

# DISPOSAL OF GOVERNMENT PROPERTIES



# SESSION OVERVIEW



## Disposal of Government Properties

- Key Concepts and Terms
- Disposal Activities/Properties
- Guidelines and Procedures on the Sale of Properties

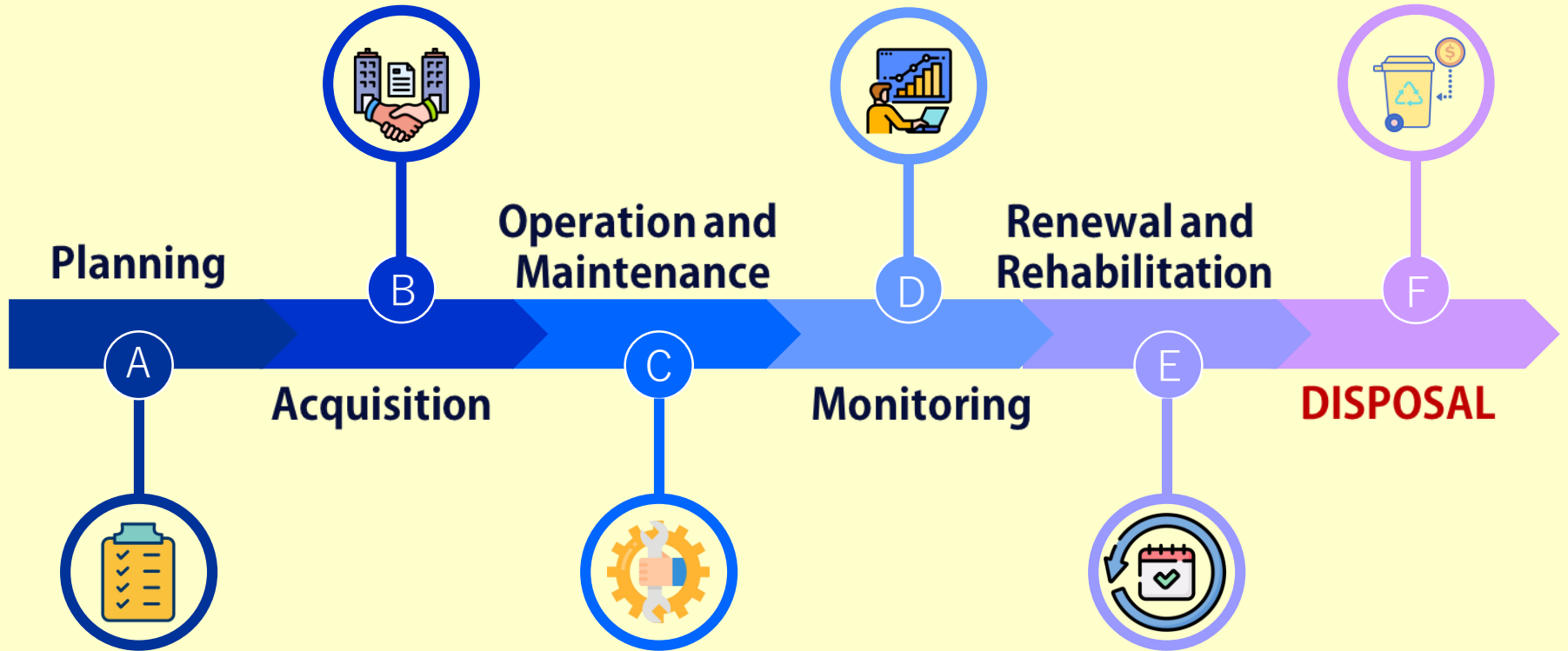


COA-DBM JC No. 2024-1 dated January 30, 2024

# KEY CONCEPTS AND TERMS



# ASSET LIFECYCLE





**REPUBLIC OF THE PHILIPPINES**  
COMMISSION ON AUDIT  
DEPARTMENT OF BUDGET AND MANAGEMENT



# **REVISED MANUAL ON THE DISPOSAL OF GOVERNMENT PROPERTIES**

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2024

# LEGAL BASES

- GAA – RA No. 12314, FY 2026
- RA No. 6969
- RA No. 9003
- EO No. 285 dated July 25, 1987
- EO No. 309 dated March 8, 1986
- PD No. 1445 – Section 79



# LEGAL BASES

- EO No. 888 dated March 18, 1983
- COA Circular No. 89-296
- COA Circular No. 2003-007
- COA Circular No. 2015-007



# SCOPE AND COVERAGE

## EXECUTIVE BRANCH

- ▶ All departments and agencies under the Executive Branch, including the Regional and Field Offices, SUCs, GCs and their subsidiaries, LWDs and LGUs.

## OTHERS

- ▶ The Legislature, Judiciary, Constitutional Commissions, and the Office of the Ombudsman **are strongly encouraged** to adopt the provision of the revised Manual.



# APPLICABILITY

**NBC No. 425 and the old Manual were EXPRESSLY repealed.**

The provisions of existing guidelines, rules, and regulations issued by COA and the DBM that are inconsistent with the JC and Revised Manual were likewise amended, modified, and/or repealed accordingly.



# RESOLUTION OF ISSUES



General Asset Management



Cases not covered by the  
Joint Circular and the revised  
Manual



# INCLUSIONS

- Government Properties
- Museum materials
- Documents submitted for copyright
- Models submitted in connection with applications for patents



# EXCLUSIONS

- ▶ **Real Properties** shall be governed by separate guidelines
- ▶ **Public records** shall be governed by the guidelines issued by the National Archives of the Philippines, as mandated under RA No. 94702 dated May 21, 2007
- ▶ **Imported properties** consigned to the Government of the Philippines (GOP) through government agencies, e.g., as a result of foreign aid, when ownership has not been transferred to the GOP



COA-DBM JC No. 2024-1 dated January 30, 2024

# DISPOSAL ACTIVITIES



# CONSTITUTION OF THE DISPOSAL COMMITTEE



## CHAIRPERSON

- Assistant Secretary
- Director III
- Department Manager
- Department Head

## MEMBERS

1. Administrative Service/Division Head or its equivalent
2. Property Section/Unit Head

# CONSTITUTION OF THE DISPOSAL COMMITTEE



**ADDITIONAL  
MEMBERS**

**NOTA BENE**

# CONSTITUTION OF THE DISPOSAL COMMITTEE

GOVERNMENT ENTITY	APPROVING ENTITY
Department, RO and/or FO under the Department	Department Secretary
Attached agency, RO and/or FO under the agency	Head of Agency or duly authorized official
GC and SUC	Governing Board or duly authorized official
LGUs	Local Chief Executive

# DISPOSAL COMMITTEE (Powers and Functions)

Ensure **the speedy process** of disposal of properties

- Continuing/carrying inventory costs of the government are eliminated;
- Accountable employees are relieved of unnecessary and/or excess accountability; and
- Government officers are effectively decongested from properties for disposal



# DISPOSAL COMMITTEE

## (Powers and Functions)

- Inspect, appraise, and undertake valuation activities
- Set the final appraised value
- Determine the appropriate mode of disposal
- Undertake the disposal proceedings
- Ensure exclusion of materials not intended for disposal
- Ensure extraction, proper storage, and security of confidential data stored in ICT or electronic equipment
- Perform other related functions



# DISPOSAL COMMITTEE (Rules of Procedures)

- **Develop internal rules and procedures**
- **Recommend the threshold amount and/or parameters**
- **The Chairperson shall call the Committee meetings**



# DISPOSAL COMMITTEE (Rules of Procedures)

- The Chairperson shall make the final decision and the recommendation
- The members are authorized to make decisions on behalf of their respective offices during the Committee deliberations.



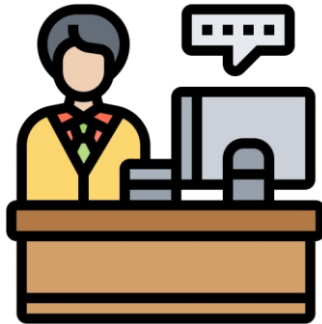
# DISPOSAL COMMITTEE

## (Powers and Functions)

OFFICE	APPROVING AUTHORITY
<ul style="list-style-type: none"> <li>▶ National Government Agencies</li> <li>▶ Central Office</li> <li>▶ RO and FO</li> <li>▶ Attached Agency</li> </ul>	Department Secretary Head of the RO concerned Head of the Agency
<ul style="list-style-type: none"> <li>▶ Government Corporations</li> <li>▶ Central Office</li> <li>▶ RO and FO</li> </ul>	Governing Board or its duly authorized official Head of the RO concerned
SUCs	Governing Board or duly authorized official
LGUs	Local Chief Executive

# DISPOSAL COMMITTEE SECRETARIAT

**FROM PROPERTY  
DIVISION/SECTION/UNIT,  
OR ITS EQUIVALENT**



Asset management, i.e.,  
Property Division/Section/Unit  
or its equivalent.

Existing employees to  
provide secretariat services  
to the Disposal Committee.

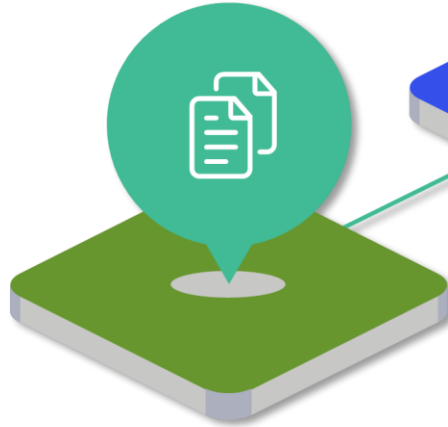


# DISPOSAL COMMITTEE SECRETARIAT FUNCTIONS



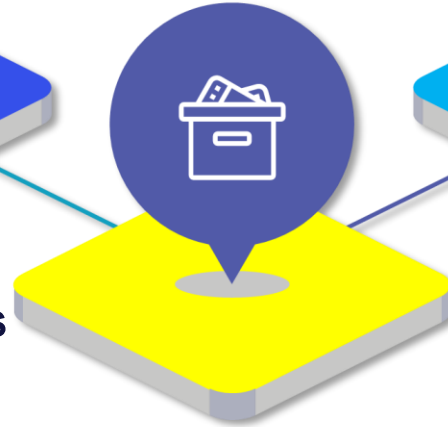
# DISPOSAL COMMITTEE SECRETARIAT FUNCTIONS

Receive and take  
custody of  
documents and  
other records



Draft  
correspondences  
and other  
communications

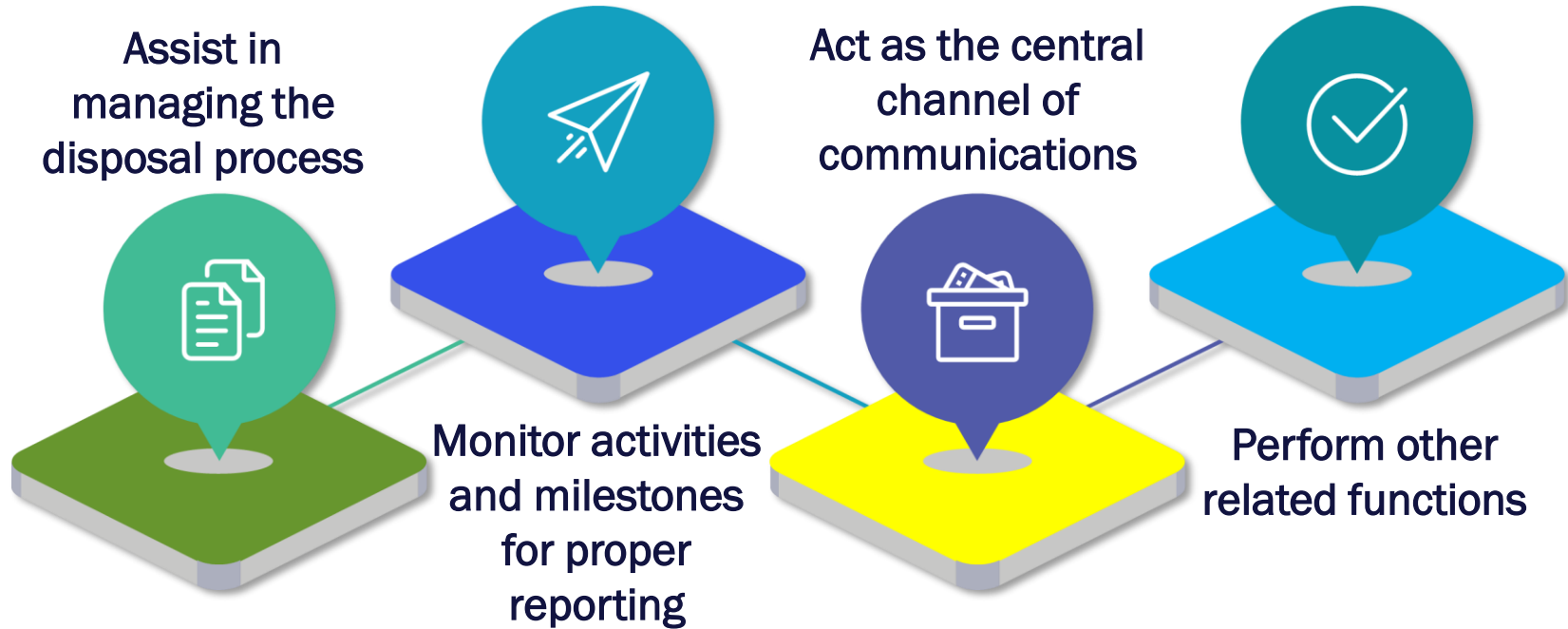
Manage the sale  
and distribution  
of public auction  
documents



Advertise and/or  
post disposal  
opportunities



# DISPOSAL COMMITTEE SECRETARIAT FUNCTIONS





# PROPERTIES FOR DISPOSAL

- Beyond their useful life
- Can no longer be repaired or reconditioned
- Beyond economical repair
- Obsolete or outmoded items
- Unnecessary items
- No longer needed
- Unused items (dangerous/hazardous)
- Abandoned properties
- Issued items to retiring employee

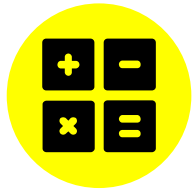




# CONDUCT OF OCULAR INSPECTION

- Aimed at obtaining a first-hand observation of the physical and operational condition of the properties and their marketability or ability to attract prospective buyers.
- It is also aimed to supplement the theoretical computations of the value of the properties to be disposed of.





# APPRAISAL OF PROPERTIES SUBJECT FOR DISPOSAL

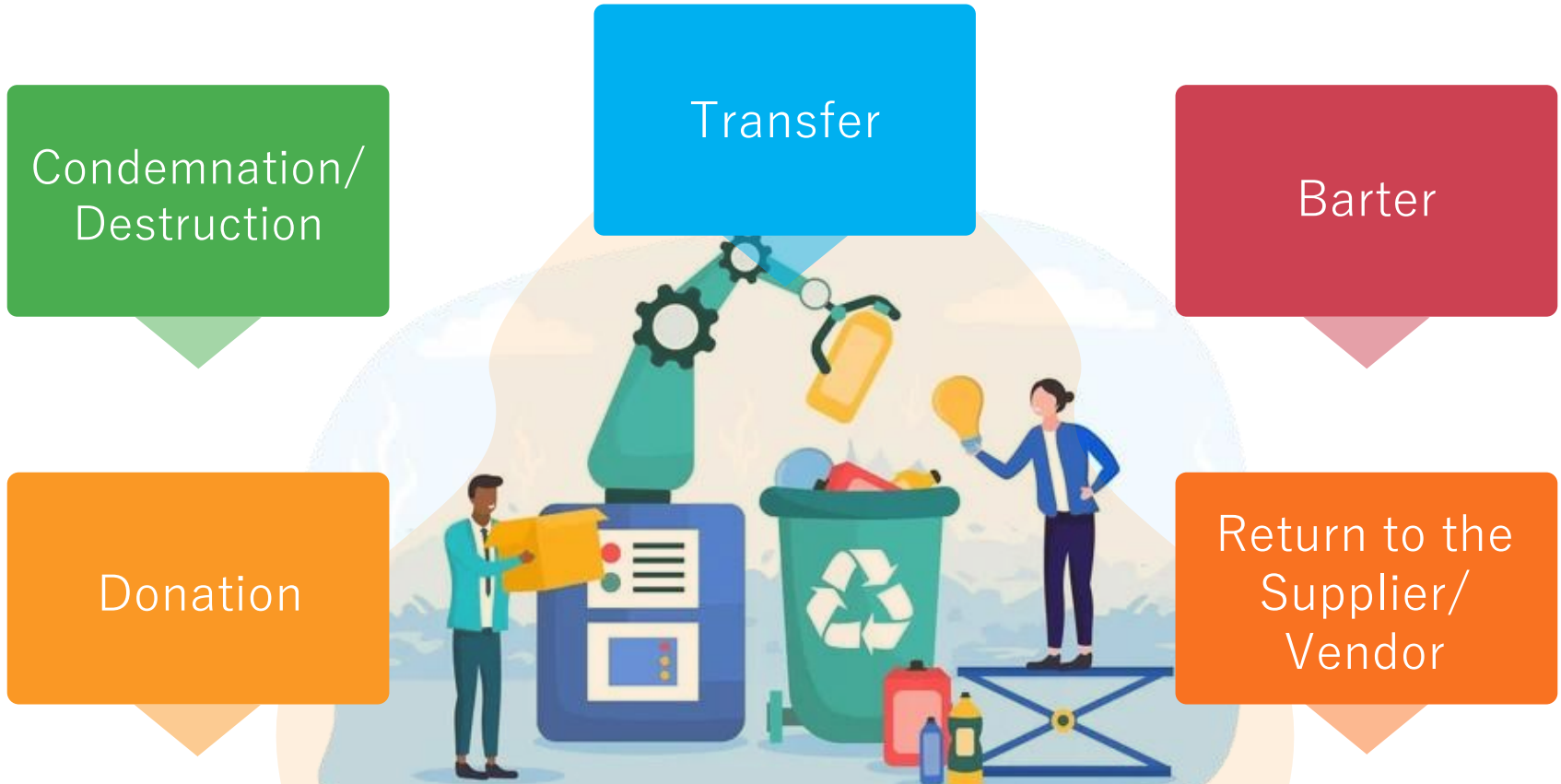
## PURPOSE

To set the minimum selling price so that the government shall receive fair compensation for the items sold.

## BASIS

Information/data appearing in the IIRUP, WMR, and PTR or their equivalent documents (regardless of the mode of disposal).

# MODES OF DISPOSAL



# MODES OF DISPOSAL



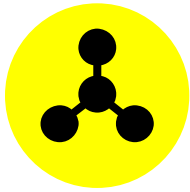
# Modes of Disposal Not Present in NBC No. 425



# CONDEMNATION/DESTRUCTION

- ▶ Valueless, unstable, or hazardous properties
- ▶ The condemnation/destruction of the properties shall be made in **the presence of a representative/s of the Disposal Committee and COA Auditor (as observer).**





# DISPOSAL OF ICT, HOSPITAL AND HAZARDOUS ITEMS



Department of  
Information and  
Communication  
Technology

Disposal of ICT  
Properties



**Department of  
Health**

Disposal of Hospital  
Properties



Department of  
Environment and  
Natural  
Resources

Disposal of Hazardous  
Properties

# TRANSFER TO OTHER GOVERNMENT AGENCIES



With cost (based on appraised value) or  
Without Cost

→ Accomplishment of Property Transfer Report as evidence of the transfer



# BARTER

A modified form of transfer of property to another agency in exchange for another piece of property without the use of money.

- Accomplishment of Property Transfer Report as evidence of the barter (both agencies)



# DONATION OF PROPERTY

- Donation to foreign governments, local and foreign non-government charitable, scientific, educational or cultural institutions/associations **in exceptional and meritorious cases**



# RETURN TO THE SUPPLIER/VENDOR

- The agency may sell the property **upon reaching the end of its useful life to the supplier/manufacturer at residual value.**
- The Bid Documents, Purchase Order/Contract, or Terms of Reference **shall include a provision on the matter.**



# SALE TO GOVERNMENT OFFICIALS/ EMPLOYEES OF THE AGENCY

- At the end of its useful life and is already for disposal, property may be sold at appraised value to the end-user.
- Said end-user has **the right of first refusal** and only in case that he/she refuses or fails to buy the property could the same be sold to other employees.



# SALE TO GOVERNMENT OFFICIALS/ EMPLOYEES OF THE AGENCY

- If Member/head of the Disposal Committee or by the head of the office/agency, the appraisal value of the item shall be verified by the COA Audit Team
- Sale shall be through an auction within the agency, for Common use properties, e.g., motor vehicles which are intended for the transport of personnel and equipment



# SALE TO GOVERNMENT OFFICIALS/ EMPLOYEES OF THE AGENCY



**Conduct of public auction** - In case there is no winning bidder on the first attempt, the disposal process would be considered a failed auction.



# SALE TO GOVERNMENT OFFICIALS/ EMPLOYEES OF THE AGENCY

- Where the assets for disposal are a small number of low-valued items which are unlikely to attract public interest;
- Where the personal use of assets for disposal would directly improve the performance of the employee in the execution of his/her duties;
- In remote locations, where any other mode of disposal would be difficult; or
- In case of retiring officials/employees per Item 6.2



# SALE TO GOVERNMENT OFFICIALS/ EMPLOYEES OF THE AGENCY

- End-users who are retiring may be allowed to buy properties even if they have not reached the end of their useful life; **provided, that they were issued to them at least two and a half (2.5) years or 30 months prior to his/her retirement**
- Provided, that the properties for disposal have already reached half of their useful life



# PUBLIC AUCTION



The properties shall be sold on an  
**“as-is-where-is”** basis



# PUBLIC AUCTION

Public auction may be done through either of the following:

- a. **Sealed Public Bidding**
- b. **Viva Voce**

**Negotiated Sale - in case of two (2) failed public auctions**



# IN CASE THE SECOND PUBLIC AUCTION FAILS



Within one (1) month from the date of the second failed auction - 80% of AP

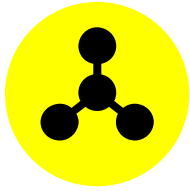
If done after one (1) month from the second failed auction - 80% of AP

If done after six (6) months from the date of the second failed auction - 90% of RAP

# NEGOTIATED SALE

- Auction bonds shall be required from all participants in the negotiation
- Submission of auctions electronically is allowed



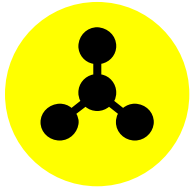


# SALE OF JUNK OR SCRAP AND/OR RECYCLING

This can be resorted to if the following conditions are met:

- a. The cost of administration and maintenance of the government properties is more than the salvage value; and
- b. The selling price for the junk/scrap is not lower than the 10% salvage value of the properties.

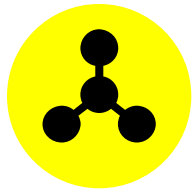




# SALE OF JUNK OR SCRAP AND/OR RECYCLING

- **Recycling**, if the junk/scrap did not meet such conditions, and is deemed to have little or no commercial value beyond its basic material content and is no longer functional
- The mandatory removal of usable parts prior to disposal must be ensured by the Disposal Committee.



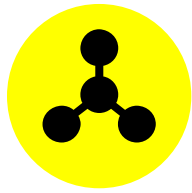


# DIRECT NEGOTIATION

The agency may directly offer to a prospective buyer in the following instances:

- a. The market is limited and a single buyer who is willing to pay the reserve price has been identified;
- b. National security, public interest, legal or human rights issues or environmental considerations are served by selling to a particular company, group or individual;





# DIRECT NEGOTIATION

- c. A potential buyer is a user of an asset at the time the decision to dispose the asset is made, and it is reasonable to give that person the first option to buy the asset at a market rate;
- d. An asset is located on a potential buyer's premises on a hire or free use basis and it is reasonable to give that person the first option to buy the asset at a market rate.

**The head of the agency, upon recommendation of the Disposal Committee, shall issue the specific guidelines on direct negotiation.**

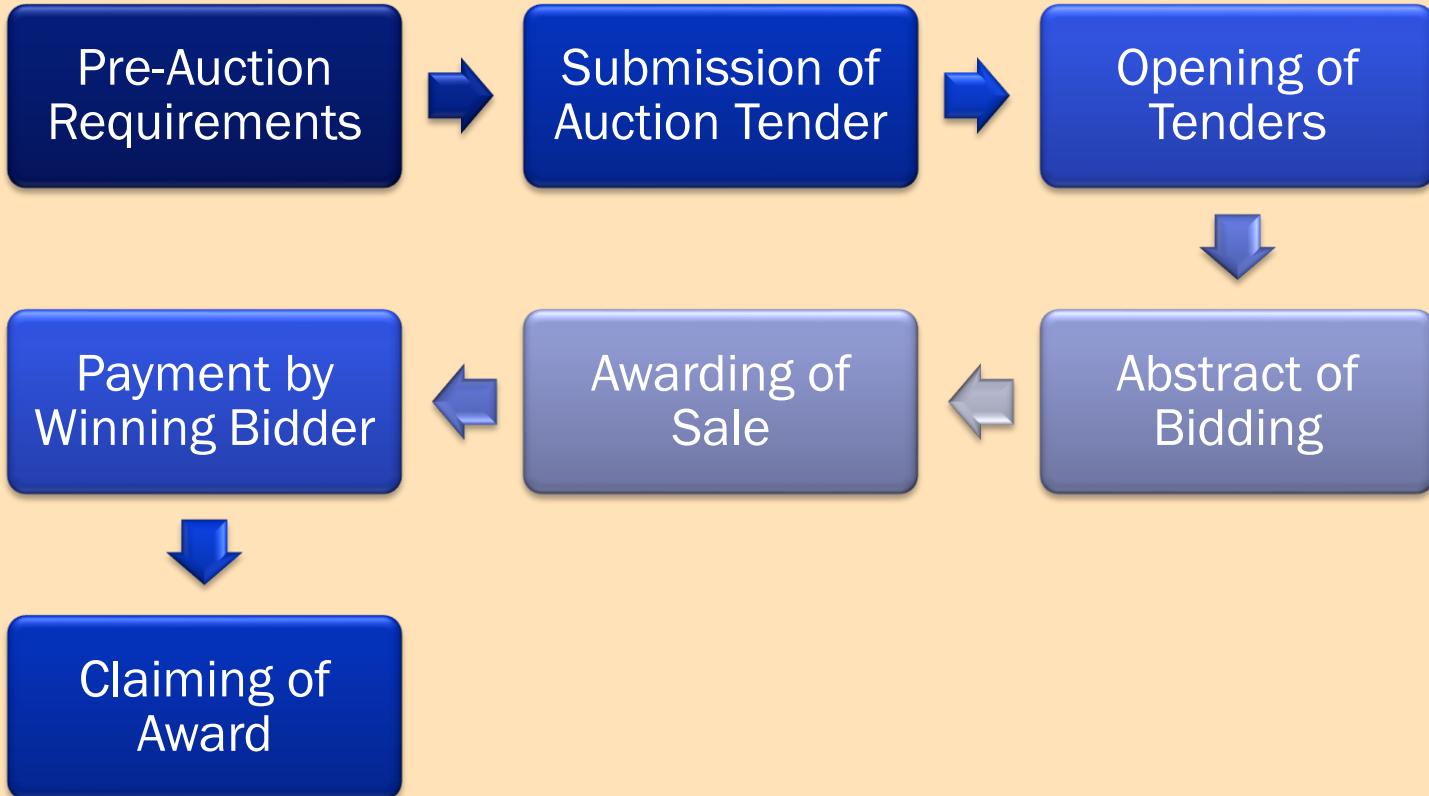


COA-DBM JC No. 2024-1 dated January 30, 2024

# GUIDELINES AND PROCEDURES ON THE SALE OF PROPERTIES



# PUBLIC AUCTION PROCEDURES



# PARTICIPANTS IN PUBLIC AUCTION

Natural and juridical persons, associations, partnerships or corporations with legal capacity and compliant with the prescribed rules and regulations may participate in the sale by public auction.



# PRE-AUCTION REQUIREMENTS

## Preparation of Invitation to Bid (ITB)

The ITB shall contain the:

- a. Name of Agency;
- b. Description of the items/lots for auction,
- c. Date, time and place of pre-auction conference, if necessary;
- d. Date, time and place of submission and opening of auctions;
- e. Information on auction requirements; and
- f. Reservation or option on the part of the government to accept or reject any or all auctions.



# PUBLICATION REQUIREMENTS

The ITB shall be posted:

- a. in any conspicuous place in the premises of the owning agency concerned for seven (7) calendar days;
- b. at least three (3) conspicuous public places in the locality where the properties may be sold; and
- c. posted on the agency's website

The copies of the ITB may also be sent via mail or electronic mail, or personal service to prospective bidders.



# SUBMISSION OF AUCTION TENDER

At least three (3) copies, clearly indicating the following:

- a. Description of the items/lots with the corresponding auction offer in words and figures;
- b. Name and signature of the bidder;
- c. Business or residence address of the bidder;
- d. Proof of identification of the bidder; and
- e. Terms and conditions offered regarding bidder's bond, payment, default and delivery.



# SUBMISSION OF AUCTION TENDER

**Bids are automatically disqualified!**

When auction tenders are not in the prescribed form and/or not accompanied by auction bonds at the time of the opening of bids



# AUCTION BOND

- At least 10% of the minimum auction price set by the government
- If paid electronically, proof of cash payment for the auction bond shall be allowed
- Auction bonds of non-winning bidders shall be returned immediately after the announcement of the winning bidder.



# OPENING OF TENDERS

- shall be opened at the time, date, and place set in the invitation to bid under the direction of the Disposal Committee
- bidders or their duly authorized representatives may witness the proceedings physically or through videoconferencing or a similar platform
- the auction tender shall be signed by the members of the Disposal Committee and announced to confirm compliance with the auction's requirements



# ABSTRACT OF BIDDING

- shall be prepared in triplicate copies, indicating the name of the agency, date, time, and place of auction, names of bidders and their corresponding auction tender and auction bond, and in case of disqualification of bidders, the reason thereof.
- shall be signed by the members of the Disposal Committee.
- The Secretariat shall keep copies of the abstract of auctions safe.



# FAILURE OF PUBLIC AUCTION

Failure of public auction shall be declared under any of the following cases:

- a. No auctions were received; or
- b. All bidders failed to comply with the terms and conditions prescribed in the invitation to bid.



# AWARDING OF SALE

- Award shall be given to the highest complying bidder.
- Public auction by viva voce when two (2) or more complying bidders have identical offers.



# AWARDING OF SALE

- In case of deferment of the award, the agency shall issue a temporary receipt.
- Auction bonds of losing bidders shall be returned immediately after the award to the winning bidder.
- Deferment of award shall not exceed five (5) working days from the date of opening of tenders.



# PAYMENT BY WINNING BIDDER

- The auction bond shall be considered as partial payment.
- The full payment for the purpose shall be made within five (5) working days from the date of the notice of award.



# CLAIMING OF AWARD

- Only after full payment of the auction price.
- In the presence of the Property Officer or duly authorized representative and witnessed by the Disposal Committee.

The period for the withdrawal of the sold unserviceable property shall not exceed 30 calendar days from the award.

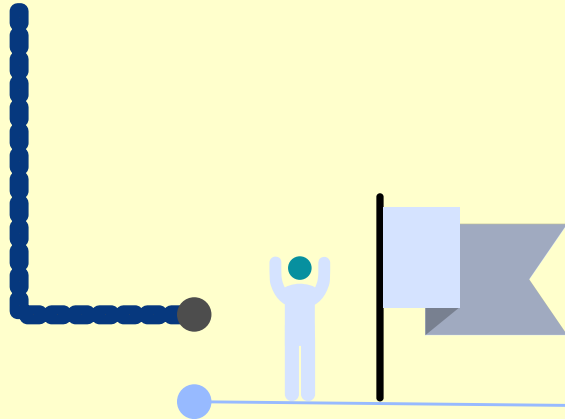


# CLAIMING OF AWARD

- Unjustified failure to withdraw the properties within the fixed period set shall be grounds for the forfeiture of the auction bond.
- If the properties remain unclaimed after the lapse of the period to withdraw, ownership of the properties shall automatically revert to the government and may be disposed of in accordance with the guidelines.



# Derecognition of Unserviceable Properties



1

The Property Officer shall accomplish the IIRUP, WMR or PTR

2

The IIRUP, WMR or PTR shall be submitted to the Head of the Property Unit

03

The Head of the Property Unit shall then report the same to the Disposal Committee

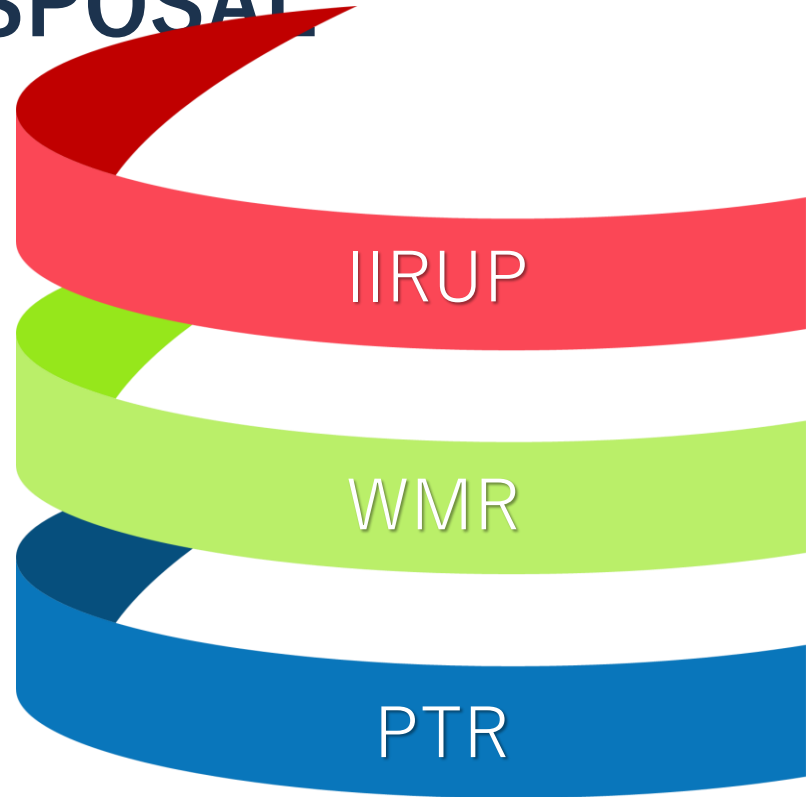
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The Disposal Committee shall then issue a certification on the matter and forwards it to the Chief Accountant



# DOCUMENTS OF PROPERTIES SUBJECT FOR DISPOSAL

The Property Division/  
Section/Unit shall submit  
the following documents to  
the Disposal Committee:



- Inventory and Inspection Report of Unserviceable Property (IIRUP)
  - a report prepared by the Supply and/or Property Unit as basis to record dropping from the books the unserviceable properties carried in the PPE accounts





- Inventory and Inspection Report of Unserviceable Semi-expendable Property (IIRUSP)
  - a report prepared by the Supply and/or Property Unit as basis to record dropping from the books the unserviceable semi-expendable properties carried in the Semi-expendable property accounts





- Waste Materials Report (WMR)
  - used in the disposal of waste materials which result from the consumption or utilization of expendable materials, and covers damaged equipment parts, empty containers, and remnants salvaged from destroyed or damaged fixed assets.



## WASTE MATERIALS REPORT

Entity Name : _____		Fund Cluster : _____				
Place of Storage : _____		Date : _____				
ITEMS FOR DISPOSAL						
Item	Quantity	Unit	Description	Record of Sales		
				Official Receipt		
				No.	Date	Amount
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
			TOTAL			
Certified Correct: _____		Disposal Approved: _____				
Signature over Printed Name of Supply and/or Property Custodian		Signature over Printed Name of Head of Agency/Entity or his/her Authorized Representative				
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 _____ (Name of the Agency/Entity)					
Certified Correct: _____		Witness to Disposal: _____				
Signature over Printed Name of Inspection Officer		Signature over Printed Name of Witness				

- ✓ Date
- ✓ Entity Name and **Fund Cluster**
- ✓ Place of Storage
- ✓ Quantity and Description of the waste materials
- ✓ Record of Sale
- ✓ Inspection and Disposal Part
- ✓ Signatory Section



- Property Transfer Report (PTR)
  - used when there are transfers of properties (PPE) from one Accountable Officer/Agency/Fund Cluster to another Accountable Officer/Agency/Fund Cluster.



## PROPERTY TRANSFER REPORT

Entity Name : \_\_\_\_\_ Fund Cluster : \_\_\_\_\_

From Accountable Officer/Agency/Fund Cluster : _____	PTR No. : _____
To Accountable Officer/Agency/Fund Cluster : _____	Date : _____

Transfer Type: (check only one)

Donation       Relocate  
 Reassignment       Others (Specify) \_\_\_\_\_

Date Acquired	Property No.	Description	Amount	Condition of PPE

Reason for Transfer:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Approved by:	Released/Issued by:	Received by:
Signature : _____	_____	_____
Printed Name : _____	_____	_____
Designation : _____	_____	_____
Date : _____	_____	_____

- ✓ Entity Name and Fund Cluster
- ✓ No. and Date
- ✓ Type of Transfer
- ✓ Accountable Officer/ Agency/Fund Cluster – Transferor and Transferee
- ✓ Quantity, Description, and other details of the property
- ✓ Reason for Transfer
- ✓ Signatory Section



- Inventory Transfer Report (ITR)
  - used when there are transfers of properties (semi-expendable) from one Accountable Officer/Agency/Fund Cluster to another Accountable Officer/Agency/Fund Cluster.





# Accounting Entries

- For NGAs
  - COA Circular No. 2022-002 dated January 24, 2022
  - COA Circular No. 2020-001 dated January 8, 2020
  - COA Circular No. 2022-004 dated May 31, 2022
  - COA Circular No. 2014-003 dated April 15, 2014



# Accounting Entries

- For LGUs
  - COA Circular No. 2024-006 dated March 14, 2024
  - COA Circular No. 2022-004 dated May 31, 2022
  - COA Circular No. 2015-009 dated December 1, 2015
  - COA Circular No. 2016-004 dated September 30, 2016
  - COA Circular No. 2002-003 dated June 20, 2002
  - Accounting Circular No. 2006-002 dated December 19, 2006 (For barangays)



# Accounting Entries

- For GOCCs
  - COA Circular No. 2022-004 dated May 31, 2022
  - COA Circular No. 2021-005 dated January 24, 2021
  - COA Circular No. 2020-002 dated January 28, 2020
  - COA Circular No. 2016-006 dated December 29, 2016



# Questions



# THANK YOU



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