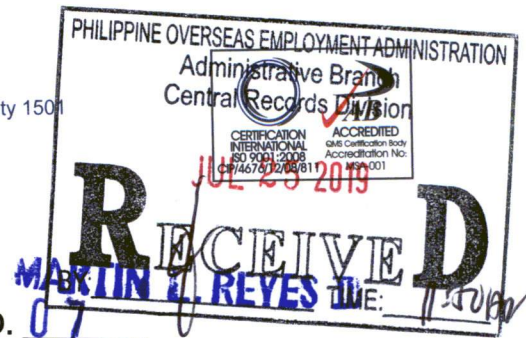




Philippine  
Overseas  
Employment  
Administration

Republic of the Philippines  
Department of Labor and Employment  
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**MEMORANDUM CIRCULAR NO. 07**  
Series of 2019

In the interest of the service and pursuant to DOLE Administrative Order No. 465 series of 2011, and in relation to Executive Order No. 888, series of 1983, COA Circular No. 89-296 dated 27 January 1989 and Executive Order No. 309 dated 8 March 1996, this set of guidelines in the disposal of government property is hereby prescribed:

**A. OBJECTIVES**

1. To dispose all unserviceable, obsolete, no longer needed materials, supplies, and equipment including valueless properties as well as to save cost of maintaining equipment/property/materials including office space;
2. To prevent further deterioration of the property and consequent depreciation; and
3. To implement a uniform procedure of disposal of government property.

**B. COVERAGE**

This set of guidelines shall be applied and implemented by the Philippine Overseas Employment Administration (POEA) Central Office and its Regional Offices in the disposal of government property.

**C. DEFINITION OF TERMS**

1. Abandoned Property - any personal property in the possession of any government agency without a known owner.
2. Appraisal - the art of estimating the fair exchange worth of a property as of a specified date, supported by relevant and factual data.
3. Beyond Economical Repair - a situation where the cost of repair and maintenance becomes prohibitive and disadvantageous to the government considering such factors as:
  - 3.1 Maintenance expenses
  - 3.2 Downtime/Frequency of Breakdown
  - 3.3 Replacement cost of spare parts
  - 3.4 Alternative modes such as rental of equipment or outright replacement
4. Equipment - any property, other than land, structures and fixed facilities, having a useful life greater than one (1) year the cost of which amounts to P15,000 or more (Chapter 10, GAM Vol 1) and which when used does not suffer any material or substantial change or alteration in size or form.

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5. Expendable Property - that which may be consumed, spent, used up, such as supplies.
6. Materials - are expendable commodities used by the government in the process of manufacture or construction including parts or remnants from destroyed or damaged fixed assets.
7. Non-expendable Property - that which cannot be consumed, spent or used-up, such as, equipment.
8. Obsolete Property - that which has lost its efficacy either due to technological advancement, change of procedures, reorganization of office, or completion of project.
9. Scrap/Junk - fragments of discarded materials that has no value except for its basic material contents and which cannot be reprocessed and re-used in the operations of other government property.
10. Semi-expendable Property - property, plant and equipment below the capitalization threshold of P15,000.00.
11. Supplies - expendable commodities which are normally consumed within a year in connection with government operations.
12. Surplus Property - excess personal property no longer needed by the government.
13. Unserviceable Property - that which is beyond repair and has no more utilization potential.

**D. DISPOSAL COMMITTEE**

A Disposal Committee shall be created to assist and advise the Administrator on matters relative to the disposal of government property. The following shall constitute the POEA Disposal Committee:

**For POEA Main Office**

Chairperson :	Deputy Administrator for Management Service
Vice-Chairperson:	Director, Administrative Branch
Members :	Chief, General Services and Property Division Chief Legal Counsel, Office of the Administrator Chief, Accounting Division
Observer :	Commission on Audit (COA) Resident Auditor or representative

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**For POEA Regional Center/Unit:**

- Chairperson : Regional Center/Unit Head  
Member : Supply Officer designate  
  
Observer : COA Resident Auditor or representative

A Secretariat shall also be created to handle the Committee's technical and administrative concerns as well as safekeeping and systematic filing of the Committee's documents and records.

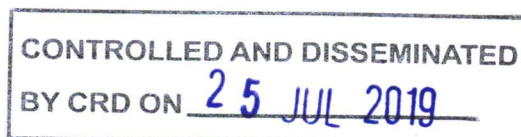
**E. FUNCTIONS AND RESPONSIBILITIES OF THE DISPOSAL COMMITTEE**

1. Require the submission by the concerned offices/branches/divisions/units of the assets to be disposed of, and all the necessary documents pertaining thereto, which shall include the following:
  - 1.1 Program for Disposal;
  - 1.2 Inventory Report showing the itemized list and complete description of assets;
  - 1.3 Appraisal documents, which may either be in-house or by an independent appraiser, or both; and
  - 1.4 Specific assets disposal procedure, if any.
2. Deliberate the requests for disposal of unserviceable properties/materials;
3. Inspect or authorize the agency's regional offices to examine the unserviceable equipment and property to be disposed of and verify the justification for disposal;
4. Set the final appraised value of all disposable property considering the obsolescence, market demand, physical condition and result of previous biddings for similar property;
5. Recommend to the Administrator for approval, the manner and justification for the disposal;
6. Where appropriate, conduct public biddings for the sale of disposable property on an "as is, where is" basis and to recommend corresponding award;
7. Conduct the opening of bids in the presence of COA representative at designated time and place;
8. If the first bidding fails, readvertise and conduct a second bidding;
9. If the second bidding still fails, resort to negotiated sale; and
10. Recommend to the Administrator the award to the winning bidder.

**F. DETERMINATION OF DISPOSABLE PROPERTY**

Any or all of the following conditions shall constitute disposable property:

1. Property which can no longer be repaired or reconditioned;
2. Property whose maintenance cost/costs of repair outweighs the benefits and services that will be derived from its continued use;



3. Property that has become obsolete or outmoded because of changes in technology;
4. Serviceable property that has been rendered unnecessary due to change in the agency's functions or mandate;
5. Unused supplies, materials and spare parts that were procured in excess of requirements; and
6. Unused supplies and materials that has become dangerous to use because of long storage or use of which is determined to be hazardous.

## **G. MODES OF DISPOSAL**

The Disposal Committee shall recommend to the Administrator the proper

### **1. Public Auction**

Conformably to existing state policy, the divestment or disposal of government property as contemplated herein shall be undertaken primarily thru public auction. Such mode of divestment or disposal shall observe and adhere to established mechanics and procedures in public bidding, namely:

- 1.1 Adequate publicity and notification so as to attract the greatest number of interested parties;
- 1.2 Sufficient time frame between publication and date of auction;
- 1.3 Opportunity afforded to interested parties to inspect the property assets to be disposed of;
- 1.4 Confidentiality of sealed proposals;
- 1.5 Bond and other pre-qualification requirements to guarantee performance;
- 1.6 Fair evaluation of tenders and proper notification of award.

It is understood that the government reserves the right to reject any or all of the tenders.

Publication of the public auction is required, for not less than three (3) consecutive days in any newspaper of general circulation, bulletin boards and website, or where the value of property does not warrant the expense of publication, by notices posted for a like period in at least three (3) public places in the locality where the property is to be sold. (Sec 79, P.D 1445)

### **2. Sale Thru Negotiation**

For justifiable reasons and as demanded by the exigencies of the service, disposal thru negotiated sale may be resorted to and undertaken by the proper committee or body in the agency or entity concerned taking into consideration the following factors:

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2.1 There was a failure of public auction. There is failure of public auction in any of the following instances:

2.1.1 If there is only one offeror. In this case, the offer or bid, if sealed, shall not be opened;

2.1.2 If all the offers/tenders are non-complying or unacceptable. A tender is non-complying or unacceptable when it does not comply with the prescribed legal, technical and financial requirements for pre-qualification;

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

2.3 To avert possible confabulation among unscrupulous parties, a record of the proceedings of the negotiation must be maintained.

2.4 It is understood that the price agreed upon at the negotiation shall not be lower than the floor price as fixed by the government or the highest offer submitted at the failed public auction, whichever is higher.

### **3. Barter**

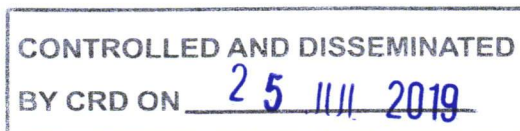
The direct exchange of commodities without the use of money and without reference to price or exchange of goods of one character for good of another, may be made with other government agencies or government-owned and/or controlled corporations. This shall be resorted to where there is an offer that would redound to the interest of and is advantageous to the government.

### **4. Transfer to Other Government Agencies**

Where the property or assets involved are no longer serviceable or needed by the department, agency, corporation or local government unit concerned, they may be transferred to other government entities/agencies without cost or at an appraised value upon authority of the head or governing body of the said agency or corporation, and upon due accomplishment of an Invoice and Receipt of Property (Cf., Sec. 76, P.D. 1445).

### **5. Donation of Property**

Property recommended for disposal may be donated to educational, scientific, charitable or cultural institutions after executing a Deed of Donation, with the approval of COA.



## 6. Destruction or Condemnation

This mode shall be resorted to only when the unserviceable property has no commercial value, or is beyond economic repair, or there is no willing receiver, and/or the appraised value is less than the administrative cost of sale, subject to prior inspection by the Auditor concerned. Valueless property shall be condemned either by burning, pounding, throwing beyond recovery, and the like. The head of agency shall approve the disposition.

### H. DROPPING FROM THE BOOKS OF ACCOUNTS

Upon disposal of the property, the pertinent portions of the Inventory/Inspection Report (IIR), Waste Material Report (WMR) and Property Acknowledgement Receipt (PAR), 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 property.

The disposal/archiving of official files and records shall be undertaken by the Central Records Division in accordance with the prescribed rules and regulations of the National Archives of the Philippines.

This supersedes previous directives issued related to the disposal of government property, including Memorandum Circular No.3 series of 2019 and Special Order No. 221 series of 2019.

Done this 20th day of June 2019, Mandaluyong City.

  
**BERNARD P. OLALIA**  
Administrator

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