION DATE/COST	RECOMMENDED EUL	BASIS/ REASON

\_\_\_\_\_  
 Director, Administrative Service/  
 Division Chief, Administrative Division (in Field Offices)  
 Date: \_\_\_\_\_

## REQUEST FOR CONCURRENCE ON ESTIMATED USEFUL LIFE

## For Newly Purchased/Acquired Property

## REPLY SLIP

Dear \_\_\_\_\_:

\_\_\_\_\_ **We concur.** The recommended Estimated Useful Life is acceptable.

\_\_\_\_\_ **We don't concur.** Please consider the following Estimated Useful Life:

ARTICLE AND DESCRIPTION	ACQUISITION DATE/COST	RECOMMENDED EUL	BASIS

\_\_\_\_\_  
 Director, Financial Management Service/  
 Division Chief, Finance Management Division (in Field Offices)  
 Date: \_\_\_\_\_