



# DISPOSAL



# DISPOSAL/DISPOSITION

## End of the life cycle of government property



# Reasons for disposal

- Avoid continuing carrying inventory costs
- Prevent further deterioration
- Obtain fair return in case of sale
- Relieve accountable officers of unnecessary accountability
- Make available space for the agency



# **Property/Assets Subject to Disposal**

- 1. Unserviceable property**
- 2. Confiscated/seized property**
- 3. Property under distraint/  
levy/garnishment**
- 4. Unclaimed motor vehicles**
- 5. Real property**
- 6. Valueless records/documents**



# **Unserviceable Property**

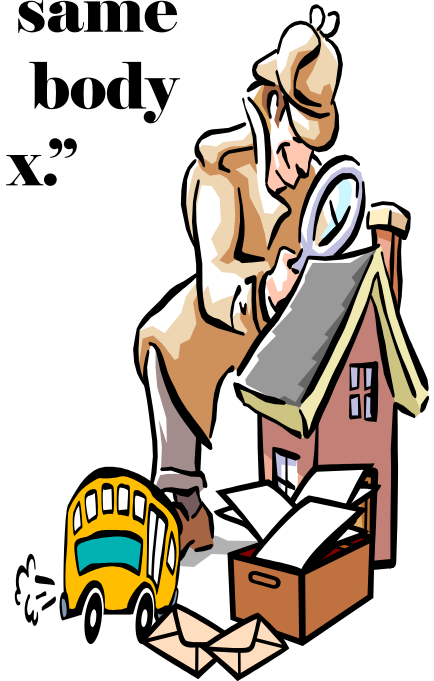
**Pursuant to Sec. 79 of PD 1445 “ When government property has become unserviceable for any cause or no longer needed, it shall, upon application of the officer accountable therefore, be inspected by the head of the agency of his duly authorized representative x x x.”**

- valueless = destroy
- valuable = sold at public auction



## **Unserviceable Property**

**In the event that public auction fails, the property may be sold at a private sale at such prices as may be fixed by the same committee or body concerned. x x x.”**



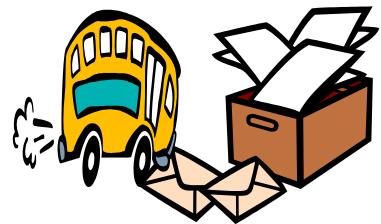
# Determining Factors in the Disposal of Unserviceable Property

- can no longer be repaired or reconditioned;
- maintenance costs/costs of repair is more than or outweighs the benefits and services that will be derived from its continued use;
- obsolete or outmoded because of changes in technology;



# **Determining Factors in the Disposal of Unserviceable Property**

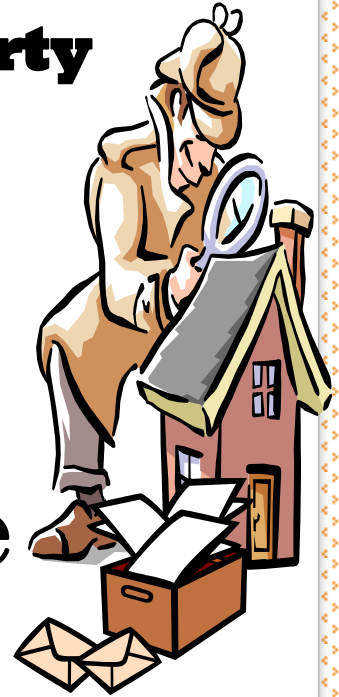
- **unnecessary due to change in the agency's function or mandate;**
- **unused supplies, materials and spare parts that were procured in excess of requirements; and**
- **unused supplies and materials that has become dangerous to use because of long storage or use of which is determined to be hazardous.**





## **Confiscated/Seized Property**

- **Are those which come into the possession of the government as a result of the implementation, enforcement of laws and regulations.**



# **Confiscated/Seized Property**

## **Examples:**

- timber and other forest products**
- Property in customs custody**
- narcotics and dangerous drugs**



# **Property under Distraint/Levy/Garnishment**

**Refers to the  
personal or real  
property of a  
taxpayer  
forfeited to the  
government for  
failure to pay  
taxes**



# **Unclaimed Motor Vehicles**

**-recovered stolen motor vehicles by the different law enforcement agencies of the government.**

**-the absence of claimants and that the real owners can no longer be determined those recovered vehicles remained unclaimed.**



# **Real Property**

**-DPWH**

**-DENR**

**-Administrative  
Code of 1987**

**-BP223 dated  
September 12,  
1982**



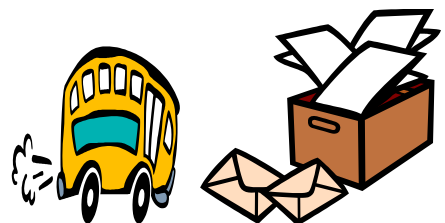
## **Real Property**

**-RA No. 477  
dated**

**September  
12, 1982**

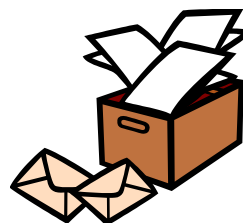
**-DBM-DENR-  
DPWH JC No. 1**

**dated  
September  
30, 1989**



# **Valueless Records/Documents**

**- All record materials that have reached their prescribed retention periods and loss their usefulness to the agency or the government as a whole.**



# **Valueless Records/Documents**

## **Examples:**

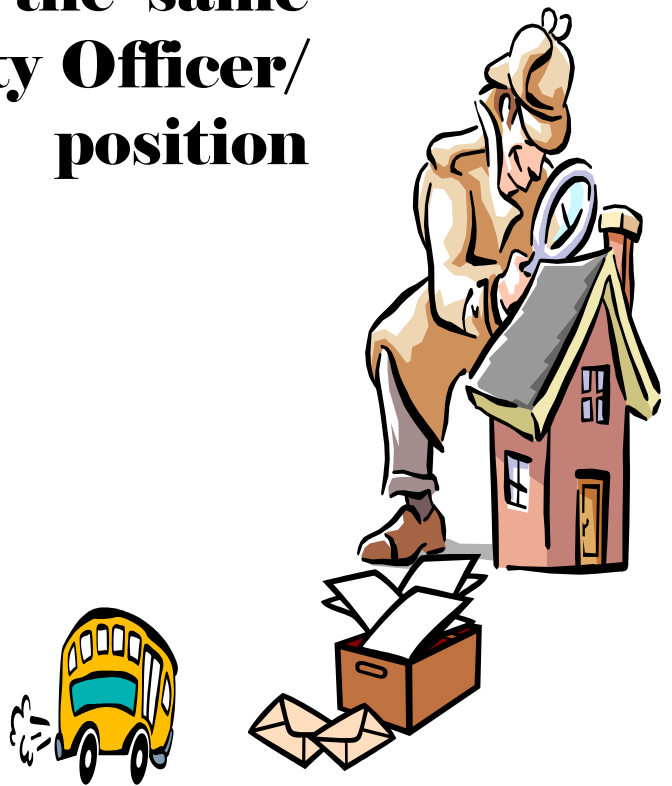
- **Paper**
- **Books, photographs,  
motion picture film**
- **Microfilm**
- **Sound recording**
- **Drawing**
- **maps**





# **General Procedures in Disposal**

**I. Once supplies/property becomes unserviceable from any cause or are no longer needed, the officer immediately accountable therefore shall return the same to the Property Officer/ equivalent position concerned.**



# **General Procedures in Disposal**

**The Property Officer/  
equivalent position shall  
file an application for  
disposal with the  
appropriate documents  
to the COA Auditor.**



# **General Procedures in Disposal**

**The COA Auditor shall inspect the items and determine whether the items are with or without value and forwards his/her recommendation to the Head of the Agency.**



# **General Procedures in Disposal**

**The Head of the Agency shall forward the documents to the Disposal Committee.**



# **General Procedures in Disposal**

**The Disposal Committee shall recommend to the Head of the Agency the mode of disposal as appropriate and deemed most advantageous to the government.**



# **General Procedures in Disposal**


**If found to be valuable  
the unserviceable  
property may be sold at  
the public auction to the  
highest bidder under the  
supervision of the proper  
Committee on Award or  
similar body.**



# **General Procedures in Disposal**

**The awardee shall pay, claim and withdraw the property.**



A stylized illustration of a man with brown hair, wearing a green suit jacket, a white shirt, and an orange tie. He is smiling and gesturing with his right hand towards the text on the right. The background is a solid light blue color.

**Creation of  
Disposal  
Committees and  
Secretariat (EO 888  
and 309)  
For National  
and Corporate  
Agencies**

Chairman -- not lower than Assistant Secretary for a department and Assistant Director for a bureau/agency

Members

- Head of Administrative Unit;
- Head of Property Unit



# Documentation



# **Submission of Documents Pertinent to the Disposal of Unserviceable Property**

**Accountable officials in  
possessions of unserviceable  
property shall submit to the  
Disposal Committee  
through their respective  
heads of offices, the  
following accomplished  
forms, as appropriate:**



- **Inventory and Inspection Report of Unserviceable Property (IIRUP) for semi-expendable materials and equipment and non-expandable supplies, accompanied by any of the following, whichever is appropriate:**

- **Individual survey report, duly certified by the Supply Officer and Head of Agency**



- **List of missing spare parts duly certified by the Supply Officer and Head of Agency**
- **Stencils of chassis and engine numbers of motor vehicles, and**
- **Current photographs in two position.**



**Waste  
Materials  
Report [WMR]  
for expendable  
materials,  
supplies and  
consumable  
including spare  
part, empty  
containers, and  
remnants from  
destroyed or  
damaged fixed  
assets.**



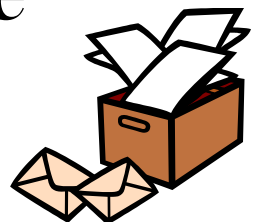
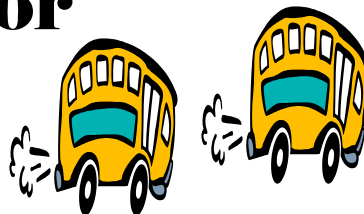
**Invoice -  
Receipt of  
Property [IRP  
or GF No. 30-A]  
for government  
property  
transferred from  
another agency  
which has become  
unserviceable,  
and duly  
recommended for  
disposal by the  
Head of the  
Agency.**



# **Other Forms/Documents**

- **Checklist for Unserviceable Equipment.**

- **This shall indicate the individual component/part of the equipment with their condition, whether serviceable, unserviceable, missing, etc. The agency could device their own form most appropriate to the equipment for appraisal.**



# ANNEX C<sub>1</sub>

## CHECKLIST FOR UNSERVICEABLE EQUIPMENT: VEHICLES/HEAVY EQUIPMENT

Equipment Description/Type Mitsubishi L-200 Prop.No. Plate No. UFC - 963

Unit Serial No. K14TJUNSL-010751 Engine Serial No. 4D56-D5940

Acquisition Cost P 495,000.00 Date December 16, 1995

Date Reported as Unserviceable \_\_\_\_\_

### LEGEND:

S = Serviceable

M = Missing

X = Unserviceable

NA = Not Applicable

### ENGINE:

Operating Condition S

Injection Pump Assembly S

Injection/Nozzle Assy. S

Fuel Pump Assembly S

Cylinder Head Assembly S

Water Pump Assembly S

Radiator Assembly S

Air Cleaner Assembly S

Carburetor Assembly NA

Governor Assembly NA

Turbo Charger NA

Oil Cooler Assembly NA

No. of Cylinders 4

### SUSPENSIONS:

FrontSpringAssembly S

RearSpringAssembly S

### WHEELS:

Tires Front S

Tires Rear S

Spare Tire S

### PROPELLER SHAFT ASSY.:

Front NA

Rear S

### ELECTRICAL

Generator/Alterator  
Assembly S

Starter Assembly S

Voltage Regulator Assy. S

Solenoid Assembly NA

Ignition Coil Assy. NA

Magneto NA

Distributor Assembly  
2/cap , rotor NA

Wiper Assembly S

Headlight Assembly S

### DIFFERENTIAL ASSY.:

Front NA

Rear S

### FINAL DRIVE

Sprocket Assembly NA

Drive Chain NA

### UNDERCARRIAGES:

Track Link Assembly NA



Directional Light Assy. (front & rear)	<u>S</u>	Track Adjuster Assy.	<u>NA</u>
Battery	<u>S</u>	Track Roller Assy.	<u>NA</u>
CLUTCH ASSEMBLY	<u>S</u>	Carrier Roller Assy.	<u>NA</u>
CUSHIONS:		TORQUE CONVERTER	<u>NA</u>
Front Seat	<u>S</u>	BODY/CAB/FENDERS	<u>S</u>
Rear Seat	<u>S</u>	WINDSHIELD (Front)	<u>S</u>
Operator's Seat	<u>S</u>	FUEL TANK ASSEMBLY	<u>NA</u>
GAUGES:		HYDRAULIC SYSTEM:	
Hour/Service Meter	<u>NA</u>	Hydraulic Pump Assembly	<u>NA</u>
Speedometer	<u>S</u>	Hydraulic Motor Assembly	<u>NA</u>
Tachometer	<u>NA</u>	Hydraulic Hoses	<u>NA</u>
Temperature Gauges (water)	<u>S</u>	Control Valve Assembly	<u>NA</u>
Oil Pressure Gauges	<u>S</u>	Hydraulic Cylinders	<u>NA</u>
Converter oil Temperature Gauges	<u>NA</u>	TRANSMISSION ASSEMBLY	<u></u>
BRAKE SYSTEM:		TRANSFERCASE ASSEMBLY	<u></u>
Master Cylinder Assembly	<u>S</u>	WINDSHIELD (rear)	<u>S</u>
STEERING SYSTEM:		FUEL TANK ASSEMBLY	<u>S</u>
Power Steering System	<u>S</u>		
Steering Clutch Assembly with Disc Plate & Brake Lining			<u>S</u>
ACCESSORIES:			
Dozer/Blade Assembly	<u>NA</u>	Ripper Assembly	<u>NA</u>
Cutting Edges	<u>NA</u>	End Bits	<u>NA</u>
Dragline Bucket	<u>NA</u>	Clamshell Bucket	<u>NA</u>
Backhoe Bucket	<u>NA</u>	Ditching Bucket	<u>NA</u>
Fairlead assembly (for crane)	<u>NA</u>	Tagline Assembly (for crane)	<u>NA</u>
Compressor	<u>NA</u>	Cables	<u>NA</u>
Boom Assembly	<u>NA</u>	Boom Pulley	<u>NA</u>
Lifting Block	<u>NA</u>	Others	<u>NA</u>

**REMARKS:**

Fuel Injection Assy - for minor overhaul

---

Left Rear Side & Rear Bumper - with dents and scratches

---

Body of unit needs paint wash-over

---

Odometer Reading = 69,000 kms

---

**Inspected  
by:**

JUAN DELA CRUZ

---

(NAME)

Sr. TAS

---

(DESIGNATION)

# MODES OF DISPOSAL

- 1. Condemnation/destruction of Property**
- 2. Transfer of Property**
- 3. Barter**
- 4. Donation of Property**
- 5. Sale of Unserviceable Property**
  - † Sale thru Public Bidding
  - † Sale thru Negotiated Sale





# 1. Condemnation/Destruction of Property

•resorted to only under any of the following instances:

a.when the unserviceable property:

- has no commercial value,
- is unsalable,
- is hazardous, or
- Is beyond economic repair;



**Cont. . . .**

## **Condemnation/ Destruction of Property**

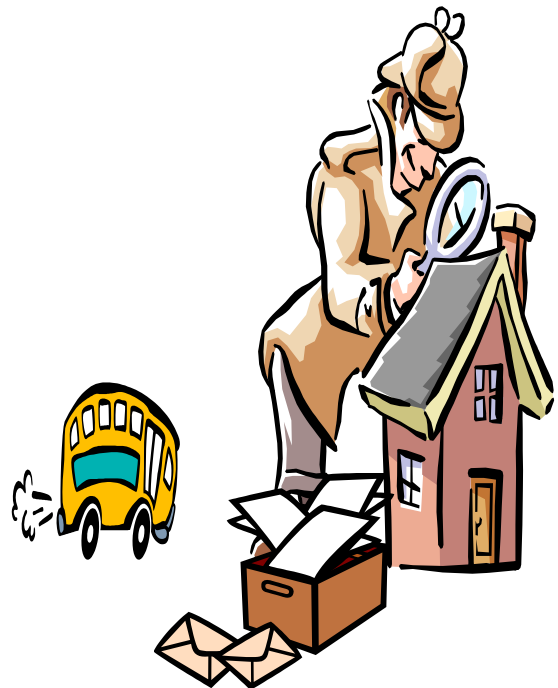
**b. when there is no  
willing receiver; or**

**c. when the appraised  
value is less than the  
administrative cost of  
sale.**



## 2. Transfer of Property

**Upon initiative of owning agency or submission of request to owning agency, this may be done either with or without cost. Cost herein refers to payment based on the appraised value of the property.**



### 3. Barter

**An agency transfers property to another government agency in exchange for another piece of property. The value of the property transferred may or may not be equivalent to that being received.**





## **4. Donation of Property**

**May be to charitable, scientific, educational, or cultural institutions.**



## 5. Sale of Unserviceable Property

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



- **Negotiated sale is resorted to as a consequence of failed bidding.**



**Upon disposal of property:  
a. accomplish, whichever is  
applicable, pertinent  
portions of the-**

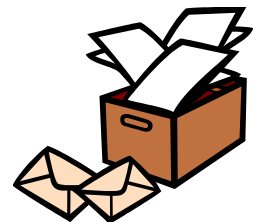
**1. Inventory and  
Inspection Report of  
Unserviceable Property,**

**2. Waste Materials  
Report**

**3. Invoice-Receipt for  
Property**



**INVENTORY AND INSPECTION REPORT FOR UNSERVICEABLE PROPERTY (IIRUP)- shall be used as basis to record dropping from the books the unserviceable properties carried in the Property, Plant and Equipment accounts.**



**WASTE MATERIAL REPORT (WMR)-** shall be used to report all waste materials such as destroyed spare parts and other materials considered scrap due to replacement.



**Invoice – Receipt of Property  
[IRP or GF No. 30-A] for  
government property  
transferred from another  
agency which has become  
unserviceable, and duly  
recommended for disposal by  
the Head of the Agency.**



# **Upon disposal of property:**

**b. 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.**







# APPRAISAL



**Appraisal - art of estimating the fair exchange worth of a property as of a specified date, supported by relevant and factual data.**

**Appraisal may or may not be accurate depending on:**

**1. Basic competence and integrity of appraiser**

**2. Soundness and skill with which he/she uses the data**

**3. Availability of pertinent data**

# APPRAISAL

➤ **NOT EXACT SCIENCE**

➤ **OPINION OF VALUE**

## APPRAISERS/VALUERS

✓ **DO NOT MAKE DATA**

✓ **INTERPRET DATA**

# **Appraised Value –**

**an estimate or opinion  
of value of a described  
property as of a specific  
date transmitted in  
writing and supported  
by relevant and factual  
data**

# Appraisal

## Process

1. Conduct inspection
2. Seek reference price information
3. Compute the appraised value

## Inspection

to establish the existence and condition of the property / asset

to supplement theoretical computation of value with first-hand observation

# **Inspection of Property for Appraisal**

## **Documentation**

### **1. Inventory and Inspection Report of Unserviceable Property**

### **2. Report of Waste Materials**



# **Principles in computing for the Appraised Value**

**a. Unserviceable property -  
at scrap/junk value**

**b. Repairable / no longer  
needed or serviceable  
property - at CMV**

**c. Antiques, works of arts  
and real estate - by  
National Museum and  
under separate guidelines**

# Any Question?



THANK YOU!

