

# PHILIPPINE SCIENCE HIGH SCHOOL

## MODULE III: PROPERTY MANAGEMENT



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PROPERTY MANAGEMENT**

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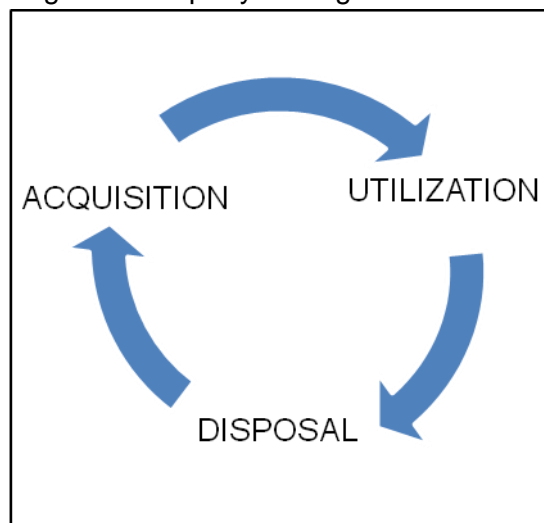
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## OVERVIEW

Property management refers to the office administration function of the government in the efficient acquisition, utilization and disposal of properties and equipment. It also involves proper custodianship, inventory, storage and insurance of these properties. In the PSHS system, property management is a core function of the Finance and Administrative Division, particularly of the Administrative Officer, Supply Officer, Accountant, Budget Officer and Auditor.

Property management is a continuous process in the government that can be generally clustered into three major steps namely, (1) acquisition; (2) utilization; and (3) disposal. The processes ideally start with acquisition and ends with disposal. There are exemptions however, especially in land asset where disposal seem to be inappropriate. With each of these processes are number of activities or sub-processes to ensure efficiency, transparency and accountability. Among these are inventory, storage, custodianship and reporting. Figure 1 presents a systematic diagram of the property management process.

Figure 1. Property Management Process



Laws and policies guide government agencies in managing its properties. The Commission on Audit (COA), ([See Annex A](#)) being the responsible agency in accounting and auditing prescribes general guidelines in property management. Specific laws and issuances are also in place to standardize certain aspects of property management across the bureaucracy. But even with the presence of these policies, laws and guidelines, implementation still differ among agencies of the government depending on their size and structure among others.

This manual on property management therefore aims to standardize the processes in acquisition, utilization and disposal of properties and equipment of the PSHS System and its constituent campuses. It likewise aims to ensure compliance of PSHS on standards and procedures prescribed by governing laws, COA Resolutions DBM Circulars and other policies.

## A. ACQUISITION

Acquisition, as used in this manual, refers to the act of gaining possession to a property or equipment by the government. Acquisition may be in the form of: (1) procurement; (2) transfer; (3) donation; (4) confiscation, seizure and foreclosure; (5) production and manufacture; and (6) construction.

### 1. Procurement

The most common form of acquisition is procurement. This form of acquisition is guided by the provisions of Republic Act RA 9184 (Government Procurement Reform Act or RA 9184). ([See Annex B](#)) and its Implementing Rules and Regulations ([See Annex C](#)). This law defines procurement as “the acquisition of goods, services and infrastructure projects by the Procuring Entity. Procurement shall also include the lease of goods and real estate. With respect to real property, its procurement shall be governed by the provisions of Republic Act No. 8974 (An Act to Facilitate the Acquisition of Right-of-Way Site or Location for National Government Infrastructure Projects and for Other Purposes) ([See Annex D](#)) , and other applicable laws, rules and regulations.

Government procurement, as provided in Section 3, Revised IRR of RA 9184, shall be governed by the following principles:

- a. Transparency in the procurement process and in the implementation of procurement contracts through wide dissemination of bid opportunities and participation of pertinent non-government organizations;
- b. Competitiveness by extending equal opportunity to enable private contracting parties who are eligible and qualified to participate in public bidding;
- c. Streamlined procurement process that will uniformly apply to all government procurement. The procurement process shall be simple and made adaptable to advances in modern technology in order to ensure an effective and efficient method;
- d. System of accountability where both the public officials directly or indirectly involved in the procurement process as well as in the implementation of procurement contracts and the private parties that deal with GOP are, when warranted by circumstances, investigated and held liable for their actions relative thereto; and
- e. Public monitoring of the procurement process and the implementation of awarded contracts with the end in view of guaranteeing that these contracts are awarded pursuant to the provisions of the Act and this IRR, and that all these contracts are performed strictly according to specifications.

**1.1** General Procedures in Procurement. There are a number of steps to follow in the procurement process.

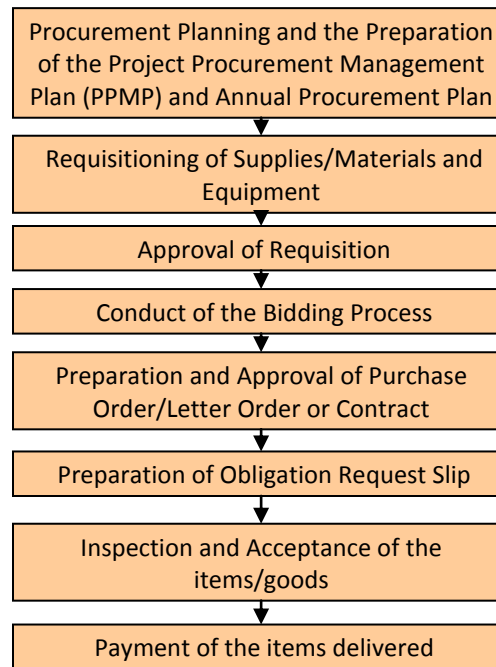
- a. Procurement planning is undertaken to develop the agency's Project Procurement Management Plan ([See Annex E](#)) and Annual Procurement Plan (APP) ([See Annex E](#)) which will be the basis of requisitions of supplies and other goods. Section 7.2 of the IRR of RA 9184 provides that "no procurement shall be undertaken unless it is in accordance with the approved APP of the procuring entity. The APP shall bear the approval of the Head of the Procuring Entity or second-ranking official designated by the Head of the Procuring Entity to act on his behalf, and must be consistent with its duly approved yearly budget". While Section 7.4 of the IRR of RA 9184 states that "Updating of the individual PPMPs and the consolidated APP for each procuring entity shall be undertaken every six (6) months or as often as may be required by the Head of the Procuring Entity. The updating of the PPMPs shall be the responsibility of the respective end-user units of the Procuring Entities, while the consolidation of these PPMPs into an APP shall be lodged with the BAC Secretariat, subject to approval of the Head of the Procuring Entity.
- b. Requisitioning refers to the submission of written requests for goods, services and infrastructure projects by the end user with the approval of the head of the agency. The request should contain the specifications of the items needed.
- c. Bidding process will be conducted in accordance to the Revised IRR of RA 9184 by the Bids and Awards Committee (BAC), the BAC-Technical Working Group (BAC-TWG) and BAC Secretariat.

The utilization of electronic procurement system through Philippine Government Electronic Procurement System (<http://www.philgeps.gov.ph/>) is required in the bidding process.

- d. Preparation and Approval of Purchase Order/Letter Order or Contract ([See Annex G](#))
- e. Preparation of Obligation Request Slip ([See Annex H](#))
- f. Inspection and Acceptance of the items/goods ([See Annex I](#))
- g. Payment of the items delivered.

These steps are presented in Figure 2.

Figure 2. General Procurement Procedure



**1.2** Procurement of Common-Use Supplies, Materials and Equipment through DBM-Procurement Service. The procurement of this type of goods is in accordance with the Letter of Instructions (LOI) No. 755 ([See Annex J.1](#)), Executive Order (EO) Nos. 285 series of 1987 ([See Annex J.2](#)), 359 series of 1989 ([See Annex J.3](#)), and 322 series of 2000 ([See Annex J.4](#)). Moreover, Section 37 of EO 40 and its IRR further required the use of Electronic Procurement System (EPS) referred therein in these procurements” (COA, 2011). Section 5 of EO 40 S.2001 provides that “small volume purchases by agencies, as defined in the implementing rules and regulations (IRR) of this Executive Order, through the electronic catalogue of non common-use goods, supplies and materials are allowed without need of public bidding”. The Annual Procurement Plan – Common Use Supplies, Materials and Equipment (APP-CSE) ([See Annex K](#)) of the ensuing year must be submitted to Department of Budget and Management on or before November 15 of the current year.

**1.3** Procurement through Competitive Bidding. All procurement shall be done through competitive bidding, except in Rule XVI of the RA 9184 that allows alternative mode of procurement. Detailed procedures are set by the Government Procurement Policy Board



depending on the type of items to be procured<sup>1</sup>. Please refer to the GPPB issuances for updates.

**1.4** Procurement through Alternative Modes. Alternative modes shall be resorted to only in the highly exceptional cases provided for in the Act.

- a. *Limited Source Bidding* – otherwise known as selective bidding, which involves procurement of goods and consulting services that requires direct invitation to bid by the concerned procuring entity from a set of pre-selected suppliers or consultants with known experience and proven capability on the requirements of the particular contract.
- b. *Direct Contracting/Single Source Procurement* is a method of procurement of goods that does not require elaborate bidding documents. The supplier is simply asked to submit a price quotation or a pro-forma invoice together with the conditions of sale. The offer may be accepted immediately or after some negotiations. Direct contracting may be resorted to under any of the following conditions:
  - Procurement of items of proprietary nature which can be obtained only from the proprietary source, i.e. when patents, trade secrets and copyrights prohibit others from manufacturing the same item;
  - When the procurement of critical plant components from a specific manufacturer, supplier or distributor is a condition precedent to hold a contractor to guarantee its project performance, in accordance with the provisions its contract; or
  - Those sold by an exclusive dealer or manufacturer which does not have sub-dealers selling at lower prices and for which no suitable substitute can be obtained at more advantageous terms to the Government.
- c. *Repeat Order* is a method of procurement of goods from the previous winning bidder, whenever there is a need to replenish goods procured under a contract previously awarded through Competitive Bidding. Repeat Orders shall likewise be subject to the following conditions:
  - Contract prices of the repeat order must be the same as or lower than those in the original contract, provided that such prices are still the most advantageous to the Government after price verification;
  - The repeat order will not result in splitting of contracts, requisitions or purchase orders as provided for in Section 54.1 of IRR-A of RA 9184;
  - Except in cases duly approved by the GPPB, the repeat order shall be availed of only within six (6) months from the date of the Notice to Proceed arising from the original contract; and

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<sup>1</sup> 4<sup>th</sup> Edition, December 2010 Philippine Bidding Documents for Procurement of (1) Infrastructure, (2) Goods and (3) Consulting Services are attached as [Annex L.1](#), [L.2](#) and [L.3](#), respectively.

- The repeat order shall not exceed twenty five percent (25%) of the quantity of each item in the original contract.
  
- d. *Shopping* is a method of procurement of goods whereby the procuring entity simply requests for the submission of price quotations for readily available off-the-shelf goods or ordinary/regular equipment to be procured directly from suppliers of known qualifications. This method of procurement shall be employed only in cases as defined in the IRR of RA 9184 ([See Annex M](#)).
  
- e. *Small Value Procurement* – is a method of procuring goods, infrastructure projects and consulting services under Section 53.9 of revised RA 9184 IRR. Detailed guidelines ([See Annex N](#)) on this together with thresholds or limits ([See Annex M](#)), is also prescribed by the law.
  
- f. *Negotiated Procurement* – is a method of procurement of goods, infrastructure projects and consulting services, whereby the procuring entity directly negotiates a contract with a technically, legally and financially capable supplier, contractor or consultant. Detailed guidelines on negotiated procurement is also prescribed under the guidelines for small value procurement. This type of procurement occurs only in the following cases:
  - Where there has been failure of public bidding for the second time as provided in Section 35 of the Act and its IRR-A.
  - In case of imminent danger to life or property during a state of calamity, or when time is of the essence arising from natural or man-made calamities or other causes where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities.
  - Take-over of contracts, which have been rescinded or terminated for causes provided for in the contract and existing laws, where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities;
  - Where the subject contract is adjacent or contiguous to an on-going infrastructure project: Provided, however, That (i) the original contract is the result of a competitive bidding; (ii) the subject contract to be negotiated has similar or related scopes of work; (iii) it is within the contracting capacity of the contractor; (iv) the contractor uses the same prices or lower unit prices as in the original contract less mobilization cost; (v) the amount involved does not exceed the amount of the ongoing project; and (vi) the contractor has no negative slippage: Provided, further, That negotiations for the procurement are commenced before the expiry of the original contract. Whenever applicable, this principle shall also govern consultancy contracts, where the consultants have unique experience and expertise to deliver the required service;
  - In the case of individual consultants hired to do work that is (i) highly technical or proprietary; or (ii) primarily confidential or policy determining, where trust and

confidence are the primary consideration for the hiring of the consultant: Provided, however, That the term of the individual consultants shall, at the most, be on six month basis, renewable at the option of the appointing head of the procuring entity, but in no case shall exceed the term of the latter.

## **2. Other Modes of Acquisition**

**2.1** Transfer. Under PD 1445 Section 76, any government property that is no longer needed by an agency or unserviceable maybe transferred without cost or at an appraised valuation to other government agencies upon authority of the respective heads of agencies.

The following are the procedures to be followed in the transfer by the property officer:

- a. Make an Inventory and Inspection Report of Unserviceable Property (IIRUP) ([See Annex O](#)).
- b. Preparation of Invoice Receipt of Property (IRP) with the details of the property description, cost, etc. ([See Annex P](#)).
- c. Approval of the transfer by the heads of the agencies (the transferor and the recipient) or their duly authorized representatives.
- d. Receipt of the appropriate items by the recipient.
- e. Furnish the respective accountants with the original copy of the transfer and receipt invoice for the appropriate recording in the books.

**2.2** Donation. In case of donation, a “deed of donation” from the donor to the donee executed stipulating among others the intent for the use of the said donation. Moreover, the donee government agency should attach an “acceptance of donation” among the papers of the donation. PSHS detailed procedure on accepting donations ([See Annex Q](#)) is crafted in lieu of a government prescribed detailed standards.

**2.3** Other modes of Acquisition that may be resorted to by PSHS.

- a. Confiscation, Attachment or Seizure and Foreclosure
- b. Production and Manufacture
- c. Construction

## **B. UTILIZATION**

When the government acquires a property it may be further subjected to different accountability mechanisms which are referred to as processes in custodianship. Actual utilization occurs after the issuance of the items from storage/warehouse to end users or when the items are received by the end user.

### **1. Custodianship**

Property custodianship refers to the guardianship of government property by the person accountable. This includes the receipt of supplies, materials and equipment, the safekeeping, issuance, repair and maintenance. Likewise, it includes the accountability, responsibility and liability of accountable or responsible officers arising from loss, misuse, damage or deterioration of government property due to fault or negligence in the safekeeping. It may be physical/actual or constructive.

Every officer of government, whose duties permits or requires the possession or custody of funds and property is accountable and responsible for the safekeeping thereof. He is liable for all losses resulting to the unlawful, improper deposit, use or application thereof and attributable to negligence in the keeping of the same. Other officer though not accountable may likewise be similarly held accountable and responsible through their participation in the use or application thereof

On the other hand, the head of the agency is immediately and primarily responsible for funds and property pertaining to his agency.

The Accountable Officer shall maintain and keep records of his property accountability and shall render accounts as prescribed by the Commission. He/She must be properly bonded with the Bureau of Treasury Fidelity Fund ([See Annex R](#)).

The acceptance of assigned authority and the obligation to exercise assigned or imputed authority is attached to the individual or group participating in organizational activities or decisions.

**1.1** Liability. Liability refers to the obligation that arises as a consequence of an illegal or improper act or the non-performance of what one is mandated to do. Such obligation generally comes in the nature of penalty but it could be in the form of a fine, administrative punishment, imprisonment, or a combination of these.

- The Accountable Officer is generally liable for the improper or unauthorized use or misapplication of property, by himself or any person for whose acts he may be responsible, and for the loss, damage or deterioration thereof thru negligence, whether or not it be in his actual custody at the time

- Measure of Liability or “Money Value” – the fair market value of the equipment will be chargeable to the officer or employee less some allowance for depreciation.
- An Accountable Officer is secondarily liable and a superior primarily liable for an illegal act done by the former under the direction of the latter. If the Accountable Officer gave written notice of his objections to the superior’s directive and the latter insists, he/she is relieved of liability and the superior becomes solely liable.

**1.2** Bonding of Accountable Officers. Pursuant to Treasury Circular No. 02-2009, immediately after appointment/designation of the accountable official to a bonded position, he/she shall apply to the Bureau of Treasury Fiscal Examiner by accomplishing general form no. 57(a) ([See Annex S](#)) duly signed by the head of the agency. Please refer to Treasury Circular for the schedule of bonds ([See Annex R – Page 15 of 17](#)).

**1.3** Inventory Taking is an indispensable procedure for checking the integrity of property custodianship. The physical stock-taking of equipment and supplies serves as a basis for preparing accounting reports. At the end of each quarter, the Accounting and Supply/Property Unit should reconcile their records.

The Head of Agencies through the Inventory Committee, are required to take a physical inventory of all the equipment and supplies of their respective offices at least once a year. Supplies and materials in stock, including medicines, drugs and medical supplies exclusively for either commissary, sale, manufacture or relief purposes should be inventoried at least every six (6) months as of June 30 and December 31 of each year.

- Report on the Physical Count of Inventory - The Inventory Committee shall prepare and certify correct the required annual/semi-annual inventory report and approved by the Head of Agency ([See Annex T](#)). It shall be submitted to the Auditor concerned not later than July 31 and January 31 of each year.
- Report on the Physical Count of Property, Plant and Equipment - The Inventory Committee shall prepare and certify correct the physical count of property, plant and equipment and approved by the Head of the Agency ([See Annex U](#)). It shows the balance of property and equipment per cards and per count and shortage/overage, if any. It shall be prepared yearly in three (3). It shall be submitted to the Auditor concerned not later than January 31 of each year.

**1.4** Insurance Of Government Property. RA 656 or Property Insurance Law ([See Annex V](#)) provides for compulsory insurance of government properties<sup>2</sup> for any damage or loss. The Agency Head has the responsibility to insure government property under the Property Insurance Fund administered by the GSIS. Properties covered are all insurable

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<sup>2</sup> RA 656 defines "Property" to include vessels and craft, motor vehicles, machineries, permanent buildings, properties stored therein, or in buildings rented by the Government, or properties in transit.

assets, contracts, rights of action and other insurable risks to protect the government against property losses.

Procedure in Insuring the Government Property

- Agency Head through the Supply Officer prepares a Property Inventory of his office every end of the fiscal year, using the form prescribed by the GSIS.
- The Inventory is submitted to the COA Auditor concerned for verification.
- Agency Head submits the verified inventory to the GSIS not later than October 31 of the ensuing year.

Flowchart in Insuring the Government Property

Steps	Activities	Responsible Person
1	Preparation of Property Inventory	Supply Officer
2	Submission of Inventory to COA for verification	Office of the Director
3	Verification of Inventory	COA Auditor
4	Submission of Verified Inventory to GSIS	Supply Officer
5	Issuance of Property Assessment	GSIS
6	Preparation of Obligation Request and Disbursement Voucher	Budget Officer and/or Accountant
7	Action on Various Documents	FAD & Director
8	Preparation of Check	Cashier
9	Payment of Insurance Assessment	Cashier

**2. Storage, Warehousing and Inventory Taking**

**2.1** Storage. This refers to the scientific and economical receipt, warehousing and issuance of materials for their best safekeeping and rapid availability.

**2.2** Warehousing.

Procedures in Warehousing

- *Receipt of Materials and Equipment and Other Property*  
Supplies, materials and equipment delivered by the supplier must be accompanied by the Delivery Receipt (DR) and/or Sales Invoice, which are pre-inspected by the property/supply officer before the items delivered are accepted.
- *Arrangement of Materials*  
The warehouseman/storekeeper arranges the materials inside the warehouse/stockroom in accordance with the storage plan using the right materials handling equipment.

- *Recording of Receipts/Deliveries*  
The storekeeper posts information taken from the Inspection and Acceptance Report (IAR) (See Annex I) in the Supplies Ledger Card. The receipts, issues and balances on hand must be properly posted and kept updated.
- Reconciliation of entries in the Supplies Ledger Card with the physical count of stocks on hand

All should be current and properly updated

### **3. Issuance and Utilization**

**3.1** Issuance is the act of transferring the custodianship of a property from one person to another.

**3.2** Utilization, is the process of promoting greater services and economy in the use of supplies, materials and equipment of the government through efficient and honest procurement, systematic and coordinated transfer of control and recording,; proper care, maintenance and repair and appropriate and timely disposal.

*a. Responsibilities And Activities In Property Utilization* - The following are the activities involved when utilizing government property:

The requisitioned shall prepare the Requisition and Issue Slip (RIS) ([See Annex W](#)) if the goods/supplies are available in stock, and Purchase Request (PR) ([See Annex X](#)) if the goods/supplies are not available.

An Inventory Custodian Slip (ICS) ([See Annex Y](#)) shall be prepared for monitoring, control and accountability of end-user for supplies and materials with an estimated useful life of more than one year but small enough to be considered Property, Plant and Equipment ([See Annex Z](#)).

For non-expendable property and equipment, an Acknowledgment Receipt for Equipment (ARE) ([See Annex AA](#)) shall also be prepared to record the accountability of the end-user.

*b. Preparation of the Report* - The property/supply officer or his representative prepared the Report of Supplies and Materials Issued (RSMI) ([See Annex AB](#)), which serves as a monthly abstract of supplies and materials issued as evidenced by the RIS. The report shall be submitted to the Accountant for recording so that accountability will be reduced.

### **4. Utilization of Common PSHS Facilities and Equipment**

4.1 Guidelines on Utilization of School Facilities and Equipment. Personnel are provided with the required facilities, supplies, equipment, and services to facilitate the performance and completion of their tasks. In return, it is expected that personnel should use them judiciously, properly, and with care.

Office Supplies and Equipment. Below are some practices/guidelines to save and to protect the limited resources afforded by the government:

- Ensure the necessity of reproducing documents. Reproductions should be done sparingly.
- Computer units must be turned off when not in use. Moreover, computer units must only be used for official and its intended purposes. Playing of games and videos not for instruction purposes is expressly prohibited.
- Expendable items like paper clips, fasteners, pins and others should be used sparingly;
- Use of tables, chairs, calculators, typewriters and other non-expendable items are not for personal things;
- Equipment/supplies issued and indicated in the Acknowledgment Receipt for Equipment (AREs) are a personnel's responsibility. As such, it must be used for official purposes alone and not for personal/family use. Use of government property other than for official function constitutes a ground for disciplinary action.

School Vehicles/Service. The school service vehicle is provided to students and staff during field work and other official business. The use of the school vehicles is only limited to attendance to meetings/seminars/conferences of school officials, competitions of students, official functions requiring participation of employees, and other school transactions.

The following are the specific governing rules and guidelines to be observed in using the school vehicles:

- The use of school vehicles on Saturdays, Sundays, legal holidays, beyond the regular hours for going to and from the office, or outside the route of the officials or employees is strictly prohibited, unless duly authorized and used in the conduct of official business/function;
- Requests to use the vehicle shall be duly approved with the accompanying duly accomplished trip ticket;
- Requisition for vehicle fuel shall be accomplished by the Driver and approved by the Financial and Administrative Division (FAD) Chief ;
- Operational record and physical inspection of motor vehicle during and after each use shall be submitted by the Driver to the Administrative Officer;



- Electrical, mechanical, and other related services necessary to maintain the roadworthiness of the vehicles, except those under warranty, should be done only by a competent personnel or a duly accredited service station.

Medical Clinic. The medical clinic serves as the health needs of the students and the personnel as well. Minor ailments are attended to by a medical doctor and a nurse. Major cases are referred to the nearby government-owned hospitals. Initial dosage of the prescribed medicine may be given upon consultation.

Services of the government hospital/clinic with the facilities to conduct health examination are being sought on the need for an annual medical examination for the employees.

Library. Reading materials like magazines, books, publications, news clippings, journals and variety of dailies are available in the library for use of students and all staff.

- Only reading materials not marked “For Room Use Only” can be borrowed. Corresponding fees shall be collected for unreturned and overdue books and materials.
- Lost/mutilated books or any reading materials should be promptly reported to the Librarian for imposition of appropriate charges, if found guilty. Clearance is withheld to an employee or student due to unreturned materials in the library.
- Proper decorum should be observed inside the library as it is a venue for learning. Sleeping, eating, discussing personal/business matters or entertaining visitors are not allowed. Drinking and smoking in the library are absolutely not allowed.

Gymnasium. The use of the gymnasium is for the conduct of instruction particularly physical education classes, sports activities, and campus competitions. It may also be used for programs or as a venue for big events or activities.

The use of the gymnasium other than the regular conduct of instruction or school-sponsored requires prior approval. Moreover, destruction and damage to the tables and chair and other equipment inside the gymnasium shall be considered as a ground for disciplinary action. Loitering and vandalism are prohibited under school rules and regulations. Similarly, posting of materials which can dirty or deface any part of the building is strictly prohibited.

Conference Room. The conference room is used as venue for the conduct of official business, transactions, or meetings. It is equipped with overhead projectors, LCD projectors, computers, and television sets which will serve as aid in the conduct of meetings or briefing sessions.

The use of the conference room must be coordinated with the proper and authorized authorities or office in order to avoid the overlapping of schedules.

Canteen/Cafeteria. The canteen/cafeteria offers reasonable prices that are comparatively low, owing to its being a self-service canteen. It serves as the catering service in school events and other activities that require catering services. The school canteen or cafeteria is managed and operated by either an employees' cooperative or by a private entity covered by a contract of agreement. Food services are provided not only to students and staff. Food services are also extended to the parents, guests, and visitors.

In cases where the canteen is managed by an employees' cooperative, the members are encouraged to patronize the school canteen/cafeteria where each member is entitled to a rebate and dividend earnings every end of the year. Moreover, the cooperative also extends loans like regular, educational, and emergency loans to its members.

Austerity Measures on the Use of School Facilities. The following measures should be implemented for the observance of austerity measures and energy conservation on office equipment, appliances and accessories:

#### *Air-Conditioning Units*

- Limit operation/use to six hours, preferably from 9:00 o'clock in the morning to 4:00 o'clock in the afternoon;
- Set thermostat control to achieve room temperature at 25° C;
- Set at fan mode from 12:00 noon to 1:00 p.m.
- Switch off the unit when going out for a prolonged period of time or during power outages (brown-outs);
- Check doors and windows of air-con rooms for leaks;
- Keep doors closed at all times;
- Venetian blinds, curtains, glass tints, and other ambient separators shall be placed where there is direct sunlight to reduce accumulation of heat through the window panels as a result of heat transfers from the sun rays to the window panel;
- Observe regular maintenance servicing and regular cleaning and replacement of filters as necessary.

#### *Lighting System*

- All offices and buildings/facilities must use the following specifications for their lightings:
  - 36 watt or less slim type lamp tubes;
  - 18 watt or less slim type lamp tubes;
  - Preheat type electromagnetic ballasts or electronic ballasts;
  - Compact fluorescent lamps (CFLs)
- Lights shall be turned off during lunch breaks and after office hours, except in offices where continuous work or service to the public is being conducted.

#### *Computer System*

Computers are strictly for official use only and shall be shut down when not in use. Moreover, the internet should not be used other than for research and official communication purposes.

*Machines/Gadgets/Devices/Equipment/Vehicles, Etc.*

- Proper maintenance must be conducted for more efficient and economical use;
- Personnel and students are prohibited from using electrical outlets for their personal equipment;
- Repairs of all defective and malfunctioning equipment, installations, outlets, faucets, water tanks, and toilets must be conducted immediately.
- Trips of vehicles have to be synchronized to accommodate several transactions in one trip;
- A stronger inventory control of office supplies and materials must be instituted. This also entails that inspection of the repairs, delivery of materials in good condition and functionality of the materials/equipment prior to acceptance are strictly conducted and adhered to;
- Lighting for perimeter fences and corridors must be reasonable;

4.2 Repair and Maintenance of Facilities/Equipment. The repairs and maintenance of properties are to be included in the Repairs and Maintenance Program of the school. The program is necessary for the purpose of attaining and/or extending the established standard economical and useful life of an equipment/property and serves as a sound basis for scheduling its replacement.

The program includes policies on how property will be properly maintained. It should also provide a system to retain properties/equipment on serviceable condition or to restore them to serviceability when it is economical to repair said equipment. The Property Officer or the Administrative Officer assigned to handle property shall have a regular review of the records to ensure that the needs for repairs and/or replacements are addressed immediately.

Maintenance is the retaining of the equipment to a serviceable condition or restoring it to its serviceability when it is economically repairable.

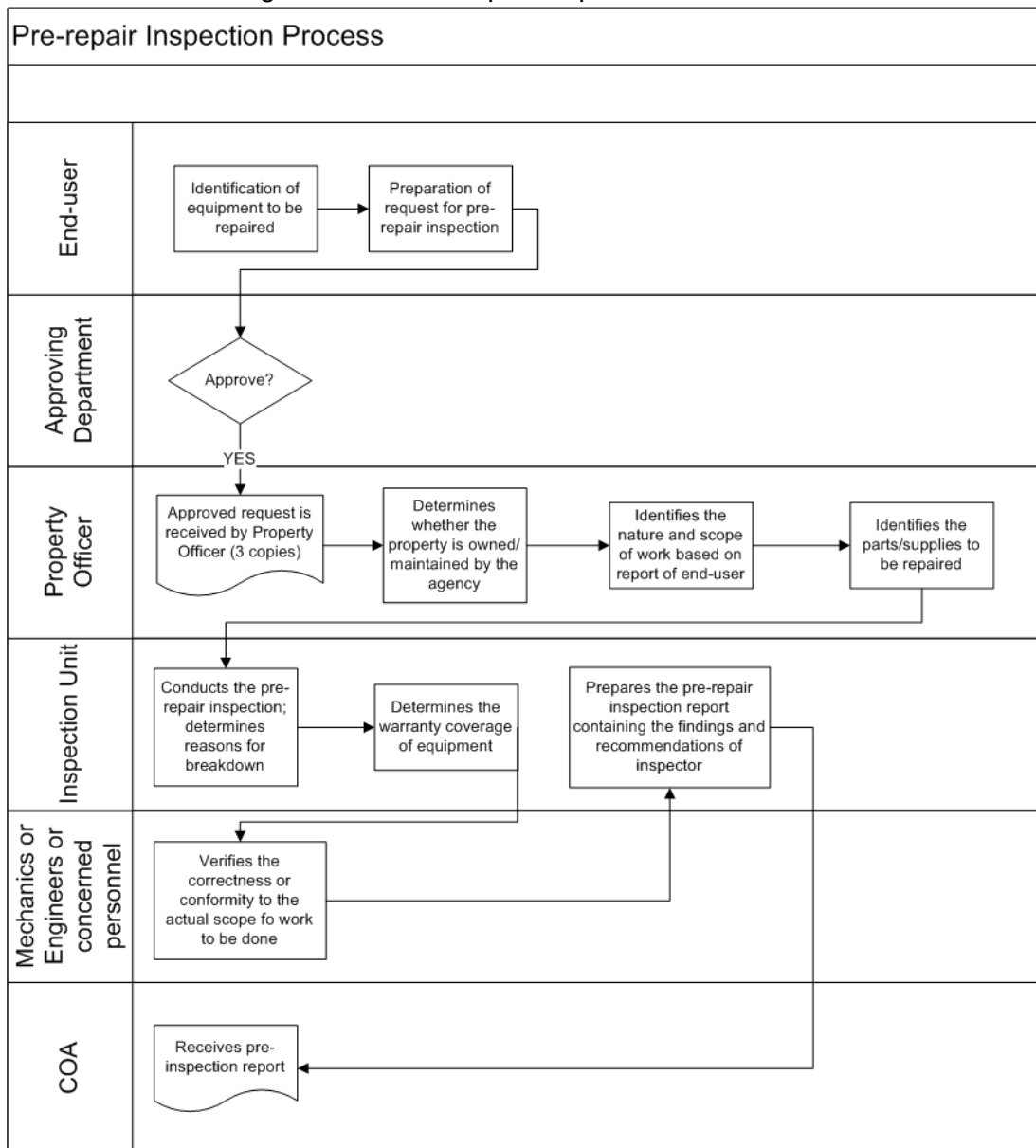
Repair of Facilities or Equipment (Minor or Major). Minor or ordinary repair merely keeps a building or equipment in fit condition for use without increasing its capacity or otherwise adding to its normal value as an asset.

Major or extraordinary repair is the alteration, addition, general reconditioning, overhauling and the like, which materially increases the value or extend the useful life of the equipment.

Factors to be Considered in the Conduct of Repairs. Repairs of equipment should be guided by the following factors:

- Requests for repair shall be approved by the proper authorities.
- Repair costs should not be more than 30% of its fair market value, otherwise it is no longer economically repairable.
- The pre-repair inspection report ([See Annex AC](#)) must enumerate the property to be repaired as well as the identified defects.
- Pre-inspection reports must be submitted to the COA within five (5) days from the date of inspection/evaluation.

Figure 3. The Pre-repair Inspection Process

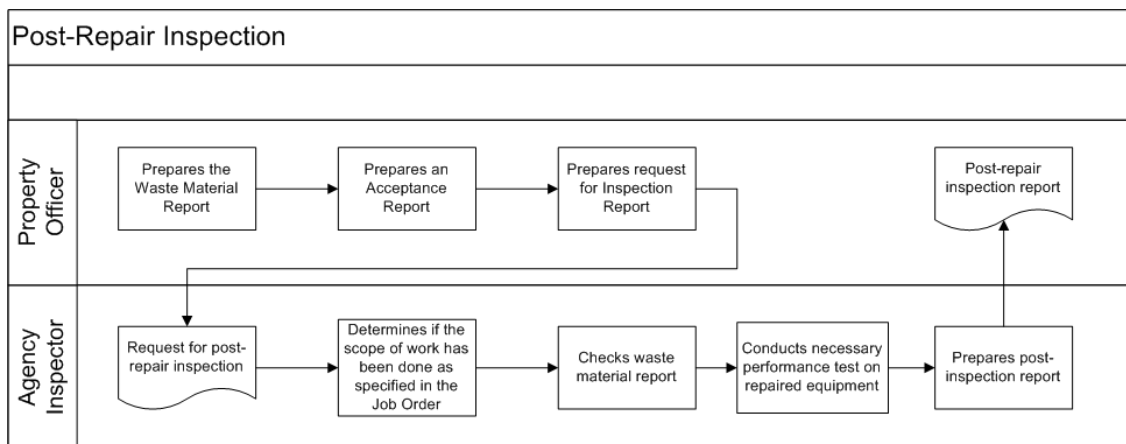


Replacement of Damaged/Unserviceable Parts. The assigned personnel shall be responsible in making the necessary replacement, whenever said replacement parts are available. However, if the repair work is awarded to a private contractor, parts to be replaced or the worn-out parts should be identified and submitted to the management by the contractor as part of the waste material.

Preparation of Waste Material Report. The preparation of the waste material report is the responsibility of the Property Officer whenever there are parts which need to be replaced and has to be approved by the agency head. This report is 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 asset

Conduct of Post-Repair Inspection. The Property Officer prepares an acceptance report after the completion of the report indicating that the work or service is done in conformity with the specifications of the contract or accomplished within the specified period of time. The Property Officer then prepares a request for post-repair inspection and forwards this request to the agency inspector. The post-repair inspection shall be guided and in conformity with those indicated in the pre-repair inspection report. Moreover, it must be ensured that the necessary performance tests are conducted to ascertain that the property repaired is already in good condition.

Figure 4. The Post-repair Inspection Process



Preparation of Post-Repair Inspection Report (See Annex AC). Immediately after the conduct of the post-repair inspection, the agency inspector prepares the post-repair inspection report indicating the observations and recommendations. The post-repair inspection report is submitted to the Property Officer for appropriate action.

4.3 Housekeeping of School Properties. The care and management of equipment and facilities of the school should be the responsibility of everybody. Personnel, staff, as well as school officials must exercise care and diligence in the care of said properties.

The following are some guidelines :

- Use of school facilities and equipment like chairs, tables, computer units, appliances, etc. within the campus other than their intended official uses, should be only allowed upon prior approval from the school appropriate authority;
- Conduct of any campus activities which requires/uses equipment and facilities, and space, etc. should seek approval from the designated school authority. The organizers must see to it that the premises and facilities used are in proper order after the activity.
- Notices, posters, announcements and other decorations/display of materials or any paraphernalia are to be posted ONLY in bulletin boards or any authorized areas in the campus.
- Rental of school facilities should be covered by an agreement stating the purpose, coverage, and duration of the use of the school facilities. Applicant shall be liable on the reparation, rehabilitation and/or indemnification of any damaged properties that arise on the use of requested facilities;
- Assistance should be sought from the authorized/specialized person in operating electric-generated machines, equipment and other gadgets;
- School facilities and equipment should be used properly. Any forms of vandalism or the improper use of these properties should be subject for disciplinary action;
- Unserviceable and dilapidated, equipment/properties should be reported immediately to the Property Officer. Any damage to a property due to negligence shall be borne by the user.
- Lost equipment/property is the responsibility of the person signed in the Acknowledgment Receipt for Equipment/Property. The person responsible shall exercise due diligence in producing the lost equipment/property. In the instance that the equipment/property cannot be located, the person responsible shall immediately file a notarized Affidavit of Loss and submit the same to the Property Officer. Moreover, the lost equipment/property should be replaced by a new one of the same descriptions and specifications. If the lost property is not available in the local market, the user should deposit an amount equivalent to the formula stated below for clearance purposes.

In cases where a property/equipment is lost, it should be replaced by a new one of the same descriptions and specifications.

## **C. DISPOSAL**

Disposal is the end of the life cycle of a government property. This section presents the different modes of disposal as well as the activities that should be undertaken before, during and after actual disposal.

Pursuant to EO No. 888 Sec. 1 ([See Annex AD.1](#)) and COA Circular No. 89-296 ([See Annex AD.2](#)), the full and sole authority and responsibility for the divestment or disposal of properties and other assets owned by the national, corporate and local government units including its subsidiaries shall be lodged in the heads of the department, bureaus and offices or governing bodies or managing heads of the concerned entities.

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

- a. property, which can no longer be repaired or reconditioned;
- b. property whose maintenance costs of repair more than outweighs the benefits and services that will be derived from its continued use;
- c. property that has become obsolete or outmoded because of changes in technology;
- d. unused supplies, materials and spare parts that were procured in excess of requirements; and
- e. unused supplies and materials that has become dangerous to use because of long storage or use of which is determined to be hazardous.

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

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

- a. *Inventory and Inspection Report of Unserviceable Property* ([See Annex O](#)) for semi-expendable materials and equipment and non-expendable 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 positions.

- b. Waste Materials Report ([See Annex AE](#)) for expendable materials, supplies and consumables including spare parts, empty containers and remnants from destroyed or damaged fixed assets.

### **3. General Procedures**

- a. 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.
- b. The Property Officer shall file an application for disposal with appropriate documents to the COA Auditor.
- c. 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 Agency.
- d. The Head of the Agency shall forward the document to the Disposal Committee.
- e. The Disposal Committee shall recommend to the Head of the Agency the mode of disposal as appropriate and deemed most advantageous to the government.
- f. If found to be valuable, the unserviceable property may be sold at public auction to the highest bidder under the supervision of the proper Committee on Award or similar body.
- g. The awardee shall pay, claim and withdraw the property upon the determination of the awardee, the bid bond shall be considered as partial payment and the difference between such payment and the offered bid price shall be paid in the form of cash, cashier's or manager's check of a reputable bank within the area where the bidding was held. Full payment shall be made within five (5) working days from the date of the notice of award. In addition to the purchase price, any taxes, custom duties or charges in connection with the sale shall be borne by the awardee.
- h. Upon disposal of property, the pertinent portions of the Inventory and Inspection Report, Report of Waste Materials or Invoice Receipt for Property, whichever is applicable, shall be accomplished. 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 the property.



## FLOWCHART IN THE DISPOSAL OF GOVERNMENT PROPERTIES

Steps	Activities	Responsible Person
1	Identification of unserviceable properties based from the Inventory Report	Supply Officer
2	Submission of application for disposal of unserviceable property to the Auditor	Supply Officer
3	Inspection of properties applied for disposal	COA Auditor/ Inspection Team
4	Submission of recommendation on the result of inspection of properties applied for disposal	COA Auditor
5	Forwarding of the recommendation to the Disposal Committee	Campus Director
6	Evaluation of the properties for disposal and preparation of recommendation on the mode of disposal to be applied	Disposal Committee
7	Publication of bidding for the sale of disposable properties	Bids and Awards
8	Conduct of bidding process	Bids and Awards
9	Awarding of winning bidder	Bids and Awards
10	Acceptance of payment	Cashier

### 4. Modes of Disposal

1.1 Condemnation/Destruction of Property. Through pounding, burning, breaking, shredding, throwing or any other method by which the property is disposed beyond economic recovery. Destruction shall be made in the presence of the Disposal Committee.

1.2 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. The following are procedures for transferring serviceable property from PSHS to other government agency.

- a. Receipt of request from public or private agency/ entity

- b. Property Officer to certify that a property is no longer needed
- c. Property Officer to prepare a transfer and invoice receipt
- d. If property to be transferred is a computer, data contained shall be erased by the authorized technician upon the approval of the Campus Director. Certification on computer data and program removal shall be attached to the invoice receipt.
- e. The Property Officer ensures the appropriate receipt of the items by the receiving entity by signing on the property transfer form.
- f. The Property Officer shall prepare two copies of all documents (e.g. property transfer form and computer data and program removal certificate, if applicable), one copy each for the transferring agency and the other for the receiving agency/entity.
- g. The two agencies shall furnish their respective accountants with the original copy of the transfer and receipt invoice for the appropriate recording in the books.

1.3 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.

1.4 Donation of Property. – maybe to charitable, scientific, educational or cultural institutions. The detailed procedure for donating property is similar with that of transferring property to other government agencies.

1.5 Sale of Unserviceable Property. Pursuant to Sec. 79 of PD 1445, *“When government property has become unserviceable for any cause or is longer needed, it shall, upon application of the officer accountable therefore, be inspected by the head of the agency or his duly authorized representative and if found to be valueless or unserviceable, it may be destroyed. If found valuable, it may be sold at public auction to the highest bidder under the supervision of the proper committee on award or similar body.*

- *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.

- *Sale thru Negotiated Sale* – is resorted to as a consequence of failed bidding

## **5. Composition of Disposal Committee**

Executive Order No. 309 ([Annex AF](#)), reconstituted the membership of the Committee on Disposal as provided for under Executive Order No. 888.

Chairman – A senior official with function not lower than the level of an Assistant Secretary for a department and Assistant Director for a bureau/agency or department head for a GOCC.

Member – Head of Administrative Unit

Member – Head of the Property Unit

A Secretariat and technical staff to be manned by existing personnel of the Agency concerned shall be formed to handle the Committee's technical and administrative matters as well as the safekeeping and systematic filing of Committee documents and records.

**6. Property Appraisal (See Annex AG)**

The objective in computing the appraised value of the property is to set the government's minimum selling price so that the government shall receive fair compensation for the items sold. The Disposal Committee members, including the owning agency, shall each prepare its appraisal report.

- a. Conducting an ocular inspection of the property to be appraised to assess its physical condition.
- b. Seek reference price information such as acquisition cost or current market price of similar property or replacement cost for a similar new property.
- c. Compute the appraised value using the revised formula on appraisal of government properties.

Computers and their peripherals shall be appraised based on their junk value due to obsolescence brought about by the rapid change and development in the industry.

Flowchart in the Appraisal of Government Property

Steps	Activities	Responsible Person
1	Conduct ocular inspection of property to be appraised to determine its physical condition	Appraisal Committee
2	Seek reference price information on acquisition cost or current market price	Appraisal Committee
3	Compute the appraised value based on the formula on appraisal of government properties	Appraisal Committee
4	Submit the computed appraised value of government properties to Disposal Committee	Appraisal Committee

Formula on Appraisal of Government Property Except Real Property

A. When Current Market Value is Available:

$$(AV) = CMV \times \frac{CF1}{CF2}$$

Where: AV – Appraised Value

CMV – Current Market Value  
 CF1 - Condition Factor of the Property  
 CF2 - Condition Factor of the Advertised/Canvassed  
 Property

When CMV, AC and RCN are all available, CMV shall be adopted in the computation of the appraised value. The CMV shall be taken from advertised prices of used equipment of the same make and model or similar models from newspapers, publications of associations, etc. of general circulation. There should at least be two (2) advertised prices for similar properties, the lowest of which shall be considered as CMV in the computation of the AV.

B. When Acquisition Cost is available – the correct cost indicated in the ARE shall be recognized as AC if the Purchase Order/Invoice are no longer available.

***For Imported Property:***

$$AV = (AC \times CFF) \times CF$$

Where: AC - Acquisition cost  
 CFF – Currency Fluctuation Factor  
 P/Dollar exchange rate on year of appraisal

$$CFF = \frac{\text{P/Dollar exchange rate on year of appraisal}}{\text{P/Dollar exchange rate on year of acquisition}}$$

CF – Condition Factor of the Property

***For Locally Manufactured Properties***

This formula shall apply to properties which are one hundred percent 100% sourced locally and no part of which is imported. (Ex. Furniture, steel cabinets, etc.)

$$AV = (AC \times PIF) \times CF$$

Where:  
 PIF - Price Index Factor  
 Price Index on year of appraisal

$$PIF = \frac{\text{Price Index on year of appraisal}}{\text{Price Index on year of acquisition}}$$

C. When Replacement Cost (New) is available – this formula shall only apply if the CMV and AC are not available.

$$AV = RCN \times \frac{ERL}{EUL}$$

Where:

*RCN - Replacement Cost – New*

*ERL - Effective Remaining Useful Life*

*EUL - Estimated Useful Life*

## **7. Reportorial Requirements**

- a. Project Procurement Management Plan (PPMP) ([Annex E](#))
- b. Annual Procurement Plan (APP) ([Annex F](#))
- c. Annual Procurement Plan – Common Use Supplies, Materials and Equipment (APP-CSE) ([Annex K](#))
- d. Report of Supplies and Materials Issued (RSMI) ([Annex AB](#))
- e. Report on the Physical Count of Property, Plant and Equipment (RPCPPE) ([Annex U](#))
- f. Report on the Physical Count of Inventory (RPCI) ([Annex T](#))
- g. Waste Material Report (WMR) ([Annex AE](#))
- h. Inventory and Inspection Report of Unserviceable Property (IIRUP) ([Annex O](#))