

PROVIDING A PROGRAM FOR THE MANAGEMENT OF UNNECESSARY PROPERTY OF THE JUDICIARY

REVISED ADMINISTRATIVE CIRCULAR NO. 7-2004, March 03, 2004

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/4ba246174f43/>

WHEREAS, the Davide Watch envisions a Judiciary that is, among others, effective and efficient, and toward that end, provides that the Judiciary shall engage in long-range planning, especially as regards allocation of human and other resources, to effectively respond to changes while preserving the core values of the Judiciary; and

WHEREAS, the Constitutional Fiscal Autonomy Group (CFAG) has established guidelines for the disposal of unserviceable government properties to avoid their further deterioration, as well as to generate benefits in terms of higher appraisal value, lower storage costs, and better management of office space;

WHEREAS, the centralized disposal of unserviceable Judiciary properties in the lower courts has proven to be inefficient in terms of economic management as transporting back to the Supreme Court of such properties for disposal has often resulted in wastage, loss or devaluation of the properties, and in additional costs for handling and transportation;

WHEREAS, there is thus a need for guidelines for the disposal of unnecessary Judiciary properties, taking into consideration the facilities and resources available to the different levels of courts with regard to such disposal;

WHEREFORE, a program is hereby provided for the management unnecessary properties of the Judiciary.

I. General Statements

1. Definition of Terms

1.1

"Unnecessary property" that is property that is not essential to the needs or operations of the particular office that has possession of it. The term shall include items that;

1.1.1

are obsolete due to changed procedures, functions or usage patterns;

1.1.2

no longer comply with occupational health and safety standards;

1.1.3

are no longer needed;

1.1.4

have exceeded their economic life;

1.1.5

have become unserviceable for any cause;

1.1.6

require repair or maintenance in excess of fifty percent (50%) of its current market value; and

1.1.7

require special handling, such as gifts and decorations from foreign governments and individuals, and items of cultural value.

1.2

"Responsible officer" refers to the official tasked with undertaking the disposal of Judiciary property under their authority. For the Supreme Court, the term refers to the SC Disposal Committee or as the case may be, the SC Chief Judicial Staff Officer of the Property Division, Office of Administrative Services. For all other courts, the term refers to the Chairperson of the pertinent Disposal Committee. For all courts below the Supreme Court, all actions required under this Administrative Order from the responsible officer shall be understood to have been performed in coordination and consultation with the members of the pertinent Disposal Committee.

2. Guiding Principles

2.1

These guidelines shall cover all Judiciary property consisting of equipment, furniture, fixtures, supplies and materials, transport equipment and similar items.

2.2

The disposal of unnecessary Judiciary property must be transparent. The responsible officer may, therefore, be asked to justify decisions taken and should exercise sound judgment in making disposal decisions.

2.3

The responsible officer shall at all times be aware of the status of property possessed by the court/s in which he/she is assigned. To this end, he/she will endeavor to maintain complete and accurate records of Judiciary property under his/her control.

2.4

Items can be available for disposal once, they become unnecessary property.

2.5

Immediate disposal of property or equipment may be made by the Property Officer, or responsible officer of the: (a) Supreme Court Disposal Committee; (b) Regional Disposal Committee (RDC); or (c) Metropolitan Trial Court Disposal Committee (MeTCDC) in instances where the property or equipment to be disposed are remnants of fire, earthquake or similar calamities, and their accountabilities could no longer be ascertained. In such a situation, the Property Officer or responsible officer, may dispose the said property or equipment, subject to prior authorization of the Chairman of the respective Committees.

2.6 Property disposal in areas outside of Metro Manila should occur in those areas where it is practicable and economically viable.

2.7 The Judiciary will not offer any warrant on the condition of items it disposes, especially when such disposal is conducted by sale or auction.

2.8 Pertinent principles of depreciation accounting shall be applied where necessary.

2.9 Disposable equipment shall be sold not lower than its book value or salvage value as determined using the following formula:

Appraised Value (AV) = Book Value (BV) where:

$BV = \text{Acquisition Cost (AC)} \times \text{Depreciation Factor (D)}$

D = remaining life

Estimated life

For items exceeding their useful life, the appraised value (AV) shall be equal to their salvage value (SV) or ten percent (10%) of their acquisition cost (AC)

2.10. The following table states the estimated economic lives of the properties described therein:

PROPERTY

YEARS OF ECONOMIC LIFE

I. MOTOR VEHICLES

7

II. OFFICE EQUIPMENT, FURNITURE AND FIXTURES

Office Equipment

5

Furniture and Fixtures

10

IT Equipment - Hardware

5

Library Books

5

III. MACHINERIES & EQUIPMENT

Machineries

10

Communication Equipment

10

Medical, Dental and Laboratory Equipment

10

Sports Equipment

10

Technical and Scientific Equipment

10

Other Machineries and Equipment

10

2.11 When proceeds are derived from the disposal of unnecessary property, such proceeds shall constitute part of

the Judiciary Development Fund pursuant to the Court's Resolution dated 19 September 1999 in A.M. No. 99-8-01-SC.

II. Disposal Committees

The following Disposal Committees are hereby created;

1. Supreme Court Disposal Committee.

A Disposal Committee is hereby established in the Supreme Court, for all offices under it, hereafter known as Supreme Court Disposal Committee (SCDC) composed of the following:

Chairman -The Clerk of Court or his duly authorized representative

Vice-Chairman The Court Administrator or his duly authorized representative

Members 1. Chief Accountant, SC, or his duly authorized representative :

2. SC Chief Judicial Staff Officer, Property, Division, SC

3. SC Chief Judicial Staff Officer, Property Division, OCA

Secretary-Recorder To be designated by the Chairman

2. Regional Disposal Committee (RDC).

One RDC shall be created in each of the fourteen (14) Judicial. It shall take charge of the disposal of unnecessary properties of the Regional Trial Court, the Municipal Trial Court in Cities, the Municipal Trial Courts, the Municipal Circuit Trial Courts, and the Shari'a District and Circuit Courts in any particular Judicial Region, Each RDC shall be composed of the Regional Trial Court (RTC) Executive Judge as Chairman and two (2) RTC judges, a first level court judge, and the RTC Clerk of Court (OCC) as members. The Chairman shall nominate for appointment by the Chief Justice the two (2) RTC judges and the judge, representing the first level courts as members, and appoint the three-member Secretariat from among personnel/under his/her territorial jurisdiction. The Office of the Court Administrator shall ensure that the fourteen (14) RDCs are organized within three months from the effectivity of this Order.

3. Metropolitan Trial Court Disposal Committee (MeTCDC).

A MeTCDC shall be created for the Metropolitan Trial Court in the National Capital Judicial Region which shall take charge of the disposal of unnecessary Judiciary property under its control and administration. The MeTCDC shall be composed of the Executive Judge as Chairperson and another Metropolitan Trial Court Judge and the Clerk of Court (OCC) as members. The Chairperson shall nominate for appointment by the Chief Justice the member-judge and shall appoint the three-member Secretariat from among the personnel under his/her territorial jurisdiction. The Office of the Court Administrator shall ensure that the MeTCDC is organized within three (3) months from the effectivity of this Order.

III. Procedure Prior to Disposal

1.

Within one (1) month from the issuance of this order, the responsible officer shall carry out a physical inspection of the court in which he/she is assigned to: (1) inventory all supplies and equipment within said court; (2) request copies of the list of properties issued in the court/s under his/her jurisdiction; and, (3) if possible request the corresponding copies of the Memorandum Receipts therefor for purposes of reconciliation. Said officer shall maintain a secure, computerized record of said inventory where possible, or a manual record where a computer is not available. Thereafter, said officer shall regularly update the record of properties within the court in which he/she is assigned. (Form 1)

2. The inventory shall contain the following details:

2.1. The property number, funding number and other specifications necessary for establishing the correct identification of the properties inventoried.

2.2.

A detailed description of the nature and condition of the properties, including a determination of whether any of the properties is still operational, under repair, repairable, or beyond repair, and a description of the extent of use, mileage rate of depreciation and any excessive wear and tear of the items.

2.3.

Where applicable, a list of the missing parts and the extent of damage which renders any of the properties classifiable as unnecessary.

2.4.

The value of the properties.

3.

Upon completion of the inventory, the responsible officer shall, upon consultation with the user/s of the subject properties, determine which properties may be considered unnecessary, and, therefore, suitable for disposal. Thereafter, the responsible officer shall, at least once each year, determine which items may be classified as unnecessary property.

4.

The responsible officer shall request an inspection by the Resident Auditor or local field auditor, as the case may be, of the properties classified as unnecessary.

5.

After the inspection and based on the foregoing information, the responsible officer shall decide whether to recommend the disposal of any of the unnecessary properties; However, before disposal is recommended, the responsible officer shall determine whether the item to be disposed may be replaced or repaired under warranty. The responsible officer shall exercise that option which is most advantageous to the Judiciary.

6.

The responsible officer in the lower court shall first obtain authority to dispose of the unnecessary property from the Property Division of the Office of the Court Administrator prior to disposal. A proper listing of the properties to be disposed, including their assessed value, shall be made, and the proposed mode of disposal of the same shall be indicated therein. Based on the requests for/authority received from responsible officers of the lower courts, the Property Division shall generate further guidelines to allow the responsible officers to reach decisions on disposal.

7.

The responsible officer shall determine whether it is beneficial to the Judiciary to perform minor repairs on items prior to their disposal based on whether such repair will make the items more saleable and provided that the increase in return is greater than the cost of repair.

8.

The responsible officer shall ensure that unnecessary properties are, prior to disposal, kept in a secure location and not used once disengaged from service so as not to impair the value or condition thereof and to minimize the risk of theft, damage, loss or deterioration.

9.

The responsible officer shall ensure that items for disposal do not contain material, that is not intended for disposal, as failure to do so could result in material being misused or used for fraudulent purposes, or confidential information being leaked. Materials that should be inspected include stationery (especially stationery containing the letterhead of a court), computer software, records, files, and other papers.

10.

The responsible officer shall ensure that the notice or invitation for the disposal of the property shall contain a good comprehensive description of the property to be disposed to ensure its quick disposition. Inadequate or inaccurate descriptions result in follow-ups to obtain the necessary information, leading to delays in the disposal process and lost opportunities for quick transfer.

IV. Modes of Disposal

Unnecessary property may be disposed by trade-in, transfer to other offices of the Judiciary, sale to personnel, public auction or bidding, sale through negotiation after two (2) unsuccessful public biddings or failure of public

auction, transfer without costs to other government agencies, or destruction or condemnation. The Disposal Committee shall undertake that mode of disposal which is most advantageous to the Judiciary.

1. Trade-in

1.1

Unnecessary properties may be traded-in for upgraded items.

1.2

To ensure reasonable options for trade-in, the Disposal Committee shall obtain trade-in offers from at least three (3) bidders. Such offers shall be obtained by a request sent by telephone, fax or mail to a company that sells property similar to the one being disposed. (Form 2)

1.3

The requested companies shall be allowed a period of seven (7) days from their receipt of the request to submit their offer for trade-in. After the lapse, of the period, the responsible officer shall commence evaluation of the trade-in offers received.

1.4.

In choosing which bidder to trade-in the item being disposed, the responsible, officer shall take into consideration the price which represents a fair value for the item being traded-in.

2. Transfer to Other Offices

2.1.

The disposal Committee shall, once per quarter, report to the Supreme Court Property Division unnecessary properties and the additional properties required by the court/s under his/her jurisdiction.

2.2.

The Supreme Court Property Division shall then cause to be transferred to the appropriate court those usable excess properties from other court/s or office/s, taking into consideration the Guiding Principles stated above.

3. Sale to Personnel

3.1.

Sale to personnel shall not be seen as a staff entitlement but merely a disposal option selected by the Disposal Committee to maximize returns on asset disposal.

3.2.

Sale to personnel shall/ for Supreme Court property, be conducted by the Committee on Bids; and for property of the lower courts, by the applicable Disposal Committee.

3.3.

In order to determine the best price for the unnecessary property, and ensure fairness in the sale process, the Disposal Committee shall ensure the widest possible participation of personnel by posting a notice of sale in three (3) prominent areas in the Hall of Justice or the building in which the court disposing of the property is located. The notice shall state the specifications of the unnecessary property, the minimum allowable price for the property, the date, time and place for the opening of bids for the property, the location where the property is stored, the dates when the property may be inspected, and the dates when bids may be submitted; provided that the bids shall be submitted to the responsible officer during office hours within the dates' stated in the notice; provided further that during the time designated for the opening of bids, no further bids shall be received.

3.4.

The responsible officer, or in the case of the Committee on Bids, the Committee Secretary, shall number the submitted bids according to the order in which these were received by him/her.

3.5.

The opening of bids shall be conducted in the presence of the personnel who submitted a bid for the property to be disposed.

3.6.

The property shall be awarded to the highest bidder complying with the minimum allowable price.

4. Public Auction or Bidding

4.1.

Public auction or bidding shall, for Supreme Court property, be conducted by the Committee on Bids; and for property of the lower courts, by the applicable Disposal Committee.

4.2.

The appropriate committee shall comply with prevailing publication requirements prior to actual bidding or auction. For this reason, the committee shall ensure that the returns to be gained from the auction shall exceed the costs of publication. In case, the cost of publication exceeds the expected returns, posting in conspicuous place for a period often (10) days must be made.

4.3.

The appropriate committee shall likewise comply with prevailing requirements for the opening and awarding of bids in public auctions or bidding.

5. Sale through Negotiation

5.1

After two (2) unsuccessful public biddings, the Disposal Committee may dispose of the excess property by sale through negotiation. For this purpose, the Committee on Bids shall first certify to two (2) unsuccessful public biddings, and, in view of which, shall authorize at least three (3) members of the Committee (SC) and the responsible officer (lower courts) to conduct sale through negotiation.

5.2

Sale through negotiation shall be subject to such competition as is feasible.

6. Transfer without Cost

6.1.

Transfer to another government agency shall be resorted to when trade-in or transfer to other offices of unnecessary property are inappropriate or impractical, and when the attempted sale of said property has produced no result; provided that such transfer shall be without cost.

6.2

Any transfer without cost shall be submitted to the Chief Justice or his duly authorized representative for approval.

6.3

The transfer shall be authorized by the heads of either agencies or their, duly authorized representatives.

7. Destruction or Condemnation

7.1.

Destruction or condemnation may be resorted to under any of the following circumstances:

7.1.1.

The property has no commercial value. No commercial value means that the property has been determined to have neither utility nor monetary value either as an item or as scrap.

7.1.2.

The property is beyond economic repair.

7.1.3

The property has no willing receiver.

7.1.4

The cost of care, handling and preparation of the property for sale would be greater than its appraisal value.

7.1.5

A law or regulation requires destruction or condemnation of the property.

7.1.6

Written instructions by a duly authorized official (health, safety or security officer) for direct destruction or condemnation.

7.2.

Destruction or condemnation may only be done through burning (except if it would affect the ozone layer) pounding or throwing beyond recovery and the like.

7.3.

The Resident Auditor/Local Field Auditor must be present during the destruction of the property.

7.4.

A Waste Material Report (WMR) (Form 3), shall be prepared by the responsible officer to document the destruction or condemnation of the property. For the lower courts, the responsible officer shall forward these documents to the Supreme Court Property Division in triplicate.

V. Additional Procedures for Certain Properties

1. Items of Cultural Value

1.1.

Certain properties may constitute items of genuine heritage and cultural value, which must therefore be preserved for future generations. These items include gifts and donations from foreign governments and individuals received for the court where the recipient is assigned, or for the Judiciary as an institution, or otherwise given to the recipient not in the Matter's personal capacity or in appreciation of the recipient. The recipient may, however, donate an item received in his/her personal capacity to the court where he/she is assigned or to the Judiciary as an institution, in which case it shall be acted upon in accordance with these

guidelines.

1.2

Before disposing of such items, the Disposal Committee shall first determine whether the items may be considered of cultural value, which organizations are suitable custodians of the items, and whether to sell, lend or donate the items on a long term basis. In making such determination, the Disposal Committee shall also consider the capability of his/her court to preserve the item.

1.3.

When disposing of items of cultural value it is not always appropriate to seek the best available net return. When offering items to museums, special interest groups or the community, it is important to consider the organization's capacity to purchase, maintain and care for the items. In some circumstances, it may be more desirable to accept an offer which is less than the market value to ensure that the items are preserved by the appropriate organization or institution.

2. Technology Property

2.1

Technology property shall be understood to include such equipment as computers, printers, modems, fax machines, automatic voltage regulators, and similar equipment including the software contained therein.

2.2

Prior to disposing of technology property, the Disposal Committee shall ensure that:

2.2.1.

All storage media, such as hard disks, are properly erased so that data is unrecoverable. If data cannot be erased due to a non-functioning device, then the storage medium should be physically damaged to prevent recovery of data. In case of the latter, notice shall be given to the buyer that the storage medium is so damaged.

2.2.2

All configuration data from computers, print servers, communications equipment, etc. shall be erased so that no network information can be retrieved.

2.2.3

All data on a computer are checked, archived and destroyed as necessary.

2.2.4

Software licenses for the computer are noted and transferred to the appropriate personnel.

2.3.

In disposing of technology-property, it must be considered that an improved return on disposal can be achieved where the equipment is seen to be in working order prior to it being taken out of service.

2.4.

In disposing of software, it is important to determine whether it is owned or licensed by the Judiciary. If the status is unclear, advice from the Property Division must be sought. Software licenses may be resold depending on the terms of the license. Sales must include the original disks and documentation.

3. Vehicles

3.1

The Property Officer shall maintain a record of all expenses related to the maintenance of Judiciary vehicles under his/her jurisdiction, (Form 4)

3.2

Regardless of the estimated economic life of vehicles as stated in a subsequent section when, based on the aforementioned record, it becomes apparent that the cost for maintaining a certain vehicle - consisting of costs of repairs and consumables other than fuel and motor oil - exceeds its potential resale value, the same may be considered unnecessary by the Property Officer and thus recommend for disposal.

4. Intellectual Property

4.1.

Special consideration must be given to the nature of intellectual property and their disposal. Intellectual property includes patents, trademarks, copyright, licenses or any other items considered appropriate by the Property Division. The Office of the Chief Attorney of the Supreme Court has overall responsibility for decisions on requests to assign or dispose of intellectual property in which the Judiciary or the National Government owns copyright.

VI. Procedures Applicable to All Modes of Disposal

1.

After disposal, the Disposal Committee or the responsible officer must, within a period of ten (10) days, furnish the Financial Management and Budget Office, SC, or Financial Management Office, OCA, for lower courts and the Resident Auditor or local field auditor a WMR or Invoice Receipt of the property disposed, as the case may

be, to support the dropping of the property from the Books of Account.

2.

After disposal, the Disposal Committee or the responsible officer shall accomplish the Disposal Report (Form 5), and submit the same to the Head of the Property Division, who shall then consolidate all such forms submitted from the lower courts with disposals conducted by the Supreme Court into a Disposal Report. The Head of the Property Division shall submit the consolidated report to the Chief of Administrative Services and the Court Administrator for their appropriate action and planning.

3.

To ensure that disposals are undertaken in an efficient, consistent and equitable manner, the Supreme Court Property Division shall, once per semester, evaluate the process and outcome of each disposal. Evaluations should include all information and relevant facts about the disposal and should document all decisions made so as to create an audit trail for future reference. The audit and review of asset disposal processes may be included in the Supreme Court's internal audit program.

4.

The Supreme Court Property Division shall use the evaluations referred to above to formulate cost-benefit models to assist in the selection of the most appropriate disposal method, and to identify risks and prepare arrangements to effectively and address such risks.

VII. Participation of Other Offices

1.

The Office of Administrative Services, in coordination with the Philippine Judicial Academy (PHILJA) and the Office of the Court Administrator, shall ensure that the necessary personnel shall receive the required training or orientation to effectively implement the provisions, of this Order. The training and orientation of said personnel shall be completed within eight (8) months from the effectivity of this Order.

2.

The Management Information Systems Office (MISO) shall design a computer program that will accommodate the requirements of this Order, with the end in view of facilitating and/or automating the disposal process. The required computer program shall be completed within six (6) months from the effectivity of this Order. Upon completion of the program, the MISO, in coordination with the PHILJA, shall ensure that the necessary personnel shall receive the required training regarding the operation of the program.

3.

In the interest of transparency and accountability, the Public Information Office shall ensure that this Order is publicized to the Court's various publics in whatever form and format it deems appropriate, immediately upon the

effectivity of this Order.

4.

This Order shall be published in the Supreme Court website immediately upon its effectivity.

This Revised Administrative Circular shall take effect immediately.

Issued this 3rd day of March 2004.

(Sgd)REYNATO S. PUNO

Chief Justice

Copy furnished:

Office of the Chief Justice
Offices of the Associate Justices
The Presiding Justice, Court of Appeals
The Presiding Justice, Sandiganbayan
The Presiding Justice, Court of Tax Appeals
Philippine Judicial Academy
Judicial and Bar Council Secretariat
Office of the Court Administrator
Office of the Clerk of Court
Office of the Deputy Court Administrators
Office of the Assistant Court Administrators
Office of the First Division Clerk of Court
Office of the Second Division Clerk of Court
Office of the Third Division Clerk of Court
Public Information Office
Program Management Office
Office of Administrative Services
Fiscal Management and Budget Office
Office of the Chief Attorney
Office of the Reporter
Office of the Bar Confidant
Judicial Records Office
Management Information and Systems Office
Medical Service
Printing Service
Library Service

Committee on Halls of Justice
Legal Office, OCA
Court Management Office, OCA
Office of Administrative Services, OCA
Financial Management Office, OCA

/mfca

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.