



PAMBANSANG PUNONGHIMPILAN TANOD BAYBAYIN NG PILIPINAS
(National Headquarters Philippine Coast Guard)
139 25th Street, Port Area,
1018 Manila

NHQ-PCG/CG-4

20 May 2019

CIRCULAR
NUMBER06-19

**DISPOSAL OF PCG PROPERTIES
AND UTILIZATION OF THE INCOME DERIVED THEREFROM**

1. PURPOSE: This Circular prescribes the policies, responsibilities and procedures for reporting, distribution, turn-in and disposal of government properties and disposition of income derived therefrom.

2. REFERENCES:

- a. Executive Order Nr 475 dated 30 Mar 1998
- b. Executive Order Nr 477 dated 15 Apr 1998
- c. Executive Order Nr 888 dated 18 Mar 1983
- d. Executive Order Nr 285 dated 25 July 1987
- e. DBM Manual on Disposal and Divestment of Government property
- f. COA Circular 89-296
- g. COA Circular 95-006

3. SCOPE: This Circular is applicable to all government properties in all units of the Philippine Coast Guard.

4. DEFINITIONS

a. **Abandoned Property** - any personal property in the possession of any government agency without a known owner.

b. **Beyond Economical Repair** - when the cost of repair and maintenance becomes prohibitive and disadvantageous to the government considering such factors such as maintenance expenses, downtime, replacement cost of spare parts, frequency of breakdown, alternative modes such as rental of equipment or outright replacement.

c. **Disposal Activities/ Yards** - Units or activities of the PCG that are undertaking disposal actions.

d. Economically Repairable – that which can be rehabilitated and maintained at a cost economical to the agency.

e. Equipment – property, other than land, structures and fixed facilities, having a life greater than one year, which when used, does not suffer any material or substantial change or alteration in size or form.

f. Excess Properties – those serviceable properties in the possession of any unit or office which are in excess of the quantity required or authorized for retention, and cannot be utilized as substitute properties to satisfy existing shortages. These include items of supplies in stocks which have no recorded demand.

g. Expendable Property – that which may be consumed, spent, or used up, such as supplies.

h. Forfeited Property – that which is acquired by summary process or be order of the court pursuant to any law in the Philippines.

i. AFP/PN Items – are items and material acquired to AFP Fund.

j. MAP Items – are items and materials acquired through the U.S Military Assistance Program.

k. DOTr Items – are items and materials acquired through DOTr funds.

l. Materials – are expendable commodities used by the government in the process of manufacture or constructions including parts or remnants from destroyed or damaged fixed assets.

m. Non- expendable property – that, which cannot be consumed, spent or used up, such as equipment.

n. Obsolete property – that which has lost its efficacy either due to technological advancement change of procedures, re organization of office, or completion of project.

o. Scrap/ Junk – fragments of discarded materials that have no value except for its basic materials contents and which cannot be reprocessed and reused in the operations of other government property.

p. Serviceable properties – those properties that are in serviceable condition which are in the possession of a unit or agency of the Philippine Coast Guard (Serviceable properties) including those properties authorized in the TOE and excess properties.

q. Supplies – are expendable commodities which are normally consumed with in a year in connection with government operations

r. Surplus Property – excess property no longer needed by the government.

s. Unserviceable Property – property which is beyond repair and has no more utilization potential.

5. POLICIES

a. No disposal action properties with salvage value shall be undertaken by any unit except those authorized in this circular.

b. Items of supplies in stock which have no recorded demand for two or more years at any Coast Guard Units shall be declared and reported as excess or obsolete properties.

c. All declared excess properties shall be turned in and redistributed to other units that may need the items before disposal. Physical screening and redistribution of excess properties shall be affected at authorized disposal activities

d. All disposable properties with salvage value shall be turned in at the concern disposal yards. All disposal yards shall ensure that serviceable parts/ units are recovered/ replaced before disposal action taken.

e. Unserviceable equipment or properties that are on continuous deadline status for one year or more shall be turned in to appropriate maintenance activities.

f. Awarding of the winning bidders shall be given only for tender found equal or higher than the final appraised value recommended by the disposal committee.

g. All recommendation for awards and disposal/ sale/ barter/ shall be subject to the final approval of the Commandant through the Deputy Chief of Coast Guard Staff for Logistics, (CG-4)

h. Disposal of properties with appraised value of more than Twenty Million Pesos (P20,000,000.00) however, shall require prior authority from the Secretary of Transportation.

i. Disposal of properties with appraised value of Two Hundred Thousand pesos (P200,000.00) and Below shall be conducted on the regional level.

j. All sales generated from disposal shall be directly remitted to the CG Finance Center for deposit to the accounts of the National Treasury. A corresponding receipt shall be issued by the CGFC as proof of collection.

6. CREATION AND COMPOSITION OF THE DISPOSAL COMMITTEE

a. The Commandant, Philippine Coast Guard shall create a Committee on Disposal and a Secretariat to be known as the PCG Disposal Committee and PCG Disposal Committee Secretariat composed of the following:

PCG Disposal Committee:

- | | |
|---|--------------------|
| 1.) Commander, Coast Guard Logistics System Command | - Chairperson |
| 2.) DCCGS for Logistics, CG-4 | - Vice Chairperson |
| 3.) Cognizant Unit (Deputy Commander) | - Member |
| 4.) DCCGS for Comptrollership, CG-6 | - Member |
| 5.) Coast Guard Internal Auditor | - Member |
| 6.) Commander, CG Procurement Service | - Member |
| 7.) CG Legal Service Representative | - Member |
| 8.) CG Accountant | - Member |
| 9.) Cognizant Staff | - Member |

PCG Disposal Committee Secretariat:

- | | |
|--|--------------------------|
| 1.) Disposal Unit, CG Logistics System Command | -Head Secretariat |
| 2.) Chief, Disposal Division, O/CG-4 | - Asst. Head Secretariat |
| 3.) CG Supply Accountable Officer (SAO) | -Member, Secretariat |

b. The PCG Disposal Committee shall handle the disposal activities of NHQ-PCG, CGDNCR-CL and PCG Major Units in the Manila/ Cavite area.

c. Similarly, on the regional/district level, the Commandant, Philippine Coast Guard also creates a Committee on Disposal composed of the following:

Coast Guard District Disposal Committee:

- | | |
|-----------------------------------|--------------------|
| 1.) Commander, CG District | - Chairperson |
| 2.) Deputy Commander, CG District | - Vice Chairperson |
| 3.) Chief of Staff, CG District | - Member |
| 4.) D-4, CG District | - Member |
| 5.) Cognizant District Staff | - Member |
| 6.) Cognizant Station Commander | - Member |

Coast Guard District Disposal Committee Secretariat:

- | | |
|---------------------|-----------------------|
| 1.) D1, CG District | - Head Secretariat |
| 2.) RSO | - Member, Secretariat |

7. ACTIVITY AUTHORIZED TO UNDERTAKE DISPOSAL

a. Main

National Headquarters Philippine Coast Guard Disposal Yard

b. Regional/District

- 1.) Coast Guard District Central Visayas Disposal Yard
- 2.) Coast Guard District South Western Mindanao Disposal Yard
- 3.) Coast Guard District Palawan Disposal Yard
- 4.) Coast Guard District Southern Tagalog Disposal Yard
- 5.) Coast Guard District Western Visayas Disposal Yard
- 6.) Coast Guard District North Western Luzon Disposal Yard
- 7.) Coast Guard District South Eastern Mindanao Disposal Yard
- 8.) Coast Guard District Bicol Disposal Yard
- 9.) Coast Guard District Northern Mindanao Disposal Yard
- 10.) Coast Guard District North Eastern Luzon Yard
- 11.) Coast Guard District Eastern Visayas Yard
- 12.) Coast Guard District Southern Visayas Yard

8. RESPONSIBILITIES

The following are in charge with the responsibilities of determining excess, effecting redistribution in and disposal of properties, and disposition of proceeds derived therefrom and preparation of reports.

a. Disposal Committee

- 1.) Inspect the excess or unserviceable equipment property to verify satisfaction for disposal.
- 2.) Set the final appraised value of all disposal property considering obsolescence, market demand, physical condition and result of previous bidding for similar property.
- 3.) The Disposal Committee may create a Technical Working Group (TWG) to assist the Committee during the disposal process.
- 4.) Recommend to the appropriate authority for approval the manner of disposal taking into consideration the pertinent provision of the Revised Administration Code and other pertinent laws.
- 5.) Conduct public bidding for the sale of disposable property on an "AS IS, WHERE IS" basis and recommend the responding award.

b. Deputy Chief of Coast Guard Staff for Logistics, CG-4 shall:

- 1.) Circularize to customer units all reported turn-in excess properties for screening and distribution;
- 2.) Insure that proceeds in the form of supplies in kind are entered in the PCG Supply System.

c. Deputy Chief of Coast Guard Staff for Comptrollership, CG-6 shall:

- 1) Consolidate all reports from the disposal activities of the PCG and the utilization of the proceeds of disposal.
- 2) Effect dropping of property from the book of accounts based on accomplished I and Report, RWM or IR for property submitted.
- 3) Consolidate all reports of collection on disposed items as submitted by CGFC.
- 4) Ensure the cash proceeds of all disposal sales are remitted to the Bureau of Treasury (BTR) through the CG Accounting office to book and record said reports of collection.
- 5) Request the equivalent SARO and NCA from DBM for the acquisition of replacement assets.

d. Supply Accountable Officer/Responsible Supply Officers of Units shall:

- 1) Effect the turn in of excess, obsolete, unserviceable or salvage equipment/materials to the cognizant disposal activities/yards.
- 2) Be responsible for the receipt, storage and safekeeping of all turned in excess, obsolete, unserviceable and salvage items;
- 3) Shall provide O/CG-4 NLT 15 January every year the necessary clearing documents for the inventory of fixed assets.

e. Coast Guard Finance Center shall:

- 1) Collect and consolidate payments/proceeds of disposed items which were sold to concerned individuals.
- 2) Issue corresponding receipts of collections.
- 3) Deposit all collections/proceeds of sold disposed items directly to the account of Bureau of Treasury available at LBP South Harbor Branch or any authorized LBP branches.

f. Coast Guard Procurement Service shall

- 1) Assist in managing the bidding process of properties for disposal.
- 2) Be responsible for the sale and distribution of bidding documents to interested bidders.

3) Serve as the focal office in the monitoring for the bidding process and recommend other measures to ensure smooth bidding and award of properties.

g. Coast Guard Logistics System Command shall:

- 1.) Provide overall unit supervision and direction of the disposal activities of the PCG and the utilization of the proceeds.
- 2.) Effect distribution of excess properties to customer units upon approval of Commandant, Philippine Coast Guard.
- 3.) Submit Disposal Activity Report to CPCG (Attn: CG-4) in every disposal activity of all PCG units.

h. All Major Unit Commanders shall:

- 1) Determine excess properties in their respective command and cause the evacuation and turn in of these properties to the cognizant disposal activities/yards.
- 2) Form a Secretariat to handle all the Disposal Committee's technical and administrative matters as well as the safekeeping and systematic filing of disposal Committee documents and records.
- 3) Designate, maintain, and secure appropriate disposal yards without prejudice to the safety and well-being of personnel and the unit premises.

i. Cognizant Unit/NHQ-PCG Central Staff

- 1.) Set the initial appraised value with the assistance of the TWG of all disposal property considering obsolescence, market demand, physical condition and result of previous bidding for similar property.

9. DETERMINATION OF DISPOSABLE PROPERTY

Any or all of the following shall constitute disposable property:

- a. Property which can no longer be repaired or reconditioned;
- b. Property whose maintenance cost/costs of repair more than outweighs the benefits and services that will be derived from its continuous use;
- c. Property that has become obsolete or outmoded because of the changes in technology;
- d. Serviceable property that has been rendered unnecessary due to the change in the agency's functions or mandate.
- e. Unused supplies, materials and spare parts that were procured in excess of requirements; and
- f. Unused supplies and materials that has become dangerous to use because of long storage or use which is determined to be hazardous.

10. REPORTING OF GOVERNMENT PROPERTY FOR DISPOSAL

Accountable Officials in possession of unserviceable property shall submit to the disposal committee thru their respective unit commanders the following:

a. **Inventory and Inspection Report of Unserviceable Property.** This form covers semi-expendable materials and equipment and non-expendable supplies and should be accompanied by any of the following:

1) Individual Survey report, duly certified by the Supply Officer and Head of Agency.

2) List of missing spare parts, duly certified by the supply officer and head of agency (whether missing parts were removed for future stock or have been utilized already for repair purposes.

3) Stencils of chassis and engine numbers of motor vehicles.

4) Current photographs in two positions.

b. **Report of Waste Materials (RWM,** otherwise known as General Form No. 64-A). This form covers expendable materials, supplies, and consumables, including spare parts, empty containers, and remnants from destroyed or damaged fixed assets.

c. **Property Transfer Report** - This form covers all turned in government property within the agency and those property transferred from another agency which has become unserviceable and duly recommended for disposal by the head of the agency.

11. THE INSPECTION PROCESS

a. Inspection may be done separately by each member of the Disposal Committee with cognizant unit and Coast Guard Logistics System Command representative or as a group, where practicable. The inspector assigned to conduct an inspection and appraisal of the PCG property to be disposed shall obtain the IIRUP and RWM.

b. In the conduct of ocular inspection, the following activities shall be performed, where applicable:

1) Verify stated serial number, motor number, property number chassis number, and other specifications necessary for establishing correct identification of the property.

2) Determine the physical condition/general appearance of the property whether operational, economically repairable or beyond economical repair.

3) Determine the quality or degree of maintenance and repair done on the equipment.

4) Determine the extent of use, mileage, rat of depreciation, and any excessive wear and tear.

c. When a particular property is declared junk, the total estimated weight per lot should be determined to form as basis of the appraised value.

12. APPRAISAL

The objective in computing the appraised value of the property for disposal is to set the government's minimum selling price so that the government shall receive fair compensation for the items sold.

a. The Disposal Committee through the TWG including the owning unit shall each prepare an appraisal report. The procedure as follows:

1) Conduct an ocular inspection of the property to be appraised to assess its physical condition.

2) Seek reference price information such as acquisition cost, current market price of similar property, or replacement cost for similar property.

3) Compute the appraised value following some generally accepted formula which will take account the property's actual physical condition, the relevant price information and the changes in the value of the property caused by the depreciation and those caused by changes in value of the exchange currency of the peso.

b. The minimum value shall be good only for six months. If the property remains unsold after six months, a reappraisal shall be conducted.

13. METHOD OF DISPOSAL

The Disposal Committee shall recommend to the Commandant, Philippine Coast Guard the proper mode of disposal. Property may be disposed in any of the following modes as appropriate and deemed most advantageous to the government.

a. **Condemnation / Destruction of Property** – applies to any property that may be condemned by 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.

b. **Transfer of Property** – Upon the initiative of the owning unit, property recommended for disposal may be transferred to another government agency. Transfer shall be done either with or without cost. Cost in this case refers to the payment based on the appraised value of the property. In effecting the transfer of property to another agency, outside PCG, the Property Transfer Report (PTR) must be prepared by the

owning agency and transmitted together with the property to the recipient or requesting agency.

c. **Barter** – is a modified form of transfer wherein an agency transfers property to another government agency in exchange for another piece of property. The value of the property being transferred may or may not be equivalent to that being received. In effecting barter of property, the invoice receipt for property (IRP or general Form No 30-A) must be prepared by each party and transmitted together with the property of the other party.

d. **Donation of Property-** property recommended for disposal may be donated to charitable, scientific, educational or cultural associations on exceptional and meritorious cases with the approval of the COA and DBM.

e. **Sale of Property**

1) **Public Bidding.** As a general rule, the disposal of government property shall be through sale by public bidding. It may be done through sealed public bidding or when circumstances warrant, by viva voce.

a) **Sealed Public Bidding-** Sealed Public Bidding is characterized by the submission of sealed bids by prospective buyers whereby the time, date and place of the opening of bids is indicated in the Invitation to Bid, the evaluation of bid tenders by the Disposal Committee, and awarding to the highest complying bidder.

b) **Viva Voce-** Disposable property of insignificant value or such nature that require immediate disposal shall be sold through public auction by word of mouth to be conducted by the disposal committee. Other situations/cases for viva voce are those involving the disposal of waste materials and or spare parts of insignificant value.

2) **Negotiated Sale** is another mode of sale of property which is resorted to as a consequence of a failed bidding.

14. UTILIZATION OF PROCEEDS FROM DISPOSAL

a. All cash proceeds shall be directly remitted to the CGFC by the contractors. The official receipt shall be the basis for the winning contractor to take delivery of the items sold.

b. in the case where payment for the sale of excess unserviceable salvage properties or scrap is made in the form of supplies in kind, such supplies shall be directly delivered to the Coast Guard SAO to be made available for PCG operating units.

c. The basis for determining quantity of supplies to be delivered in payment or to be bartered for properties sold through bidding or negotiation shall be the bid or negotiated price, equated to the fair market value of the supplies bartered.

d. accumulated proceeds from disposal shall be used to acquire new assets to be determined by the Committee (replacement of disposal property).

15. ACCOUNTING AND AUDITING OF FUNDS AND PROPERTIES

a. **Accounting-** The accounting of properties and funds relative to the disposal of properties shall be made with the applicable laws and regulations.

b. **Auditing-** The auditing of accounts and transactions relative to the disposal of properties shall be in accordance with applicable laws and regulations. The PCG internal Auditor or his representative shall conduct audit of accounts and transactions relative to the disposal of all properties.

c. Upon disposal of property, the pertinent portions of the I and I Report, RWM 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 property.

d. Noting in this Circular shall preclude the intention of independent auditors of the Commission on Audit in the disposal properties, in the dropping of property accountabilities, and the auditing of disbursement of the proceeds thereof.

16. REPORTS

a. **Quarterly Report on Excess and Disposable Properties-** these reports shall be rendered by the Commanders of the Disposal Activities receiving the turn-in from the customer units. The reports shall be categorized and consolidated before submission to CPCG (Attn: DCCGS for Logistics, CG-4) for the possible redistribution of excess, not later than the 15th day after the end of the quarter.

b. **Quarterly Status Report of Disposable Properties-** This reports shall be rendered by the Property Disposal Committee thru channel, to reach CPCG (Attn: DCCGS for Logistics, CG-4) not later than the 15th day after the end of the quarter.

17. RESCISSION AND EFFECTIVITY

- a. Office CG-4 Circular Number 04-09 dated 22 May 2009 is hereby rescinded and repealed.
- b. Any publications in conflict with this Circular are hereby rescinded.
- c. This Circular shall take effect upon publication.

BY COMMAND OF ADM HERMOGINO PCG:

OFFICIAL:

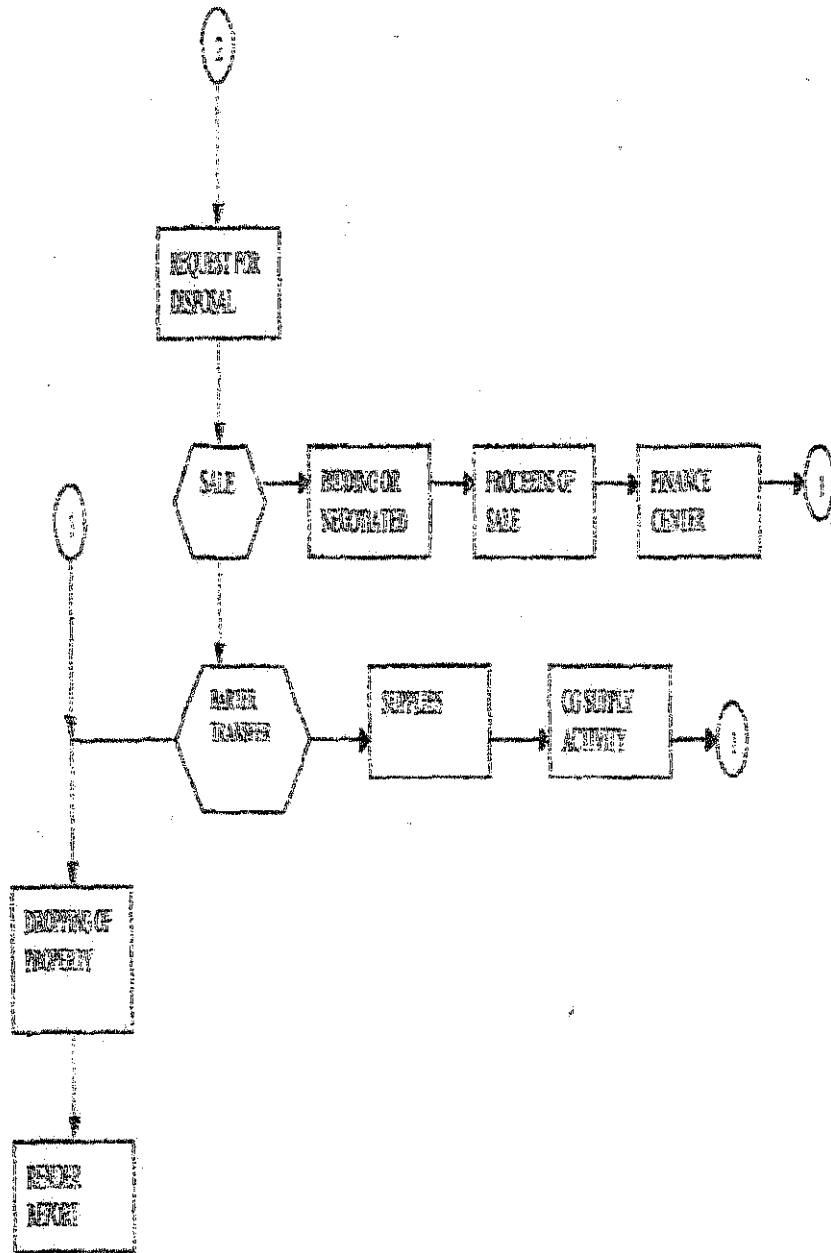

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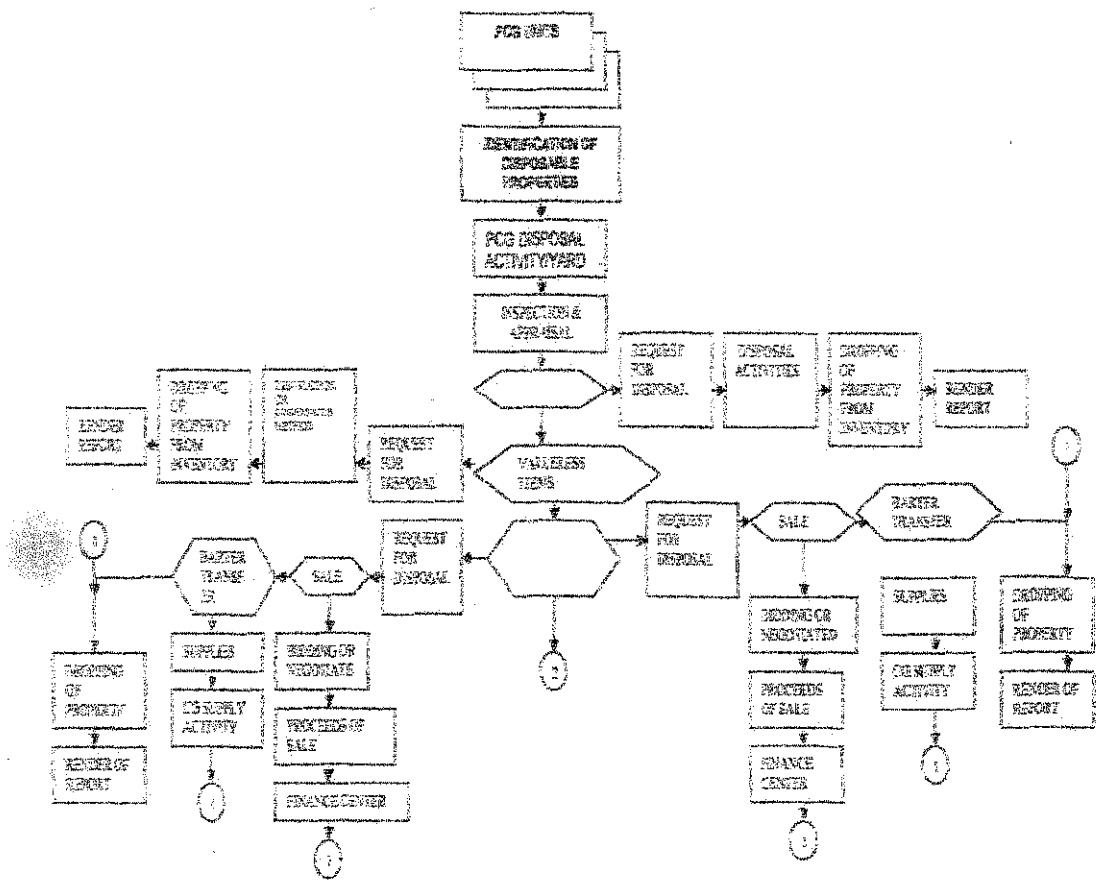
Annexes:

- A. Disposal Flowcharts
- B. Appraisal Method
- C. Inventory and Inspection Report of Unserviceable Property Form
- D. Report of Waste Materials Form
- E. Property Transfer Report

8/12



PROPERTY DISPOSAL FLOWCHART



BSH

Determination of the Appraised Value

- Unserviceable property which can still be repaired or reconditioned, and property no longer needed which are still functional, shall be appraised based on the following:
 - It shall be appraised on the Current Market Value (CMV), if such is available
 - If CMV is not available, it shall be appraised on its Replacement Cost-New (RCN)
 - If CMV and RCN are both not available, the property shall be appraised on its Acquisition Cost (AC). If the property at the time of acquisition is "brand new", adjust against observed condition at the time of appraisal. If the property was acquired "second hand", condition at date of acquisition must be defined before any adjustment is made

Guidelines in observing Condition of Property

Very Good (VG), 80-100% - being used to its fully specified purpose w/o being modified

Good (G), 55-75% - being used near its fully specified utilization, with minor repair

Fair (F), 35-50% - below its fully specified utilization, requires general repair / replacement of minor parts

Poor (P), 15-30% - below its fully specified utilization, needs extensive repair/replacement of major components

Scrap (S), 0-10% - unserviceable / cannot be utilized to any practical degree regardless of modification or repair

(CF of Missing Property - 100%)

INVENTORY AND INSPECTION REPORT OF UNRECOVERABLE PROPERTY

County Name: CHARLENOE COUNTY, GEORGIA Parcel ID: _____
(Other of Accrual/AR/CR/CO) (Designation) (Status) Fund Number: _____

Date Inspected	Particulars/Description	PROPERTY										DISPOSITION OF PROPERTY					
		Proprietor's Name	Year	Site Class	Setback Class	Geographical Description	Accumulated Measurements Center	Complete Street	Remarks	State	Transfer	Transfer	Transfer	Transfer	Transfer	Transfer	Transfer

INSPECTOR requests disposition and disposition, pursuant to Section 23 of PD 3425, of the property inspected above.

Requested by: _____
(Signature over Printed Name of Requester)
(Title/Department of Available/Other)

Approved by: _____
(Signature over Printed Name of Approver)
(Title/Department of Available/Other)

INSPECTOR certifies that I have inspected each and every parcel reported in this report, and that the disposition made is in my judgment, the best for the public interest.

Inspected by: _____
(Signature over Printed Name of Inspected by)
(Title/Department of Available/Other)

INSPECTOR certifies that I have witnessed the disposition of the articles enumerated as the signature of the officer.

Witnessed by: _____
(Signature over Printed Name of Witnessed by)
(Title/Department of Available/Other)

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: _____ Signature over Printed Name of Inspection Officer
 Witness to Disposal: _____ Signature over Printed Name of Witness

