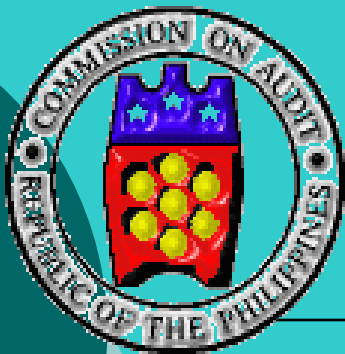


CLASSES OF EXPENDITURES

1. Personal Services
2. Maintenance and Other Operating Expenses
3. Capital Outlay
4. Financial Expenses

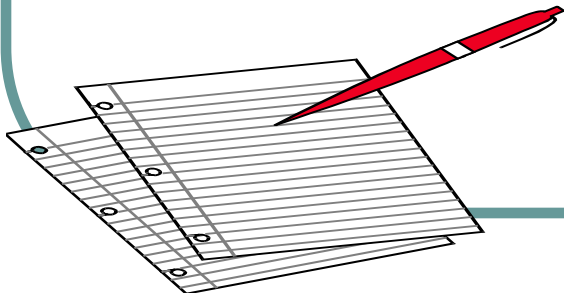


Purchase/ Construction of Property Plant & Equipment

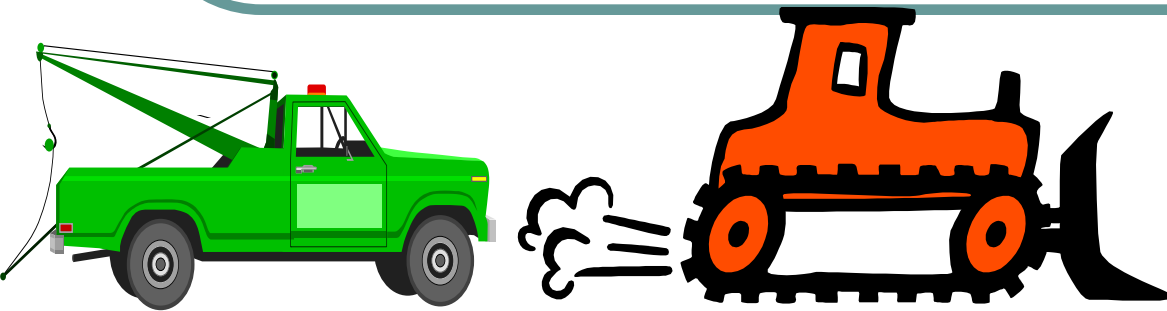
LEARNING OBJECTIVES

At the end of the session, the participants will be able to:

- **Know the requirements for each capital expenditure**
- **Identify the documents to support the expenditures**



Property Plant & Equipment



PAGBA 2019 2nd Quarterly Seminar
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Property, Plant & Equipment

- ❖ Land, land improvements and leasehold improvements
- ❖ Buildings and other structures
- ❖ Furniture and fixtures
- ❖ Work animals

Property, Plant & Equipment

- ❖ **Machineries and equipment (dump trucks, construction equipment industrial machineries, technical and scientific equipment)**
- ❖ **Aircrafts, trains, and motor vehicles (motorcycles, cars, vans)**
- ❖ **Artesian wells, reservoirs, pumping stations and conduits**
- ❖ **Books, I.T. equipment and software**
- ❖ **Other PPE**

Purchase/Construction

- Purchase of Property Plant and Equipment (RA 9184)
- Purchase/Construction of Infrastructure Projects (RA 9184)
- Acquisition of Real Estate Property (RA 8974)
- Public-Private Sector Infra or Dev. Projects (RA 6957 as amended by RA 7718)

Property, Plant & Equipment

Purchase

- Competitive Public Bidding
- Alternative Modes of Procurement

Construction

- Competitive Public Bidding
- By Administration
- Build-Operate-Transfer

Property, Plant & Equipment

Purchase

- assets are charged against capital outlay
 - Tables/Chairs - Furniture and Fixtures
 - Computers - IT Equipment
 - Land and Building - Land and Building
- the asset account is taken up upon purchase

Property, Plant & Equipment

Construction

- **Construction Period Theory - all expenses during the construction period are capitalized**

Property, Plant & Equipment

Construction Period Theory

- ✓ Interest expenses
- ✓ License fees
- ✓ Bonus to contractors
- ✂ Liquidated damages

By Administration

materials purchased shall be entered in the "Construction Materials Inventory" account

Build-Operate-Transfer

RA 7718

AN ACT AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NO. 6957, ENTITLED "AN ACT AUTHORIZING THE FINANCING, CONSTRUCTION, OPERATION AND MAINTENANCE OF INFRASTRUCTURE PROJECTS BY THE PRIVATE SECTOR, AND FOR OTHER PURPOSES"

Build-operate-and-transfer

the project proponent undertakes the construction of a given infrastructure facility, and the operation and maintenance thereof over a fixed term during which it is allowed to charge users appropriate tolls, fees, rentals, and charges not exceeding those proposed in its bid or as negotiated and incorporated in the contract to enable the proponent to recover investment and operating and maintenance expenses in the project. The project proponent transfers the facility to the government agency at the end of the fixed term which shall not exceed fifty [50] years

Build-and-transfer

The project proponent undertakes the financing and construction of an infrastructure or development facility and after its completion turns it over to the government agency which shall pay on an agreed schedule the total investments on the project, plus a reasonable rate of return thereon.

This arrangement may be employed in the construction of any infrastructure project, including critical facilities which, for security or strategic reasons, must be operated directly by the Government

Build-own-and-operate

A project proponent is authorized to finance, construct, own, operate and maintain an infrastructure facility from which he is allowed to recover total investment, operating and maintenance costs plus a reasonable return by collecting tolls, fees, rentals or other charges from facility users: Provided, That such project, upon recommendation of the Investment Coordination Committee [ICC] of the NEDA, shall be approved by the President

Build-lease-and-transfer

A project proponent is authorized to finance and construct an infrastructure or development facility and upon its completion turns it over to the government agency on a lease arrangement for a fixed period after which ownership of the facility is automatically transferred to the government agency concerned

Build-transfer-and-operate

the public sector contracts out the building of an infrastructure facility to a private entity such that the contractor builds the facility on a turn-key basis, assuming cost overrun, delay and specified performance risks.

Once the facility is commissioned satisfactorily, title is transferred to the implementing agency. The private entity however, operates the facility on behalf of the implementing agency under an agreement.

Contract-add-and-operate

A contractual arrangement whereby the project proponent adds to an existing infrastructure facility which it is renting from the government.

It operates the expanded project over an agreed franchise period. There may, or may not be, a transfer arrangement in regard to the facility

Develop-operate-and-transfer

A contractual arrangement whereby favorable conditions external to a new infrastructure project which is to be built by a private project proponent are integrated into the arrangement by giving that entity the right to develop adjoining property, and thus, enjoy some of the benefits the investment creates such as higher property or rent values

Rehabilitate-operate-and-transfer

A contractual arrangement whereby an existing facility is turned over to the private sector to refurbish, operate and maintain for a franchise period, at the expiry of which the legal title to the facility is turned over to the government.

It also applies to purchase of an existing facility from abroad, importing, refurbishing, erecting and consuming it within the host country

Rehabilitate-own-and-operate

A contractual arrangement whereby an existing facility is turned over to the private sector to refurbish and operate with no time limitation imposed on ownership.

As long as the operator is not in violation of its franchise, it can continue to operate the facility in perpetuity

Land and Building

the cost for each item is segregated to establish separate accounts so that appropriate depreciation on the building can be recorded

Purchase of Land

- Certificate of Availability of Funds
- Original copy of Deed of Sale approved and registered with the Register of Deeds or Court Decision in case of eminent domain
- Certificate of Title/other satisfactory evidence showing title is in the government

Purchase of Land

- Recommendation of Appraisal Committee for price reasonableness, approved by proper authorities and noted by previous owner
- Copy of latest tax declaration transferred from previous owner to the government

Infrastructure Project

No bidding or award for an Infrastructure Project shall be made unless detailed engineering investigations had been completed

Detailed Engineering

based on a feasibility engineering study to establish the technical viability of the project

- Survey
- site investigation
- soil and materials investigation
- construction materials investigation
- design plans preparation
- technical specs preparation

Initial Payment-Infra Project

- * Copy of advertisement
- * Abstract of bid
- * Program of work & detailed cost estimate
- * Plans & specifications
- * Evidence that contractor is duly licensed and registered
- * Bidder's bond
- * Notice to winning bidder
- * Notice of Award/acceptance of bid proposal
- * Performance bond

Initial Payment-Infra Project

- * Contract/PO
- * Notice to Proceed
- * Contractor's accreditation
- * Agency estimate
- * Blue print
- * Billing of creditor
- * Report of accomplishment certified by govt. project engineer and approved by HOA
- * Inspection report
- * Certificate of Acceptance

Succeeding Payment

- * Billing of creditor
- * Report of accomplishment certified by govt. project engineer and approved by HOA
- * Inspection report

Final Payment

- * Billing of creditor
- * Certificate of Completion and Acceptance
- * Certificate of Final Inspection
- * Affidavit of contractor re payment of laborers and materials

Construction Materials-Bidding

- ★ Purchase Request
- ★ Contract/Purchase/Letter/Job Order
- ★ Sales Invoice
- ★ Inspection report
- ★ Result of Test/Analysis
- ★ Delivery Receipt
- ★ Copy of Advertisement/ITB
- ★ Bidder's Bond
- ★ Notice of Award
- ★ Performance bond
- ★ Abstract of Bids
- ★ Bid Tender
- ★ Certificate of Acceptance

Construction Materials- Emergency Purchase

- ★ Purchase Request
- ★ Purchase Order
- ★ Certificate of Acceptance
- ★ Inspection Report/Waiver of Inspection
- ★ Materials Receiving Report
- ★ Result of Test/Analysis
- ★ Charge Invoice or Delivery Receipt
- ★ Cash Invoice/Official Receipt
- ★ Canvass Sheet/Price Quotations
- ★ Abstract of Canvass
- ★ Certificate of Emergency Purchase

Construction Materials- Negotiated Purchase

- ★ Purchase Request
- ★ Purchase Order
- ★ Sales Invoice
- ★ Delivery Receipt
- ★ Certificate of Acceptance
- ★ Inspection Report/Waiver of Inspection
- ★ Authority to enter into NP
- ★ Certificate of Failure of Bidding
- ★ Canvass Sheet/Price Quotations
- ★ Abstract of Canvass
- ★ Performance Bond
- ★ Official Receipt

Construction Materials- Repeat Order

- ★ Purchase Request
- ★ Purchase Order
- ★ Certified true copy of previous PO
- ★ Sales Invoice
- ★ Certified true copy of previous SI
- ★ Delivery Receipt
- ★ Certificate of Acceptance
- ★ Inspection Report/Waiver of Inspection
- ★ Official Receipt

Equipment Purchase

- ★ Copy of the Acknowledgment Receipt for Equipment duly signed by end-user as basis of issuance of PPE
- ★ Copy of Inventory Custodian Slip for Semi-expendable Equipment

Records Maintained

- Acknowledgement Receipt for Equipment (ARE)
- Equipment Ledger Card (ELC) for each class of equipment to record details such as acquisition/ description/ custody/estimated life/depreciation/ disposal and other data
- Real Property Ledger Card (RPLC) kept for acquisition of land/real property

Handwritten text in a colorful, cursive script, possibly reading "HAPPY BIRTHDAY!" or similar celebratory message. The letters are filled with a rainbow gradient from purple to yellow.



God Bless You

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