



PAMBANSANG PUNONGHIMPILAN TANOD BAYBAYIN NG PILIPINAS

(National Headquarters Philippine Coast Guard)

139 25th Street, Port Area

1018 Manila

NHQ-PCG/CG-4/CGLSC

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CIRCULAR

NUMBER 22-25

REVISED GUIDELINES ON DISPOSAL OF PCG PROPERTIES

1. AUTHORITY

- A. Republic Act No. 9993, entitled "Philippine Coast Guard Law of 2009" and Its Implementing Rules and Regulations dated 27 July 2009;
- B. Executive Order No. 309, entitled "Reconstituting the Disposal Committee created Under E.O No. 285" dated 08 March 1996;
- C. Executive Order No. 285, entitled "Abolishing the General Services Administration and Transferring Its Functions to Appropriate Government Agencies" dated 25 July 1987;
- D. Executive Order No. 888, entitled "Authorizing Ministers and Heads of Ministries/Agencies to Dispose of their Respective Unserviceable Equipment and Disposable Property" dated 18 March 1983; and
- E. General Appropriations Act (GAA) Fiscal Year 2025.

2. REFERENCES

- A. Republic Act No. 9003, entitled "Ecological Solid Waste Management Act of 2000" dated 26 January 2001;
- B. Republic Act No. 6969, entitled "Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990" dated 26 October 1990;
- C. Presidential Decree No.1445, entitled "Government Auditing Code of the Philippines" dated 11 June 1978;
- D. Executive Order No. 477, entitled "Transferring the PCG to the Department of Transportation and Communications" dated 15 April 1998;

- E. Executive Order No. 475, entitled "Transferring the PCG from the Department of National Defense to the Office of the President and for Other Purposes" dated 15 April 1998;
- F. Commission on Audit (COA) - Department of Budget and Management (DBM) Joint Circular (JC) No. 2024-1, entitled "Revised Manual on Disposal of Government Properties" dated 30 January 2024;
- G. COA Circular No. 2015-007, entitled "Prescribing the Government Accounting Manual for Use of All National Government Agencies" dated 22 October 2015;
- H. COA Circular No. 2003-007, entitled "Revised Estimated Useful Life in Computing Depreciation for Government Property, Plant and Equipment" dated 11 December 2003;
- I. COA Circular No. 95-006, entitled "Total lifting of pre-audit on all financial transactions of the National Government agencies, government-owned and/or controlled corporations and local government units" dated 18 May 1995;
- J. COA Circular No. 89-296, entitled "Audit Guidelines on the Divestment or Disposal of Property and Other Assets of National Government Agencies and Instrumentalities, Local Government Units and Government-Owned or Controlled Corporations and their Subsidiaries" dated 27 January 1989; and
- K. NHQ-PCG/CG-4 Circular No. 06-19, entitled "Disposal of PCG Properties and Utilization of the Income Derived Therefrom" dated 20 May 2019.

3. PURPOSE

This Circular prescribes the policies, responsibilities and procedures for reporting, distribution, turn-in and disposal of government properties and disposition of proceeds derived therefrom. It also outlines the proper disposition of the Property, Plant and Equipment (PPE), Semi Expendables and other properties of the PCG to prevent further deterioration, avoid ongoing carrying/inventory costs, and relieve accountable officers of unnecessary accountability.

Additionally, it will help mainstream the process of determining which properties and equipment are appropriate and necessary to purchase in order to meet a predetermined need, making the most of those properties, and disposing them off when their useful lives are over in order to ultimately save the government money and maximize savings.

4. SCOPE

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

5. DEFINITION OF TERMS

- A. **Abandoned Property** – any personal property in the possession of any government agency without a known owner.
- B. **Acquisition Cost** – the price or amount which the properties were acquired or purchased.
- C. **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.
- D. **Condition Factor** – the adjustment factor used to consider the actual condition of the properties under appraisal through an evaluation of the state or the condition of the major components of such properties relative to an ideally functioning model.
- E. **Current Market Value** – the price estimated which the properties will bring if exposed for sale in the open market, allowing a reasonable time to find a buyer who buys with knowledge of the actual condition and utility of the properties.
- F. **Currency Fluctuation Factor** – U.S. dollar reference rate relative to the Philippine Peso at the time of appraisal/acquisition.
- G. **Disposal Activities/ Yards** – Units or activities of the PCG that are undertaking disposal actions.
- H. **Department of Transportation (DOTr) Items** – items and materials acquired through DOTr funds.
- I. **Economically Repairable** – that which can be rehabilitated and maintained at a cost economical to the agency.
- J. **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.
- K. **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.
- L. **Expendable Property** – that which may be consumed, spent or used up such as supplies.

- M. **Forfeited Property** – that which is acquired by summary process or by order of the court pursuant to any law in the Philippines.
- N. **Floor Price** – the minimum price set by the Disposal Committee which shall not be less than the appraised value of the property for disposal.
- O. **Military Acquired Property Items** – items and materials acquired through the Foreign Military Assistance Program.
- P. **Materials** – expendable commodities used by the government in the process of manufacture or constructions including parts or remnants from destroyed or damaged fixed assets.
- Q. **Non-Expendable Property** – properties which cannot be consumed, spent or used up, whose life is more than one (1) year but whose value is more than Fifty Thousand Pesos (Php 50,000.00), such as equipment.
- R. **Obsolete Property** – that which has lost its efficacy either due to technological advancement, change of procedures, re-organization of office or completion of project.
- S. **Physical Condition** – the condition of the properties at the time of inspection relative to such observable factors as form, physical state, general appearance and degree of deterioration/obsolescence, completeness of components, marketability of the properties or components and other similar observable factors.
- T. **Reserve Price** – used in direct negotiation and is the average of floor price (appraised value) and the single buyer's initial offer, provided that the difference is at least more than twenty percent (20%) of the floor price.
- U. **Residual Value** – equivalent to at least five percent (5%) of the cost of an asset that the entity would currently obtain from the disposal asset, after deducting the estimated cost of disposal, if the asset was already of age and in the condition expected at the end of its useful life, unless a more appropriate percentage is determined by the government entity concerned based on its operations
- V. **Salvage Value** – equivalent to ten percent (10%) of the acquisition cost of the properties.
- W. **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.
- X. **Semi-Expendable Properties** – tangible items below the capitalization threshold prescribed by COA guidelines.

- Y. **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.
- Z. **Supplies** – expendable commodities which are normally consumed within a year in connection with government operations.
 - AA. **Surplus Property** – excess property no longer needed by the government.
 - BB. **Unserviceable Property** – that which can no longer be repaired or reconditioned, beyond economic repair, has no more utilization potential or repairable but no longer needed.

6. POLICIES

- A. No disposal action involving 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 effected at authorized disposal activities.
- D. All abandoned properties in the possession of any PCG Units and offices shall be turned over into respective disposal yard. Reclamation of said properties is not allowed unless with a prior recommendation from concerned SAO/RSO and with the approval of the District Commander, Commander, CGLSC and Deputy Chief of Coast Guard Staff for Logistics, CG-4.
- E. All disposal proceedings shall be in a manner deemed advantageous to the PCG and in accordance with the provisions of the Government Accounting and Auditing Manual (GAAM), Government Accounting Manual (GAM) for National Agencies (NGAS).
- F. Disposal of Military Acquired Property (MAP) shall be conducted based on the prescribed guidelines in the MOA between AFP/PNP and the PCG.
- G. Unserviceable equipment or properties that are on continuous deadline status for one year or more shall be turned in to appropriate maintenance activities.

- H. 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.
- I. Disposal of properties with appraised value of more than Fifty Million Pesos (Php 50,000,000.00) however, shall require prior authority from the Secretary of Transportation.
- J. All recommendations for the awards, disposal, sale or barter of properties with an appraised value ranging from more than One Million Pesos (Php 1,000,000.00) to Fifty Million Pesos (Php 50,000,000.00) shall be subject to the final approval of the CPCG, through the recommendation of the PCG Disposal Committee (PCGDC), and shall be conducted at the NHQ-PCG level.
- K. Disposal of properties with appraised value of One Million Pesos (Php 1,000,000.00) and below shall be conducted on the District level.
- L. All sales generated from disposal shall be directly remitted to the Coast Guard Finance Service (CGFS) for deposit to the accounts of the National Treasury. A Corresponding receipt shall be issued by the CGFS as proof of collection.
- M. Specific guidelines on the following shall be issued by the agencies concerned, consistent with the general policies and guidelines enunciated in this circular, such as, but not limited to:
 - i. Department of Information and Communications Technology (DICT) on the disposal of ICT properties;
 - ii. Department of Health (DOH) on the disposal of hospital properties; and
 - iii. Department of Environment and Natural Resources (DENR) on the disposal of hazardous properties

7. CREATION AND COMPOSITION OF THE DISPOSAL COMMITTEE

- A. The CPCG shall create a PCG Disposal Committee with its Secretariat, which shall be composed of the following:

PCG Disposal Committee	
Commander, Coast Guard Logistics Systems Command	Chairperson
DCCGS for Logistics, CG-4	Vice Chairperson
Cognizant Unit (Deputy Commander)	Member
DCCGS for Comptrollership, CG-6	Member
Commander, Coast Guard Procurement Service	Member
Coast Guard Legal Service Representative	Member
Cognizant Staff	Member

PCG Disposal Committee Secretariat	
Coast Guard Disposal Division (CGDD), CGLSC	Head Secretariat
Coast Guard Supply Accountable Officer (CGSAO)	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. On the District level, the District Commander, shall create a Committee on Disposal and its Secretariat, composed of the following:

Coast Guard District Disposal Committee	
Deputy Commander, Coast Guard District	Chairperson
Chief of Staff, Coast Guard District	Vice Chairperson
D-3, Coast Guard District	Member
D-4, Coast Guard District	Member
Cognizant District Staff	Member
Cognizant Station Commander	Member

Coast Guard District Disposal Committee Secretariat	
District Logistics Finance Management Center	Head Secretariat
District SAO/RSO	Member, Secretariat

- D. Cognizant Staff, District Staff and Station Commander will be representatives from concerned unit in which the disposal property is in possession.

8. AUTHORIZED TO UNDERTAKE DISPOSAL ACTIVITY

A. Main

National Headquarters Philippine Coast Guard Disposal Yard

B. District

- i. Coast Guard District Central Visayas Disposal Yard
- ii. Coast Guard District Southwestern Mindanao Disposal Yard
- iii. Coast Guard District Palawan Disposal Yard
- iv. Coast Guard District Southern Tagalog Disposal Yard
- v. Coast Guard District Western Visayas Disposal Yard
- vi. Coast Guard District Northwestern Luzon Disposal Yard
- vii. Coast Guard District Southeastern Mindanao Disposal Yard
- viii. Coast Guard District Bicol Disposal Yard
- ix. Coast Guard District Northern Mindanao Disposal Yard
- x. Coast Guard District Northeastern Luzon Disposal Yard
- xi. Coast Guard District Eastern Visayas Disposal Yard
- xii. Coast Guard District Southern Visayas Disposal Yard
- xiii. Coast Guard District Bangsamoro Autonomous Region in Muslim Mindanao Disposal Yard

- xiii. Coast Guard District Southern Mindanao Disposal Yard
- xiv. Coast Guard District Northeastern Mindanao Disposal Yard

9. PROCEDURE FOR DISPOSAL

The disposal process (**Annex A**) shall be conducted in the following steps:

- A. Inspection
- B. Property Appraisal
- C. Approval from Authorized Officials
- D. Execution of Disposal Method
- E. Public Notification
- F. Disposal
- G. Documentation and Reporting

10. RESPONSIBILITIES

The following are responsible for determining excess, affecting redistribution in and disposal of properties, and disposition of proceeds derived therefrom and preparation of reports.

A. Disposal Committee shall:

- i. Ensure the speedy process of disposal of properties in accordance with relevant laws, rules and regulations in order to guarantee that:
 - a) Continuing/carrying inventory costs of the government is eliminated;
 - b) Accountable personnel are relieved of unnecessary and/or excess accountability; and
 - c) PCG Offices are effectively decongested from properties for disposal.
- ii. Inspect the excess or unserviceable equipment property to verify satisfaction for disposal.
- iii. Set the final appraised value of all disposal property with consideration to obsolescence, market demand, physical condition and the result of previous bidding for similar property.
- iv. The Disposal Committee may create a Technical Working Group (TWG) to assist the Committee during the disposal process.
- v. Recommend to the Commandant, Philippine Coast Guard for approval the manner of disposal.

- vi. 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:

- i. Disseminate to units all reported turn-in excess properties for screening and distribution;
- ii. 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:

- i. Consolidate all reports from the disposal activities of the PCG and the utilization of the proceeds of disposal.
- ii. Effect of dropping property from the book of accounts based on the accomplished Inventory and Inspection Report of Unserviceable Property (IIRUP), Inventory and Inspection Report of Unserviceable Semi-Expendable Property (IIRUSP), and Waste Material Report (WMR) for the property submitted.
- iii. Consolidate all reports of collection on disposed items as submitted by CGFC.
- iv. Ensure the cash proceeds of all disposal sales are remitted to the Bureau of Treasury (BTR) through the Coast Guard Accounting Service Office to book and record said reports of collection.
- v. Request the equivalent Special Allotment Release Order (SARO) and Notice of Cash Allowance (NCA) from DBM for the acquisition of replacement assets.

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

- i. Effect the turn in of excess, obsolete, unserviceable or salvage equipment/materials to the cognizant disposal activities/yards.
- ii. Be responsible for the receipt, storage and safekeeping of all turned in excess, obsolete, unserviceable and salvage items;
- iii. Shall provide O/CG-4 not later than 15 January every year, the necessary clearing documents for the inventory of fixed assets.

E. Coast Guard Finance Service shall:

- i. Collect and consolidate payments/proceeds of disposed items which were sold to concerned individuals.
- ii. Issue corresponding receipts of collections.
- iii. Deposit all collections/proceeds of sold disposed items directly to the account of the Bureau of Treasury (BTr) at LandBank of the Philippines (LBP) South Harbor Branch or any authorized LBP branches.

F. Coast Guard Disposal Division shall:

- i. Assist in managing the bidding process of properties for disposal.
- ii. Be responsible for the sale and distribution of bidding documents to interested bidders.
- iii. Serve as the focal Office in the monitoring of the bidding process, and recommend other measures to ensure smooth bidding and award of properties.

G. Coast Guard Logistics Systems Command shall:

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

H. All Major Unit Commanders shall:

- i. Determine excess properties in respective Command and cause the evacuation and turn-in of these properties to the cognizant disposal activities/yards.
- ii. 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's documents and records.
- iii. 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:

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

11. 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 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 have become dangerous to use because of long storage or use, which are determined to be hazardous.

12. REPORTING OF GOVERNMENT PROPERTY FOR DISPOSAL

Accountable Officials in possession of unserviceable property shall submit to the Disposal Committee through their respective Unit Commanders, the following accomplished forms, as appropriate:

- A. **Inventory and Inspection Report of Unserviceable Property (IIRUP)** Report, otherwise known as General Form No. 17-A (*Annex B*). This report shall be used to account for all government properties of an entity that are subject to disposal and serves as the basis for derecognizing the government properties carried in the PPE accounts, which shall be accompanied by any of the following:
 - i. Individual Survey report, duly certified by the Supply Officer and Head of Agency.
 - ii. 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).

- iii. Stencils of chassis and engine numbers of motor vehicles.
- iv. Current colored photographs in two positions.
- B. **Inventory and Inspection Report of Unserviceable Semi-expendable Property (IIRUSP) (Annex C)** – This form covers unserviceable semi-expendable property for an entity which is subject to disposal.
- C. **Waste Materials Report (WMR)**, otherwise known as General Form No. 64-A (Annex D). This form covers expendable materials, supplies and consumables, including spare parts, empty containers and remnants from destroyed or damaged fixed assets.
- D. **Property Transfer Report (PTR) (Annex E)** – used when there are transfers of properties from one Accountable Officer/Agency/Fund Cluster to another Accountable Officer/Agency/Fund Cluster.

13. THE INSPECTION PROCESS

- A. Inspection may be done separately by each member of the Disposal Committee with cognizant Unit and Coast Guard Logistics Systems 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, IIRUSP and WMR.
- B. In the conduct of ocular inspection, the following activities shall be performed, as applicable:
 - i. Verify stated serial number, motor number, property number chassis number and other specifications necessary for establishing correct identification of the property.
 - ii. Determine the physical condition/general appearance of the property whether operational, economically repairable or beyond economical repair.
 - iii. Determine the quality or degree of maintenance and repair done on the equipment.
 - iv. Determine the extent of use, mileage, rate of depreciation and an 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.

14. 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:
 - i. Conduct an ocular inspection of the property to be appraised to assess its physical condition.
 - ii. Seek reference price information such as acquisition cost, current market price of similar property, or replacement cost for similar property.
 - iii. 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 TWG shall use the Appraisal Method (Annex F) as provided in the Revised Manual.
- C. The minimum value shall be good only for six (6) months. If the property remains unsold after six months, a reappraisal shall be conducted.

15. MODES OF DISPOSAL

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

- A. **Condemnation/Destruction of Properties**
 - i. Valueless, unstable or hazardous properties may be condemned and destroyed by pounding, breaking, shredding, throwing or any other method by which the properties are disposed beyond economic recovery.
 - ii. The disposal of biohazard materials, such as health care, electronic and chemical waste, shall follow existing laws, rules and regulations, and standards on waste management and disposal, and subject to the issuance of the agencies concerned, as noted in item VI (M) of this Circular which may include segregation, decontamination and recycling.



- iii. The mandatory removal of usable parts prior to the condemnation/destruction of the properties for disposal must be ensured by the Disposal Committee. The serviceable components or parts of the properties that are transferred, as well as the recipient properties, shall be properly recorded, consistent with the guidelines on recording/inventory of properties.
- iv. The condemnation/destruction of the properties shall be made in the presence of a representative from the Disposal Committee. A representative of the Commission on Audit shall also be present as an observer. A corresponding WMR or its equivalent shall be prepared by the office concerned to document such condemnation/destruction of properties.

B. Transfer of Properties to Another Government

Upon the initiative of the owning agency or submission of a request to the owning agency, the properties recommended for disposal may be transferred to another government agency. Said transfer shall be done either with or without cost. Cost in this case refers to payment based on the appraised value of the properties.

In effecting the transfer of the properties, the PTR or its equivalent document shall be prepared by the owning agency and transmitted together with the properties to the recipient or requesting agency.

C. Barter

A modified form of transfer of properties 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, since barter contemplates the exchange of commodities without the use of money and without reference to price.

In effecting barter of properties, the PTR or its equivalent document shall be prepared by each party and transmitted together with the properties to the other party.

D. Donation

- i. Properties recommended for disposal may be donated to foreign governments, local or foreign non-government charitable, scientific, educational or cultural institutions/associations in exceptional and meritorious cases.
- ii. The merit of the donation to the above-mentioned foreign government and institutions/associations shall be evaluated and approved by the Department of Foreign Affairs (DFA) and



Department of Budget and Management (DBM) upon the submission by the agency of the following documents:

- a) Justification from the Head of Agency;
- b) Agency Disposal Committee Resolution recommending the disposal of the properties;
- c) Proof of the composition of the Disposal Committee;
- d) Duly accomplished IIRUP; and
- e) Certified copy of pertinent procurement documents or other documents as proof of acquisition, as applicable.

- iii. In the case of donation to foreign governments or institutions/associations, the DBM shall submit its approval to the donor-agency which shall then refer the same to the DFA before proceeding with the donation.
- iv. In the case of donation to local institutions/associations, the DBM shall inform the donor-agency of its approval to proceed with the donation.

E. Return to the Supplier/Vendor

- i. The agency may return the property upon reaching the end of its useful life, as determined by the Disposal Committee. The supplier/manufacturer shall pay the procuring entity the residual value of the property, which shall be equivalent to at least 5% of its appraised value.
- ii. The agencies may determine the properties that may be returned to the supplier/vendor for disposal.
- iii. Said list of items is not exclusive and may be updated/modified by relative issuances. The Bid Documents, Purchase Order/Contract or Terms of Reference shall include a provision on the matter.

F. Sale to Government Officials/Employees of the Agency

- i. When a property has reached the end of its useful life and is already for disposal, said property may be sold to the government official/employee to whom it is issued. Said government official/employee has the right of first refusal and only in case that he/she refuses or fails to buy the property could the same be sold to other employees. Such sale shall be fully documented as basis for recording.

The selling price shall be based on the appraised value of the properties determined through the formula provided in part II. G. Appraisal Formulae of the COA-DBM JC No. 2024-1 (see **Annex B**) dated 30 January 2024 that may be sold to employees may include motor vehicles, cellular phones, laptop/desktop computers, and other issued items.

- ii. Government officials/employees who are retiring may be allowed to buy properties issued to them even if they have not reached the end of their useful life; provided, that they were issued to the employee at least two and a half (2.5) years or 30 months prior to his/her retirement. Provided, further, that the properties for disposal have already reached half of their useful life based on the estimated useful life of PPE in the GAM or the specific estimated useful life for the said properties.
- iii. In case the properties to be disposed are issued to and/or to be purchased by a Chairperson/ member of the Disposal Committee or by the CPCG and District Commander, the appraisal value of the item shall be verified by the COA Audit Team.
- iv. In the case of properties which are for common use of the employees, e.g., motor vehicles which are intended for the transport of personnel and equipment, the sale of the same would automatically be through an auction within the agency.
- v. Moreover, as applicable, the cost of documentation, i.e., cost of registration and transfer, shall be for the account of the winning bidder or employees who have purchased the properties described in items 1 and 2 above.
- vi. In case there is no winning bidder on the first attempt, said process would be considered a failed auction and the agency concerned may proceed to the conduct of public auction, subject to the guidelines prescribed herein.
- vii. Sale may be made to government officials/employees under any of the following conditions:
 - a) Where the assets for disposal are a small number of low-value items which are unlikely to attract public interest;
 - b) Where the personal use of assets for disposal would directly improve the performance of the employee in the execution of his/her duties;
 - c) In remote locations, where any other mode of disposal would be difficult; or
 - d) In case of retiring officials/employees per item ii above.

- d) In case of retiring officials/employees per item ii above.
- viii. The Head of the Agency, upon recommendation of the Disposal Committee, shall issue the specific guidelines on the sale of properties to government officials/employees consistent with the general guidelines/principles provided herein.

G. Public Auction

If the primary mode of disposal is through sale, the default shall be through sale by public auction, except for those properties determined as for sale to officials/employees of the government agency, wherein sale to the government official/employee to whom the properties were issued will apply. The properties shall be sold on an "as-is-where-is" basis.

Public auction may be done through either of the following:

- i. Sealed Public Bidding – characterized by the submission of sealed bids by prospective buyers, where the time, date and place of opening of bids are indicated in the Invitation to Auction; the evaluation of auction tenders by the Disposal Committee; and the awarding to the highest complying bidder.
- ii. Viva Voce – properties for disposal which are of insignificant value or of such nature that require immediate disposal shall be sold through public auction by viva voce to be conducted by the Disposal Committee. This likewise applies in the disposal of waste materials and/or spare parts of insignificant value.

In case of two (2) failed public auctions, the agency may resort to negotiated sale as a mode of disposal.

The procedure for this mode is presented in **Annex G**.

H. Negotiated Sale

Indicated in Part III of the COA-DBM JC No. 2024-1 dated 30 January 2024 it could be resorted to negotiated sale as a consequence of two (2) failed public auctions.

I. Sale of Junk or Scrap and/or Recycling

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

- i. The cost of administration and maintenance of the government properties are more than the salvage value; and
- ii. The selling price for the junk/scrap is not lower than the (10%) salvage value of the properties.

If the junk/scrap did not meet such conditions and is deemed to have little or no commercial value beyond its basic material content and is no longer functional, the same may be delivered to a recycling facility or center, preferably registered with the government and deemed most convenient for the agency.

The mandatory removal of usable parts prior to disposal must be ensured by the Disposal Committee. The serviceable components or parts of the properties that are transferred to another property shall be properly recorded, consistent with the guidelines on recording/inventory of properties.

J. Direct Negotiation

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

- i. The market is limited and a single buyer who is willing to pay the reserve price has been identified;
- ii. National security, public interest, legal or human rights issues or environmental considerations are served by selling to a particular company, group or individual;
- iii. A potential buyer is a user of an asset at the time the decision to dispose of the asset is made, and it is reasonable to give that person the first option to buy the asset at a market rate;
- iv. An asset located on a potential buyer's premises on a hire or free use basis, and it is reasonable to give that person the first option to buy the asset at a market rate.

The CPCG, upon recommendation of the Disposal Committee, shall issue the specific guidelines on the sale of properties through direct negotiation.

16. DISPOSITION OF PROCEEDS FROM DISPOSAL

- A. All cash proceeds shall be directly remitted to the CGFS by the contractors. The official receipt shall be the basis for the winning contractor to claim 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 Supply Accountable Office 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 to properties sold through bidding or negotiation shall be the bid or negotiated price, equated to the fair market value of the supplies bartered.

17. 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/her 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 IIRUP, WMR 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. Nothing in this Circular shall preclude the intention of independent auditors of the COA in the disposal properties, in the dropping of property accountabilities, and the auditing of disbursement of the proceeds thereof.

18. REPORTS

- A. **Annual Report on all Unserviceable Properties** – this report shall be rendered by all PCG Units to CG Disposal Division and copy furnished to Coast Guard Supply Accountable Office (CGSAO).

This report shall be categorized and consolidated before submission to CPCG (Attn: DCCGS for Logistics, CG-4) not later than the 29th day of December before the end of the year.

- B. **Annual Report of Completed, Ongoing and Upcoming Disposal Activities** – this report shall be rendered by all Coast Guard Districts to Coast Guard Disposal Division and copy furnished to CGSAO.

This report shall be categorized and consolidated before submission to CPCG (Attn: DCCGS for Logistics, CG-4) not later than the 29th day of December before the end of the year.

- C. **Quarterly Status Report of Ongoing Disposal Activities** – this report 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.

19. RESCISSION

All previous publications in conflict with this circular are hereby rescinded and repealed.

20. EFFECTIVITY

This Circular shall be implemented effective 01 December 2025.

BY COMMAND OF ADMIRAL GAVAN PCG:

OFFICIAL:

GLIDE GENE MARY G SONTILLANOSA
COMMO
PCG
Chief of Coast Guard Staff


JAYSIEBELL B FERRER 
CDR PCG
Coast Guard Adjutant

Annexes:

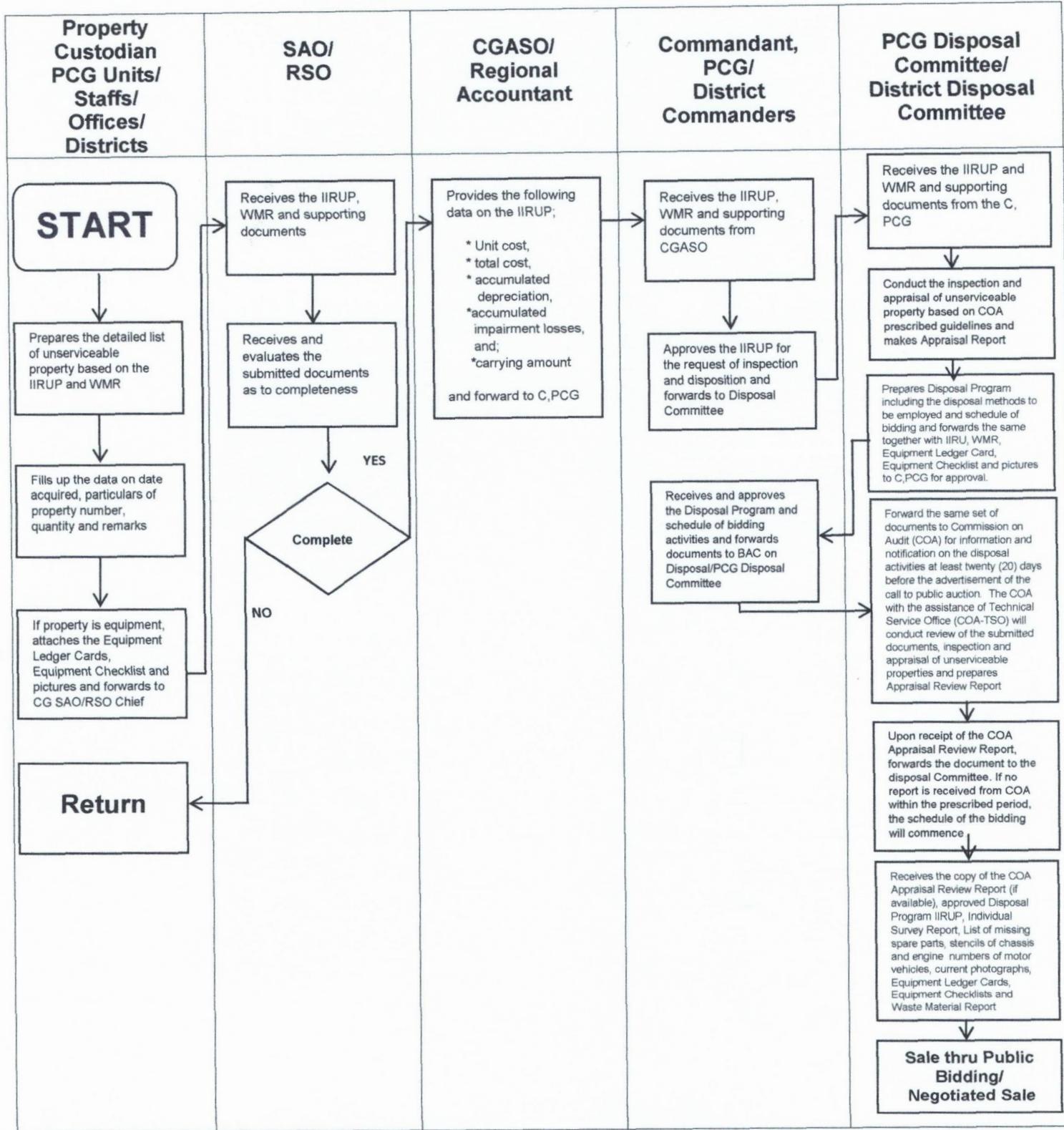
- A - Disposal Flowcharts
- B - Appraisal Method (Formula)
- C - Inventory and Inspection Report of Unserviceable Property Form
- D - Inventory and Inspection Report of Unserviceable Semi-Expendable Property Form
- E - Waste Materials Report Form
- F - Property Transfer Report
- G - Sale through Public Bidding Process (Flowchart)



CG-4 LOGISTICS WORK INSTRUCTIONS

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GENERALGUIDELINES ON DISPOSAL OF GOVERNMENT PROPERTIES FLOW CHART



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G. Appraisal Formulae

In the computation of the appraised value, any of the following formulae may be used depending on the information available:

1.0 **When the properties are still operational/functional or can be repaired**

1.1 If the **Current Market Value (CMV)** of a comparable property is available:

$$AV = CMV \times CF1/CF2$$

Legend:

AV- Appraised Value

CMV - Current Market Value

CF1 - Condition Factor of the properties being appraised

CF2 – Condition Factor of the advertised/canvassed properties

Notes:

- a. When the CMV and Acquisition Cost (AC) are both available, this formula shall be primarily used.
- b. 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.
- c. There shall at least be three (3) advertised prices for similar properties, the lowest of which shall be considered as the CMV.
- d. The item to be considered for the CMV shall be inspected to determine its condition factor.

1.2 If the **AC** is available, the following formula shall be used:

a. For imported properties

Imports are all goods entering any of the seaports or airports of entry of the Philippines properly cleared through customs or remaining or under customs control, whether the goods are for direct consumption, for merchandising, for warehousing or further processing.

a.1 Imported directly purchased from abroad

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

a.2 Purchased locally

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

b. For locally-manufactured properties

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

Legend:

AV - Appraised Value

AC - Acquisition Cost

CFF - Currency Fluctuation Factor

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

CF - Condition Factor of the properties

PIF - Price Index Factor

$$PIF = \frac{\text{Price Index on year of Appraisal}}{\text{Price Index on year of Acquisition}}$$

1.3 The following shall be observed:

- a. If the Purchase Order or Invoice of the properties is not available, the amount in the Property Acknowledgement Receipt (PAR) or its equivalent document shall be recognized as the AC.
- b. If the PAR, among others, indicates that the properties acquired is "secondhand," the additional expenses incurred, if any, for the reconditioning/rehabilitation of said properties shall be considered by the appraiser in the properties' AC.
- c. The formula for locally-manufactured properties shall only apply to properties which are 100% sourced locally and no part of which is imported.
- d. Source of Price Index shall be from the Philippine Statistics Authority.

2.0 **When the unserviceable properties can no longer be repaired/reconditioned, the appraised value shall be computed as follows:**

$$AV = \text{Junk Value}$$

2.1 The following shall be observed in computing for AV:

- a. Properties that will be considered as unserviceable shall be supported with History card/record, i.e., Checklist of Unserviceable Vehicles/Heavy Equipment.
- b. The Junk Value shall be based on at least three canvassed prices of similar scrap properties, i.e., metal, plastic or lumber.
- c. 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.

3.0 The appraised value set shall be valid only for six (6) months. If the properties remain unsold after six (6) months, a reappraisal must be conducted.

4.0 The Disposal Committee shall decide and recommend, as a collegial body, one appraisal valuation for the properties for disposal.

5.0 When the Disposal Committee cannot decide unanimously on one appraisal valuation, the vote of the majority shall prevail.

Appendix 74

INVENTORY AND INSPECTION REPORT OF UNSERVICEABLE PROPERTY

As at _____

Entity Name: _____

Fund Cluster : _____

(Name of Accountable Officer)

(Designation)

(Station)

INVENTORY										INSPECTION and DISPOSAL						RECORD OF SALES		
Date Acquired (1)	Particulars/ Articles (2)	Property No. (3)	Qty (4)	Unit Cost (5)	Total Cost (6)	Accumulated Depreciation (7)	Accumulated Impairment Losses (8)	Carrying Amount (9)	Remarks (10)	DISPOSAL					Appraised Value (16)	OR No. (17)	Amount (18)	
										Sale (11)	Transfer (12)	Destruction (13)	Others (Specify) (14)	Total (15)				
I HEREBY request inspection and disposition, pursuant to Section 79 of PD 1445, of the property enumerated above.										I CERTIFY that I have inspected each and every article enumerated in this report, and that the disposition made thereof was, in my judgment, the best for the public interest.					I CERTIFY that I have witnessed the disposition of the articles enumerated on this report this _____ day of _____, _____.			
Requested by: (Signature over Printed Name of Accountable Officer) (Designation of Accountable Officer)				Approved by: (Signature over Printed Name of Authorized Official) (Designation of Authorized Official)						(Signature over Printed Name of Inspection Officer)					(Signature over Printed Name of Witness)			

Appendix 74

INVENTORY AND INSPECTION REPORT OF UNSERVICEABLE SEMI-EXPENDABLE PROPERTY

As at _____

Entity Name: _____

Fund Cluster : _____

(Name of Accountable Officer)

(Designation)

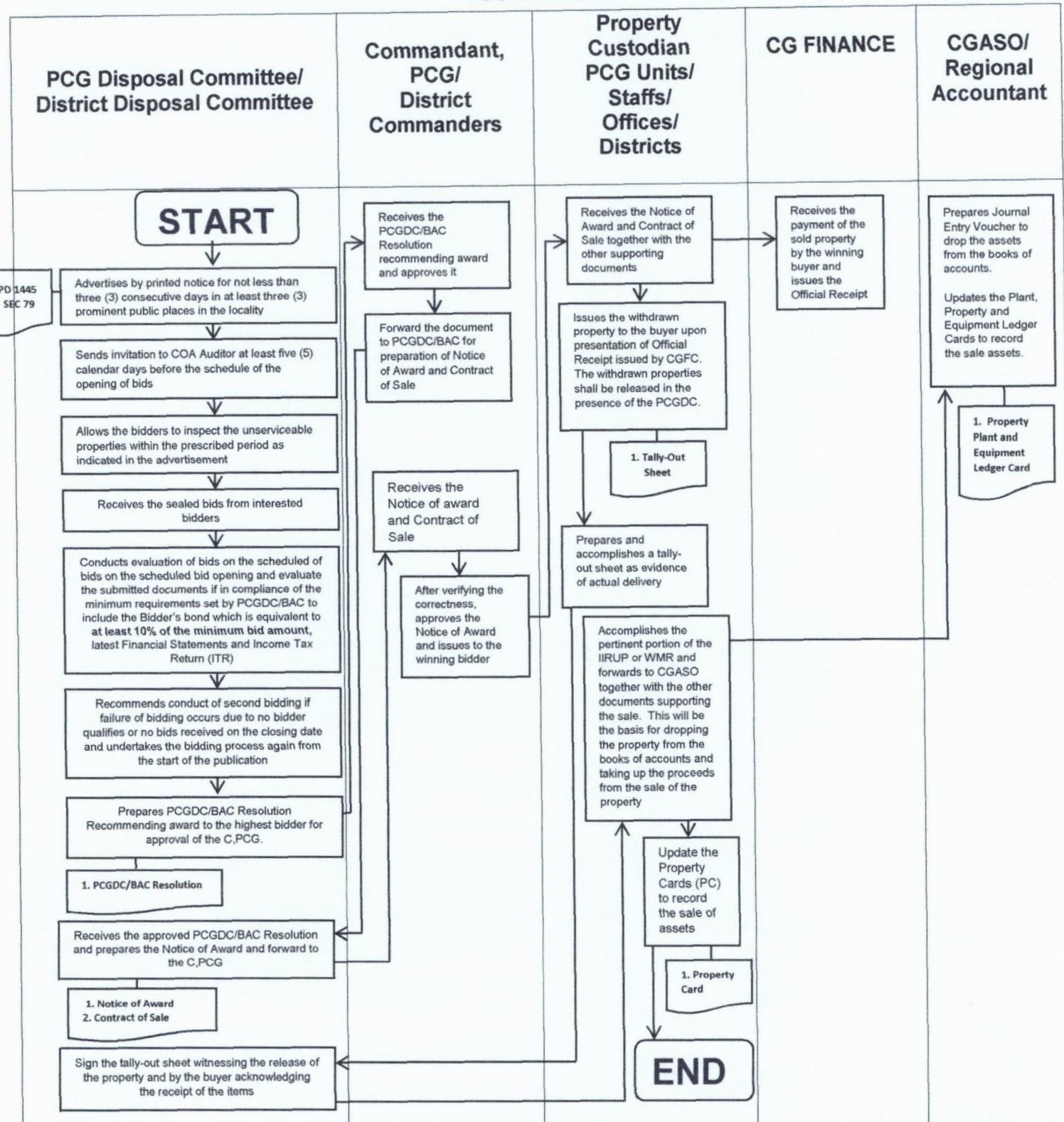
(Station)

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
TOTAL						
Certified Correct :			Disposal Approved :			
Signature over Printed Name of Supply and/or Property Custodian			Signature over Printed Name of Head of Agency/Entity or his/her Authorized Representative			
CERTIFICATE OF INSPECTION						
I hereby certify that the property enumerated above was disposed of as follows:						
Item	_____	Destroyed				
Item	_____	Sold at private sale				
Item	_____	Sold at public auction				
Item	_____	Transferred without cost to _____ (Name of the Agency/Entity)				
Certified Correct:				Witness to Disposal:		
Signature over Printed Name of Inspection Officer				Signature over Printed Name of Witness		

PROPERTY TRANSFER REPORT

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**SALE THRU PUBLIC BIDDING
FLOW CHART**
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[Signature]

ANNEX G: Public Auction Procedures

PART III. GUIDELINES AND PROCEDURES ON THE SALE OF PROPERTIES

B. Pre-Auction Requirements

1.0 Preparation of Invitation to Bid (ITB) ITB shall be prepared by the owning agency and signed by the head of the agency or any authorized official, containing the following:

- a. Name of Agency;
- b. Description of the items/lots for auction, such as the location of the properties, quantity, name of items and specifications;
- c. Date, time and place of pre-auction conference, if necessary;
- d. Date, time and place of submission and opening of auctions;
- e. Information on auction requirements, i.e., auction tender, submission of auction bonds, terms of payment and claims; and
- f. Reservation or option on the part of the government to accept or reject any or all auctions.

2.0 Publication of the ITB The ITB shall be posted at any conspicuous place reserved for the purpose in the premises of the owning agency concerned for seven (7) calendar days. Further, it shall be posted in at least three (3) conspicuous public places in the locality where the properties may be sold and posted on the agency's website. The copies of the ITB may also be sent via mail or electronic mail, or personal service to prospective bidders.

C. Who May be Eligible to Participate in Public Auction

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

2.0 The Disposal Committee may provide specific guidelines on how to determine the eligible bidders.

D. Accomplishment and Submission of Auction Tender

1.0 Any qualified bidder shall accomplish an auction tender, clearly indicating the following:

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

2.0 A bidder shall accomplish the auction tender in at least three (3) copies. Auction tenders shall be properly signed and submitted to the Chairperson of the Disposal Committee before the deadline for the submission of bids. The envelope containing the auction tender shall be sealed and properly marked. If the items are being sold by lots, bidders shall submit auction tenders for different lots in separate envelopes. If, however, the buyer is interested in all lots, the auction tender shall be submitted in only one (1) envelope.

3.0 Any erasures or interlineations shall be avoided or duly initialed by the bidder.

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E. Auction Bond

1.0 All requirements, including the auction bond, shall be submitted on the set deadline. The auction bond shall accompany the auction tender equivalent to at least 10% of the minimum auction price set by the government. Auction bonds may be in the form of cash or manager's/cashier's check from a commercial or universal bank. In cases where tenders are paid electronically, proof of cash payment for the auction bond shall be allowed.

2.0 Auction bonds of non-winning bidders shall be returned immediately after the announcement of the winning bidder.

F. Defective Auction Tenders

1.0 Auction tenders that are not in the prescribed form and/or not accompanied by auction bonds at the time of the opening of bids are considered defective bids. Said bids are automatically disqualified.

G. Withdrawal of Bids

1.0 A bidder may be allowed to withdraw an auction tender before the deadline for the submission. The auction tender shall be returned unopened.

2.0 After the opening of the auction tenders, no bidder shall be allowed to withdraw an offer.

H. Opening of Auction Tenders

1.0 All auction tenders shall be opened at the time, date, and place set in the invitation to bid under the direction of the Disposal Committee. Bidders or their duly authorized representatives may witness the proceedings physically or through video conferencing or similar platform. Further, the bidding proceedings shall be livestreamed in media platforms available to the agency.

2.0 The auction tender shall be signed by the members of the Disposal Committee or their authorized representatives who had actually attended the opening of auction tenders immediately after it is opened and announced in order to confirm compliance with the requirements of the auction. The members of the Disposal Committee or their authorized representatives may opt to attach their wet or digital signature to auction tenders submitted electronically.

3.0 To modernize and expedite the disposal process, the use of electronic and digital platforms in the disposal proceedings, such as adoption of video conferencing, video recording, use of digital signatures, among others, is allowed and highly encouraged, as applicable.

4.0 The auction tenders shall be filed for safekeeping by the Secretariat of the Disposal Committee.

I. Abstract of Bidding

1.0 An abstract of bidding shall be prepared in triplicate copies, indicating the name of the agency, date, time and place of auction, names of bidders and their corresponding auction tender and auction bond, and in case of disqualification of bidders, the reason thereof.

2.0 The abstract of bidding shall be signed by the members of the Disposal Committee. The Committee members may opt to attach their wet or electronic signatures for submissions done electronically or through the electronic auction systems already existing in their agencies. Regardless of the format, the Secretariat shall keep safe the copies of the abstract of auctions.

J. Awarding of Sale

1.0 Award shall be given to the highest complying bidder.

2.0 When two (2) or more complying bidders have identical offers, public auction by viva voce between those who made identical auctions shall be resorted to at a price not less than the offered auctions, immediately on the same day if both bidders or their authorized representative are present either physically or through videoconferencing or similar platform.

3.0 Awarding of sale shall be done immediately after the opening of auctions, if practicable. Auction bonds of losing bidders shall be returned immediately after the announcement of the winning bidder.

4.0 In case of deferment of award, a temporary receipt shall be issued by the agency to acknowledge the submission of the auction bond. Once the Disposal Committee completes its deliberations and determines the winning bidder, auction bonds of losing bidders shall be returned upon presentation of the receipt immediately after the awarding of the winning bidder. Deferment of award shall not exceed five (5) working days from the date of opening of tenders.

5.0 The bidders or their duly authorized representatives shall attend the awarding physically or through video conferencing or similar platforms.

K. Claiming of Award

1.0 Withdrawal of the disposed unserviceable property shall be made only by the awardee after full payment of the auction price. It shall be done in the presence of the Property Officer or duly authorized representative and witnessed by the Disposal Committee.

2.0 The Property Officer shall accomplish a tally-out sheet as evidence of actual withdrawal. The tally-out sheet shall be signed by the authorized agency official and the buyer acknowledging receipt of the items.

3.0 The Disposal Committee shall fix the period for the withdrawal of the sold unserviceable property which shall not exceed 30 calendar days from the award. Failure to claim the properties within the specified period shall cancel the award. The awardee shall then be charged reasonable storage fees and other incidental expenses.

4.0 Unjustified failure to withdraw the properties within the fixed period set shall be grounds for the forfeiture of the auction bond.

5.0 If the properties remain unclaimed after the lapse of the period to withdraw, ownership of the properties shall automatically revert to the government and may be disposed of in accordance with these guidelines.