

Republic of the Philippines
Department of Social Welfare and Development

IBP Road, Batasan Pambansa Complex, Constitution Hills, Quezon City 1126

Telephone Nos. (632) 931-8101 to 07; Telefax (632) 931-8191

E-mail: osec@dswd.gov.ph

Website: <http://www.dswd.gov.ph>

MEMORANDUM CIRCULAR

No. 05

Series of 2013

SUBJECT: Amended Guidelines on Property Disposal

1.0 RATIONALE

DSWD Memorandum Circular No. 09, series of 2004 providing the guidelines on the Disposal of Unserviceable Property and Equipment Amending Department Order No. 08, series of 2000 needs to be enhanced to expedite the disposition of properties that are no longer needed, obsolete or unserviceable.

2.0 LEGAL BASES

- Presidential Decree No. 1445 – The State Audit Code of the Philippines, particularly Section 79 on Destruction or Sale of Unserviceable Property
- Executive Order No. 888 of 1993 – Authorizing Ministers and Heads of Ministries/ Agencies to Dispose of their Respective Unserviceable Equipment and Disposable Property and Creating a Disposal Committee to Facilitate Disposal of Said Property
- COA Circular No. 89-296 - Authority and Responsibility for the Divestment or Disposal of Property and Other Assets Owned by the Government
- Training Handbook on Property and Supply Management System issued by the Commission on Audit on June 2001

3.0 OBJECTIVES

- 3.1 Provide the policy and guidelines on the disposal of unserviceable properties.
- 3.2 Ensure that all unserviceable properties subject for disposal are properly accounted, inspected and appraised.
- 3.3 Ensure that disposal and divestment of properties are in accordance with established government rules and regulations.

4.0 GENERAL POLICIES

- 4.1 Once property items become unserviceable from any cause or are no longer needed, the officer immediately accountable therefore shall return the same to the Property Officer/equivalent officer concerned.
- 4.2 The PDAC through its Secretariat shall file an application for disposal with appropriate documents to the COA Auditor. The COA Auditor shall inspect

the items and determine whether the items are with or without value and forwards his/her recommendation to the Department Secretary or his/her representative.

- 4.3 The DSWD Property Disposal and Awards Committee (PDAC) shall determine the proper mode of disposal deemed most advantageous to the government.
- 4.4 If found to be valuable the unserviceable property may be sold at public auction to the highest bidder under the supervision of the PDAC. The awardee shall pay, claim and withdraw the property, subject to the conditions of the award.
- 4.5 All modes of disposal shall have the final approval of the Undersecretary, General Administration and Support Services Group (GASSG) in the case of the Central Office, or the Regional Director in the case of the Field Offices including Centers and Residential Facilities.
- 4.6 Upon disposal of property, the pertinent portions of the Inventory and Inspection Report of Unserviceable Property, Report of Waste Materials or Invoice Receipt for Property, whichever is applicable shall be accomplished. These reports shall be the bases for dropping the property from the books of accounts and for taking up the proceeds from the sale of the property.

5.0 PROPERTY DISPOSAL AND AWARDS COMMITTEE (PDAC) AND SECRETARIAT

The PDAC shall be reconstituted as follows:

Central Office

Chairperson	<ul style="list-style-type: none"> Assistant Secretary General Administration and Support Services
Members	<ul style="list-style-type: none"> Director, Administrative Service; Alternate Member-Division Chief, General Services Division Director, Financial Management Service; Alternate Member-Division Chief, Accounting Division Chief, Property and Asset Management Division
Secretariat	<ul style="list-style-type: none"> Head - Chief, Property and Asset Management Division Members- Staff, Property and Asset Management Division Staff, Accounting Division

Field Office

Chairperson	<ul style="list-style-type: none"> Assistant Regional Director
Members	<ul style="list-style-type: none"> Chief, General Administration and Support Services Division; Alternate Member-Head, Property and Supply Section Head, Administrative Unit Regional Accountant
Secretariat	<ul style="list-style-type: none"> Head - Property and Supply Section Members- Staff, Accounting Section Staff, Property & Supply Section

- 5.1 The PDAC shall review, improve and implement policies and systems for disposal of properties. Its functions will include but not limited to the following:
- 5.1.1 Inspect unserviceable properties to ascertain justification of disposal.
 - 5.1.2 Appraise unserviceable properties taking into consideration all the factors to be able to set the minimum value in case of public bidding.
 - 5.1.3 Recommend the proper mode of disposal for the approval of the Undersecretary for GASSG or his/her representative, and the Regional Director for the Field Office level.
 - 5.1.4 Conduct public bidding, if applicable for the sale of disposable properties through the *"As Is Where Is"* basis and recommend the corresponding award for the approval of the concerned authority.
- 5.2 The DSWD Field Offices are allowed to establish a separate PDAC in Centers/Residential Facilities, if necessary within their jurisdiction and to correspondingly act on disposal requirements.

Center/Residential Facility

Chairperson	Center Head
Members	Supervising Houseparent (Center) Regional Property/Supply Officer (FO)
Secretariat	Designated Property and Supply Officer

- 5.3 The Secretariat shall perform the following functions:
- 5.3.1 Serve as the central repository of all PDAC documents and records.
 - 5.3.2 Provide support services to the PDAC relative to the disposal through public bidding.
 - 5.3.2.1 Prepare 'Bid Documents' in case of disposal through public sealed bidding or public auction.
 - 5.3.2.2 Publish 'Invitation To Bid' for three consecutive days on a newspaper of general circulation when the sale so warrants.
 - 5.3.2.3 Post 'Invitation To Bid' in conspicuous places within the DSWD premises and disseminate the same to as many as possible government agencies within the locality for posting in their bulletin boards for the information of the general public.
 - 5.3.2.4 Solicit bid proposals from known/accredited buyers.
 - 5.3.2.5 Accept and safekeep all bid proposals.
 - 5.3.2.6 Facilitate the conduct of bidding.
 - 5.3.3 Assist the PDAC in the preparation of documents on disposal activities through other modes of disposal.
 - 5.3.4 Prepare 'Notice of Meetings' for the PDAC members.
 - 5.3.5 Prepare minutes of meetings/biddings of the PDAC.

6.0 TECHNICAL WORKING GROUP

The PDAC in the Central Office and Field Offices may create a Technical Working Group (TWG) in the appraisal and/or valuation of disposable properties. The TWG may be composed of at least three members who have specialization/expertise on the properties for disposal.

To the extent possible, members of the TWG shall be sourced out from existing personnel of the Department. If not available, the same may be sourced out from outside groups based on their specialization/expertise. Functions of the TWG include the following:

- 6.1 Serve as an ad hoc advisor of the PDAC;
- 6.2 Assist in the technical evaluation/appraisal of disposable properties; and
- 6.3 Prepare and submit appraisal/evaluation reports of the disposable properties to the PDAC.

7.0 OPERATING GUIDELINES AND PROCEDURES

7.1 Frequency of Disposal Activities

The disposal activities shall be made twice a year (March and September) or when the need arises or when the circumstances so warrant (e.g. in cases of condemnation of buildings and facilities).

7.2 Determination of Disposable Property

The property management officer shall identify disposable properties and recommend to PDAC the disposal thereof using the following factors and attributes:

- 7.2.1 Property which can no longer be repaired or reconditioned;
- 7.2.2 Property which is no longer economical to repair;
- 7.2.3 Obsolete or outmoded property because of changes in technology;
- 7.2.4 Property which is no longer needed due to change in the functions and mandate of the office/bureau/service (OBS); and
- 7.2.5 Hazardous property items and materials that has become dangerous because of long storage.

7.3 Preparation of Official Forms Needed in the Disposal Activity

Upon identification of disposable properties, the division/section/unit concerned shall fill up and consolidate pertinent forms, whichever is applicable and file an application for disposal to COA thru the PDAC.

- 7.3.1 Inventory and Inspection Report of Unserviceable Property (IIRUP or Appendix 61 of NGAS Manual) attached as **Annex "A"** for semi-

expendable properties, equipment and non-expendable supplies, accompanied by the following documents, whichever is appropriate.

7.3.1.1 Individual survey report duly certified by the Property Officer and the Secretary or his/her representative

7.3.1.2 List of missing spare parts duly certified by the Property Officer and the Secretary or his/her representative

7.3.1.3 Stencils of chassis and engine numbers of motor vehicles

7.3.1.4 Current photographs in two or more angles

7.3.1.5 Ledger card if property for disposal is equipment

7.3.2 Report of Waste Materials (RWM or Appendix 60 of NGAS Manual) attached as **Annex “B”** for expendable materials, supplies and consumables including replaced spare parts, empty containers, and remnants from destroyed or damaged fixed assets.

7.3.3 Checklist for Unserviceable Equipment which shall indicate the individual component/ part of the equipment with their condition, whether serviceable, unserviceable, or missing.

7.4 Conduct of Inspection

Upon receipt of the request for disposal from the Property and Asset Management Division, the PDAC “en banc” shall conduct an inspection of the disposable properties to determine the physical and operational condition and the marketability of the disposable properties.

7.5 Modes of Disposal

7.5.1 Sale

Sale thru Public Bidding as a general rule is the mode of disposal. This is done through sealed public bidding or when circumstances warrant, by *viva voce*.

7.5.2 Sale Thru Negotiation

For justifiable reasons and as demanded in the exigency of the service disposal thru negotiated sale may be resorted to as a consequence of failed bidding.

There is failure of public auction/bidding in any of the following instances:

- If there is only one offeror/bidder – In this case, the offer or bid, if sealed shall not be opened
- If all the offers/tenders are non-complying or unacceptable

The negotiation may be conducted singly, i.e., on a one-on-one basis, or in group, provided that due communication between the offerors/bidders and the government is established with a view to ensuring that the government gets the best price.

To prevent possible collusion among unscrupulous parties, a record of the proceedings of the negotiation must be maintained.

7.5.3 Donation

Upon recommendation of the PDAC disposable properties which are no longer needed, unserviceable and obsolete may be donated without cost or at an appraised value, subject to the approval of the concerned authority.

Donation may be made to charitable, scientific, educational, or cultural institutions that are registered with DSWD and with existing Memorandum of Agreement (MOA) covering the partnership with Department.

7.5.4 Condemnation/Destruction

This mode shall be resorted to only when the unserviceable property has no commercial value, or is beyond economic repair, or there is no willing receiver, and/or the appraised value is less than the administrative cost of sale, subject to prior inspection by the Auditor concerned. Valueless property shall be condemned through burning, pounding, breaking, shredding, throwing or any other method by which the property is disposed beyond economic recovery.

7.5.5 Barter

This mode is a direct exchange of commodities without the use of money and without reference to price or the exchange of goods for other commodities/items. Such mode may be made with other government agencies or government-owned or controlled corporations (GOCCs). The value of said commodities/items may not be equivalent to that being received.

7.5.6 Transfer to Other Government Agencies

Where the property or assets involved are already disposable, these may be transferred to other government entities/agencies without cost or at an appraised value upon authority of the Undersecretary for GASSG or his/her representative or by the Director for Field Offices upon due accomplishment of an Invoice Receipt for Property (**Annex "C"**) pursuant to the provisions of PD 1445 Section 76.

7.6 Appraisal/Valuation

After the conduct of inspection, each member of the PDAC shall prepare their respective appraisal report. If the PDAC sees that technical expertise is needed in the appraisal of the subject disposable properties, the preparation of appraisal report may be referred directly to the TWG or to the Technical Service Office (TSO) of the Commission on Audit.

The computation of the appraised value shall be based on the generally accepted formula taking into consideration the property's actual physical condition, the relevant reference price information, and the changes in the value of property caused by depreciation or those caused by changes in the purchasing power of the peso.

The following shall be used in appraisal/ valuation of the property for disposal when such property is still operational/ functional or can be repaired, in order of priority:

1. Current Market Value of comparable property
2. Replacement Cost for new property of same type
3. Acquisition Cost of the property

In case of conflict in appraisal, the PDAC shall deliberate on the appropriate appraised value which will become the minimum bid price. If the PDAC cannot arrive at a consensus, the Chairman may adopt an appraised value which may be deemed most advantageous to the government based on either of the following:

- The highest appraised valued submitted by a PDAC member
- The average of the submitted appraised value plus 10%

7.7 Publication of Invitation To Bid (ITB)

The following appraised value shall be the basis for the requirement of publication of Invitation To Bid (ITB) for three consecutive days in a newspaper of general circulation and for purposes of solicitation through canvass and/or posting in three or more conspicuous places in the locality:

Minimum Bid Price	Up to Php250,000	Canvass or posting of ITB in three or more conspicuous places in the locality or in the website of the Department
	Php250,000 & over	Publication in a newspaper of general circulation and posting of ITB in three or more conspicuous places in the locality or in the website of the Department

The appraised value shall be valid for six (6) months only. Said value may also vary depending on how the property will be sold, i.e. by piece, by lot or by all lot. If the property remains unsold after six (6) months, a reappraisal must be conducted.

7.8 Conduct of Bidding

As a general rule, the disposal of government property is done through sale by public sealed bidding.

The PDAC may call a pre-bid conference to clarify bidding procedures and other matters when the disposal through sale warrants it.

On the date, time and place indicated in the published and /or posted Invitation To Bid, the PDAC shall deliberate the bid proposals and, if found in order, make a recommendation of award to the highest bidder within three working days from the date of bidding.

In case of failure of bidding, a re-bidding shall be scheduled within 30 days to avoid further damage to the properties subject for disposal.

After two failed biddings, the PDAC may cause the sale of the disposable property by Sale Through Negotiation (provided the minimum bid price is met) or through other modes of disposal deemed most advantageous to the government.

7.9 Post Disposal Activity


Upon completion of the disposal, the PDAC Secretariat shall surrender the original copy of standard reporting forms to the Accounting Division. These reports shall be the basis for dropping the property from the books of accounts and for taking up the proceeds from the sale of property. The Accounting Division shall, after making all the necessary adjustments in the books of accounts furnish copies of Journal Entry Voucher (JEV) to the office-in-charge of property management for records reconciliation purposes.

All other Department issuances on property disposal are hereby revoked or amended as applicable. This memorandum shall take effect immediately.

Issued this 23rd day of April 2013.


ANGELITA Y. GREGORIO-MEDEL
IOIC-Secretary

Certified Copy:


MYRNA H. REYES
Officer In-Charge
Records Unit

Annex "A"

INVENTORY AND INSPECTION REPORT OF UNSERVICEABLE PROPERTY

As of _____

(Agency)

(Name of Accountable Officer)

(Designation)

(Station)

INVENTORY								INSPECTION REPORT							
Articles (1)	Quantity (2)	Unit Cost (3)	Total Cost (4)	Property No. (5)	Date Acquired (6)	No. of years in service (7)	Accumulated Depreciation (8)	DISPOSITION					Appraisal (14)	Official Receipt Number (15)	Amount (16)
								(9)	(10)	(11)	(12)	(13)			

I HEREBY request inspection, and disposition pursuant to Section 79 of PD 1445, of the property enumerated above.

Requested by:

(Signature of Accountable Officer)

(Designation of Accountable Officer)

I CERTIFY that I have inspected each and every article enumerated in this report and that the disposition made thereof was, in my judgement, the best for the public interest.

Request for Inspection Approved by:

(Name and Signature)

(Designation)

I CERTIFY that I have witnessed the disposition of the articles enumerated on this report this ____ day of _____, ____.

(Name and Signature of Inspector)

(Name and Signature of Witness)

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Appendix 61

WASTE MATERIALS REPORT					

<i>Agency</i>					
Place of Storage				Date	
ITEMS FOR DISPOSAL					
ITEM	QTY.	UNIT	DESCRIPTION	RECORD OF SALES	
				O.R. No.	Amount
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
			TOTAL		
Certified Correct:			Disposal Approved:		
_____			_____		
Property Officer					
CERTIFICATE OF INSPECTION					
I hereby certify that the property enumerated above was disposed of as follows:					
Item	_____	Destroyed			
Item	_____	Sold at private sale			
Item	_____	Sold at public auction			
Item	_____	Transferred without cost to _____			
Property Inspector: (Name & Signature)			Witness to disposition:		
_____			_____		

