

Internal Audit Observation Report No. 02: Sale of Unserviceable Government Property

Background

The Internal Audit Service Unit (IASU), represented by Ms. SAAKIA A. ANANGGO, Internal Audit Assistant, attended the auction sale of unserviceable government properties last March 5, 2024, 10:00 AM, facilitated by Ms. Armilyn K. Abragan, Head Supply and Property Management Division (SPMD), as well as the Vice Chair of the Disposal Committee. This observation report covered the auction sale process, focusing on the disposal of various office equipment and vehicles deemed unserviceable.

Objective

The objective of the audit was to assess the adequacy and effectiveness of internal controls over the sale of unserviceable government property and to ensure compliance with applicable laws and regulations.

Legal Basis

The audit was conducted in accordance with:

1. Presidential Decree No. 1445 (Government Auditing Code of the Philippines), Section 79, Destruction or sale of unserviceable property, states that when government property has become unserviceable for any cause, or is no longer needed, it shall, upon application of the officer accountable therefore, be inspected by the head of the agency or his duly authorized representative in the presence of the auditor concerned and, if found to be valueless or unsalable, it may be destroyed in their presence
2. Executive Order No. 888 of 1993: This order authorizes the heads of agencies to dispose of their respective unserviceable equipment and property and creates a Disposal Committee to facilitate the disposal of said property.
3. COA Circular No. 89-296: This circular provides the authority and responsibility for the divestment or disposal of property and other assets owned by the government.
4. COA – DBM Joint Circular 2024-1 (Revised Manual on the Disposal of Government Property): This manual, as referenced in various documents, provides guidelines for the disposal process, including the appraisal and inspection of unserviceable properties.