

CHAPTER I - INTRODUCTION

Mission

The Property and Supply Division purchases and safeguards all goods necessary for the operation of the Executive and Legislative Branches.

Objectives

The Property and Supply Division objectives are as follows:

1. To perform all functions related to purchasing goods for the Ministry of Finance (MOF).
2. To Identify and implement MOF opportunities for cost savings in procurement.
3. To implement on-line requisitioning system.
4. To prepare an accurate fixed asset inventory.
5. Eliminate advance payments to vendors (unless discounts can be taken) and rebuild and ensure vendor confidence in the Republic of Palau (ROP).
6. To close all outstanding prepaid accounts.
7. Re-evaluate Serve Mart operation.
8. To assume procurement responsibility for the legislative and executive branches.

Procurement Authority

Except as otherwise provided by law, all rights, powers, duties and authority relating to the procurement of construction materials, goods, and services, and the management, control, warehousing, sale, and disposal of construction materials, goods, and services are hereby vested in the duly authorized Procurement Officer, except with regards to disposal of national government property which shall done pursuant to Executive Order No. 100. Source: RPPL 3-54 § 7, modified.

Procurement Duties

The Procurement Officer(s) or their designees shall be responsible for monitoring the use of specifications for construction, goods, and services to be procured.

CHAPTER II - AUTHORITY, PURPOSE AND APPLICATION

Section 101. Authority

These property management policies and procedures are authorized and promulgated by Executive Order No. 217.

In the absence of law, rule, regulation or policy providing otherwise, it is the intention of this policy that it be applicable to any and all government Ministry, subdivisions of government

agencies which have not adopted a specific policy, rule or regulation regarding property held by that Ministry or subdivision of government agency. Any policy adopted by another Ministry, subdivision or agency shall generally apply the principles and guidance provided by this policy. Where there is no applicable provision in the policies, rules or regulations of a particular Ministry, subdivision of government or agency, this policy shall control.

The Minister of Finance may issue supplemental policies, procedures, and instructions as necessary insofar as they are presented to the President and are not disapproved within 21 days of presentation.

Section 102. Purpose

These policies, procedures, and responsibilities regulate the receipt, accountability, management, and record keeping of personal property of the Republic of Palau National Government.

Section 103. Applicability

These policies and procedures apply to all property acquired by or held by the Republic of Palau National Government except for those governmental organizations exempted by law. Specific regulations are provided for National Museum property.

Section 104. Definitions

Accountable Officer

The Directors (or Chief of Staff at the President's Office) at each Ministry will be responsible, for leased or contractor held property with an original acquisition cost of \$1,000.00 or more, unless classified as designated non-capitalized or sensitive property. All museum property is accountable with no dollar limitation.

Acquire

To procure, purchase, or obtain government property in any manner, including transfer, excess, donation or forfeiture.

Acquisition Cost

The full cost of acquiring assets including handling, storage, packing, shipping, transportation, installation, and other related costs of obtaining the assets in their current form and location less discounts for prompt payments. Donated property will have an acquisition cost that is equal to the fair market value at the time of receipt.

Bidding Time

The time between the issuance of a solicitation and the opening of bids or the due date for proposals.

Business

Any corporation, partnership, sole proprietorship, individual, joint venture, or any other private

legal entity.

Capitalized Property

Non-expendable property, the acquisition value of which is charged to a property (asset) account and which is distributed do capital accounts in accordance with established ROPNG policies and procedures. This is any property acquired by any means for the ROPNG.

Change Order

A written order signed by the Procurement Officer, directing the contractor to make changes, in which the changes clause of the contract authorizes the Procurement Officer to order without the consent of the contractor.

Contractor Inventory

Any property acquired by or in the possession of a contractor or sub-contractor under a contract, grant or other agreement pursuant to the terms of which title to the property is vested in the ROPNG.

Designated Non-Capitalized Property

Non-capitalized property with a value of less than \$1,000, which is designated for control for physical accountability.

Expendable Property

Property which, when put to use, is consumed, loses its identity, or becomes an integral part of other property.

Federal Property

Property acquired with federal funding or from Federal Agencies by loan where the term of such funding or loan require title be recorded as, or remain with, the Federal Government.

Fixed Assets

Any property or equipment.

Goods

All properties including but not limited to equipment, materials, supplies, and other tangible personal property of any kind or nature, leases of real and personal property, and sale or disposal or [sic] real or personal property of any kind.

Government Property

ROPNG properties of any kind or an interest therein except (1) real property, and (2) records of the Republic. Specifically, government property includes all equipment, materials, supplies, and museum objects belonging to the Republic. It does not include property, which is incorporated in, or permanently affixed to, real property.

Government Property Management

A process for controlling the acquisition, receipt, storage, issuance, utilization, maintenance,

protection, accountability and disposal of government property.

Infrastructure

Certain government properties, which are referred to as “public domain” or “infrastructure” properties, such as roads, bridges, curbs and gutters, streets and sidewalks, water and sewer system, drainage systems, lighting systems, and similar properties, including buildings that are an ancillary part of a network, e.g., water pumping building associated with a water system. The threshold for capitalization of infrastructure is \$50,000.

Invitation for Bids

All documents and announcements, whether attached or incorporated by reference, utilized for soliciting bids.

Loss

Loss of, damage to, or destruction of property of the ROPNG.

Minor Property

Non-expendable, non-capitalized property, the acquisition cost of which is \$1,000 to \$4,999. The property will be placed in the records at RPPM but not entered in a fixed asset account.

Neglect and Negligence (Simple and Gross)

1. Simple negligence is the failure or omission to observe, for the protection of the ROPNG’s interests, that degree of care and vigilance which the circumstances justly demand, whereby the ROPNG suffers through loss, damage, or destruction of property.
2. Gross negligence is an act of omission of the employee(s) which constitutes misconduct, willful negligence, or a wanton and reckless disregard for the property.

Non-capitalized Property

Non-expendable property, the acquisition value of which is charged to an activity expense account at the time of receipt.

Non-expendable Property

Property which has continuing use as a self-contained unit; is not consumed in use; does not lose its identity when put to use; or does not ordinarily become a component of other property.

Offeror

A person who has submitted a proposal in response to a request for proposals.

Parts and Supplies

Any item necessary for the maintenance, operation, and support of governmental activities without distinction regarding its use for administrative or operational purposes.

Person

An individual, sole proprietorship, partnership, joint venture, corporation, other unincorporated association or private legal entity.

Personal Property

Property of any kind or any interest therein, except real property.

Procurement

The acquisition by any means, including purchase, lease or rental, of any goods or services. It also includes all functions that pertain to the obtaining of construction, goods or services, including description of requirements, selection and solicitation of sources, preparation and award of contracts and all phases of contract administration. It does not include personal service contracts with individuals who will be employed by Republic officials.

Procurement Officer

Any person authorized by the Republic or by a state governor as the official responsible for procurement activities including entering into and administering contracts.

Property Accountability

The process whereby the Accountable Officer establishes and maintains property records and safeguards to ensure effective control over the property under his or her administrative jurisdiction. The obligation may not be delegated to other officers or employees, although the actual responsibility for the use, care, and safekeeping of property may be assigned to others.

Property Custodian

The operating personnel under whose daily control and supervision the property is entrusted. The Property Custodian's responsibility is to assist the Accountable Officer to discharge all responsibilities relative to use, care, operation, maintenance, and safekeeping of all government property under their control.

Property Management Officer

The senior management official (Chief of the Division of Property and Supply) who is responsible for the control and administration of government property.

Purchase Description

The words used in a solicitation to describe the construction materials, goods, or services to be procured.

Real Property

Land and any property permanently attached to the land, such as buildings, bridges. Sewer systems, water lines etc.

Request for Proposals

All documents utilized for soliciting proposals under the negotiation method of procurement.

Responsible Employee

The person with physical custody, use, and the responsibility for the safekeeping of personal property.

ROPNG

Abbreviation for “Republic of Palau National Government.” Used in place of, or interchangeably with, “The Republic” or “Government.”

RPPM

Abbreviation for “Republic of Palau Property Management” section of the Property and Supply Division.

RPPM Supervisor

The individual at RPPM who is responsible for the receipt and inspection of government property and for ensuring that required documentation is processed.

Scrap

Property which has no value except for its basic material content.

Selected Non-Capitalized Property

Non-capitalized property with a value between \$1,000 and \$5,000, which is controlled for physical accountability

Sensitive Property

Property which is controlled by property records and which is determined to be sensitive by the high probability of its theft or misuse. It will include, at a minimum, all firearms, proprietary programs and software programs.

Services

The provision to the Republic of time, labor, or effort by a contractor of any government of the Republic which does not involve the production or delivery of a specific end product other than reports, plans, and incidental documents.

Significant Property

Objects which are maintained so that they can be preserved, viewed, studied or interpreted for the public benefit. Examples include prehistoric and historic objects, artifacts, works of art, archival documents, books, films and videotapes.

Specification

Any description of the physical or functional characteristics, or the nature of a supply, service, or construction item. It may include a description of any requirement for inspecting, testing or preparing a supply service, or construction item for delivery,

Using Agency

Any government organization, which utilizes any supplies, services, or construction procured under these regulations.

CHAPTER 111- PROCUREMENT AND SAFEGUARD SECTION

§ 601. Purpose; interpretations

- (a) This chapter shall be construed and applied to promote its underlying purposes and policies.
- (b) The purposes and policies of this chapter are as follows:
 - (1) To ensure the fair and equitable treatment of all persons who deal with the procurement system of the Republic or any state government;
 - (2) To provide for increased economy in all procurements and to maximize purchasing value of public funds;
 - (3) To encourage competition;
 - (4) To provide for public confidence in the procurement procedures; and
 - (5) To allow for the continued development of procurement policies and practices; and
 - (6) To provide safeguards for the maintenance of a procurement system of quality and integrity.

Source
RPPL 3-54 § 1, modified.

§ 602. Requirement of good faith

All parties, including government employees, contractors, offerors and bidders, involved in the negotiation, bidding, offering, performance and administration of government contracts shall act in good faith.

§ 603. Application

- (a) This chapter applies only to procurement actions taken or contracts entered into after the effective date hereof.
- (b) Except as otherwise specified by law, this chapter applies to each expenditure of public funds by the national government or state governments irrespective of source, including United States Federal assistance money. This chapter shall also apply to contracts between the national and state governments or other governments, except, however, in cases in which the Procurement Officer concerned makes a written and substantiated determination that the contract involved is

of such a nature that only governments may perform it.

§ 604. Severability

If any provision of this chapter or any application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this chapter which can be given effect without the invalid provision or application, and to this end, the provisions of this chapter are declared to be severable.

§ 605. Retention of written determinations

Written determinations required by this chapter shall be retained in the appropriate official contract file of the Procurement Officer.

§ 608. Procurement Officer

(a) The Procurement Officer for the purchase of goods shall be the Chief of Property and Supply who will report to the Minister of Finance. The Procurement Officer for construction and architectural and engineering contracts shall be the Director of the Bureau of Public Works. The Procurement Officer for the purchase of contractual services shall be the Director of the Bureau of Public Service System. The Procurement Officer for each state government shall be that person designated by each state governor.

(b) The Procurement Officers are authorized to:

- (1) Adopt operational procedures or rules to give effect to these regulations;
- (2) Procure or supervise the procurement of all goods, services, and construction needed by the government;
- (3) Exercise mineral supervision and control over all inventories of supplies belonging to the government;
- (4) Establish, and maintain a program for the inspection, testing and acceptance of supplies, services, and construction; and
- (5) Sell or trade goods and supplies belonging to the government.

(c) No Procurement Officers shall benefit directly or indirectly from any transaction in which they are involved in their capacity as a Procurement Officer. Violation of this section shall be punishable as set forth in 17 PNCA § 2301 (Misconduct in Public Office).

§ 609. Delegation

A Procurement Officer may delegate his authority with the prior written approval of the Minister

of Finance or, with regards to state governments, with the prior written approval of the Governor. A Procurement Officer may suspend, limit or revoke any delegation of authority made under the provision of this section. Delegations must be in writing from the Procurement Officer involved and include the name and title of the individual being delegated the authority.

§ 610. Procurement regulation

This chapter shall not change existing contract rights. Neither this chapter nor any regulations promulgated hereunder shall change any existing contractual commitment, right, or obligation of the national government or of a contractor under a contract in existence on the effective date of such chapter or regulations.

§ 611. Collection of data

The Procurement Officer shall cooperate with the Chief of Finance, Budget Officer, Public Auditor and National Planner in preparation of statistical data relating to procurement, usage, and disposition of all goods, services, and construction. The using government agencies shall furnish such reports as the Procurement Officer may require concerning usage, needs, and stocks on hand. The Procurement Officer shall have the authority to prescribe forms for requisition ordering and reporting of supplies, services and construction

§ 613. Methods of source selection

It is the policy of the Republic that all purchases and procurement actions be executed in a manner that provides open and free competition and avoids purchasing unnecessary or duplicative items. When appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical practical procurement.

§ 614. Competitive sealed bidding

Contracts shall be awarded by competitive sealed bids except as otherwise provided by law. In using this method of procurement the following condition shall be met. Invitations for bids shall contain a clear, complete and accurate description of the goods or services to be procured. This description shall not contain unnecessarily restrictive requirements which may unduly limit the number of bidders.

§ 615. Invitation for bids

An invitation for bids shall be issued and shall include at a minimum:

- (a) Notice that bids are being accepted;
- (b) An invitation for bids number;
- (c) Date of issuance;

- (d) Name, address, and location of issuing office and location where copies of the invitation for bids and plans may be obtained;
- (e) Specific address/location where bids must be submitted;
- (f) Date, hour, and place of bid opening;
- (g) A purchase description in adequate detail to permit full and open competition and allow bidders to properly respond;
- (h) Quantity of goods or services to be furnished;
- (i) Time, place, and method of delivery or performance requirements;
- (j) Essential contractual terms and conditions;
- (k) Any bonding requirements;
- (l) Any local preference evaluation factors; and
- (m) Closing date of bids.

Source
RPPL 3-54 § 15, modified,

§ 616. Public notice

Public notice of the invitation for bids shall be made a reasonable time at least fifteen (15) days prior to the date of the initial day of the bidding time. The notice shall be furnished to all state governments and to all persons who have requested to be included in bidders mailing lists within the previous 12 months; be published in a newspaper of general circulation in the Republic or in a foreign newspaper if the Procurement Officer determines that publication would benefit the government; and shall be publicly posted for at least fifteen (15) days at the office of the Procurement Officer concerned, the post office building, the Courthouse, the Bureau of Domestic Affairs office, and announced on all radio and television stations within the Republic.

§ 617. Bidding time

A bidding time of at least thirty (30) calendar days shall be provided unless the Procurement Officer makes a written and substantiated determination that a shorter time period is reasonable and necessary. The minimum time period should not be less than fifteen (15) days after the notice of invitation for bids is posted.

§ 618. Bidder's mailing list

A list of potential bidders and suppliers requesting copies of invitation for bids in response to the public notice shall be maintained by the Procurement Officer concerned. The list will be updated by the Procurement Officer on an annual basis.

§ 619. Bid receipt

Bids, upon receipt at the location specified in the invitation for bids, shall be kept unopened and secured in a locked receptacle. Bids which are opened in a time or in a manner not complying with section 620 herein shall be resealed in the envelope and the person who opened the bid shall write his signature and title on the envelope and deliver it to the Procurement Officer. No information contained in the bid shall be disclosed prior to bid opening.

§ 624. Bid opening and recording

The bid opening shall be conducted by the Procurement Officer [or] his designee. The bids will be opened publicly in the presence of at least two witnesses at the time and place designated in the invitation. The Procurement Officer shall record the amount of each bid together with the name of each bidder and prepare a written summary of the bid opening, to be countersigned by the witnesses. All bids and the summary shall be opened for public inspection.

§ 621. Bid acceptance and evaluation

Bids shall be unconditionally accepted without alteration or correction except as authorized by this chapter. Bids shall be evaluated based on the requirements set forth in the invitation for bids.

Source
RPPL 3 -54 § 21, modified.

§ 622. Bid rejection

A bid may be rejected for any of the following reasons as determined by the Procurement Officer concerned in writing:

- (a) Failure to comply with material requirements in the invitation for bids such as specifications or time of delivery;
- (b) Imposition of conditions by the bidder, which conditions limit the bidder's liability or modify requirements for the invitation. For example, bids may be rejected when the bidder:
 - (1) Protects against future changes in conditions, such as increased cost; or
 - (2) Fails to state a definite price; or

- (3) States a price but qualifies it as subject to price in effect at time of [delivery]; or
 - (4) Limits the rights of the government; or
 - (5) Is non-responsive.
- (c) A bid may be rejected if the bidder is not responsible as determined in accordance with section 631 of this chapter.

Source
RPPL 3 -54 § 22, modified.

§ 623. Correction or withdrawal of bids; cancellation of awards

Correction or withdrawal of inadvertently erroneous bids, before or after award, or cancellation of awards or contracts based on bid mistakes must be approved in writing by the Procurement Officer concerned in writing. After the bid opening no changes in bid price or other provisions or bids prejudicial to the interest of the government or fair competition shall be allowed. If the bidder alleges an error, the government shall only permit correction of the bid or withdrawal of the bid in accordance with subsections (a) or (b).

(a) Correction of bids shall only be permitted when:

- (1) An obvious clerical mistake is clearly evident from examining the bid document. Examples of such mistakes are errors in addition or the obvious misplacement of a decimal point; or
- (2) The otherwise low bidder alleges a mistake and the intended bid is evident from the bid document or is otherwise supported by clear and convincing evidence as to the bid intended and the corrected bid remains the low bid. A low bidder may not be permitted to correct a bid mistake resulting from an error in judgment.

(b) Withdrawal of bid shall only be permitted where the otherwise low bidder alleges a mistake and there is clear and convincing evidence as to the existence of a mistake.

(c) Cancellation of awards or contracts shall be permitted only when,

- (1) Evidence as to the existence of the mistake could not reasonably be discovered until after the award; or
- (2) There exists no clear and convincing evidence to support the bid intended, or
- (3) Performance of the contract at the award price would be unconscionable.

§ 624. Awards

- (a) The contract must be awarded in accordance with this chapter with reasonable promptness, but in no event later than 30 days after opening of the bids, by written notice to the responsible bidder whose bid fully meets the requirements of the invitation for bids and this chapter. Unsuccessful bidders also shall be promptly notified.
- (b) Notice of an award shall only be made by the presentation of a contract with all of the required government signatures to the bidder. Government contracts shall contain a clause which states that the signature of the private contractor shall be the last in time to be affixed to a contract and that no contract can be formed prior to the approval of all required government officials. These officials are the Procurement officer concerned or his designee, the Attorney General or the States Attorney, if any, and the Director of the Bureau of Program, Budget, and Management, or in the case of state government contracts, the Governor or his designee.
- (c) In the event as bids exceed available funds and the bid of the lowest responsive and responsible bidder does not exceed those funds by more than five percent (596), the Procurement Officers may negotiate an adjustment of the bid price including changes in bid requirements with the lowest responsive and responsible bidder in order to bring the bid price within the amount of available funds. The negotiation shall be documented in writing and attached to the bidding documents.
- (d) The person responsible for the obligation or expenditure of funds shall accept the lowest responsible bid from the lowest responsible bidder who offers to perform the project according to the set standards at the lowest cost within 30 days following the opening of a bidding; provided, that if a responsible bid in an amount less than \$10,000.00 is submitted by an entity wholly owned by a person or persons of Palauan citizenship is no more than 25 percent higher than the lowest responsible bid submitted by an entity not of by wholly Palauan ownership, then the bid by wholly Palauan entity shall be accepted; provided further that the National Director of Budget and Finance first certifies on the bid document that sufficient funds are available to meet the bid, and such acceptance shall form a contract.

Source
RPPL 3-54 § 24, modified.

§ 625. Small purchases

- (a) Any procurement not exceeding \$10,000.00 may be made in accordance with the small purchase procedures to be established by regulations promulgated by the Minister of Finance. However, procurement requirements shall not be artificially divided so as to constitute a small purchase.
- (b) Formal bidding is not required but it is encouraged for all items not exceeding \$10,000.00, Except that the competitive bidding procedure shall be required on any items sought by the

state governments of \$5,000.00 or more.

- (c) For all small purchases over \$5,000.00 not put to bid, the Procurement Officer concerned or his designee shall obtain price quotations from at least three (3) vendors and base the selection on competitive price, quality, delivery time, and other relevant factors. A written documentation of the three quotes, the vendors submitting the quotes and the basis for selection shall be maintained in the purchase order file. Small purchases under \$5,000.00 may be limited to local vendors. Three price quotations are not required if there is adequate documentation that there are fewer than three suppliers of the items within the Republic.
- (d) Purchase orders may be utilized for small purchases when there is no requirement to use a contract.

§ 626. Competitive negotiated contracts

- (a) When the Procurement Officer determines in a substantiated writing that the use of competitive sealed bidding is either not practical or not advantageous to the government, contracts may be awarded by competitive negotiation.
- (b) A request for proposals shall be issued and shall include:
 - (1) Request for proposal number;
 - (2) Date of issuance;
 - (3) Name, address, and location of issuing office, including address for submission of proposals;
 - (4) Closing date [for] submission of proposals;
 - (5) Description of required goods or services to be procured,
 - (6) Evaluation criteria to be used by the government in comparing technical proposals;
 - (7) Instructions for offerors to use in submitting technical and cost proposals, including number of copies required;
 - (8) Quantity of goods or services to be provided;
 - (9) Time, place and method of delivery or performance requirements; and
 - (10) Any local preference evaluation factors.
- (c) Adequate public notice of the request for proposals shall be given in the same manner as provided for in competitive sealed bids.

- (d) The Procurement Officer concerned shall maintain a list of prospective offerors. This list shall be updated by the Procurement Officer on an annual basis.
- (e) Proposals shall be opened and used only by government personnel authorized to participate in the evaluation process until the award. Proposals shall be available for public inspection after contract award.
- (f) Proposals projected to require expenditures in excess of one million dollars (\$1,000,000) shall be evaluated by a minimum of three government or private evaluators in accordance with the evaluation criteria contained in the request for proposals. Each evaluator shall document the results of his or her evaluation. The Procurement Officer concerned shall review the evaluations and select the best proposal. The Procurement Officer's decision shall be included in the contract file.
- (g) Discussions shall be conducted with those responsible offerors whose proposals are determined by the Procurement Officers to have a reasonable chance of being selected for award. These discussions shall be conducted for the purpose of obtaining clarification from the offeror on the proposal and to ensure full understanding of and responsiveness to requirements of the request for proposal. Offerors shall be accorded fair and equal treatment with respect to any opportunity or discussion and revision of proposals and such revisions may be permitted after submission and prior to award for the purpose of obtaining the best final offers. In conducting discussions there shall be no disclosure of any information derived from proposals submitted by competing offerors.
- (h) Award shall be made to the responsible offeror whose proposal is determined in writing to be most advantageous to the Republic taking into consideration price and other evaluation factors set forth in the request for proposals. No other factors or criteria shall be used in the evaluation, and the contract file shall contain a detailed description of the findings and the basis on which the award is made.

§ 627. Sole source procurement

- (a) Contracts which require an expenditure of \$10,000.00 or less may be awarded for a supply, service, or construction item without competition when the Procurement Officer determines and is substantiated in writing that there is only one reliable source of the required supply, service, or construction item
- (b) The written determination shall be included in the contract file and shall contain the following information:
 - (1) The unique capabilities of the source that are required, why they are required, and the degree of consideration given to other sources;
 - (2) The facilities or equipment of the source that are required and why they are required; and

- (3) Whether the work experience of the source on similar efforts will eliminate unnecessary expense for time or duplication of effort required to bring another source up to that level of experience.
- (c) Other potential suppliers of the supply, service or construction item may protest the determination of the Procurement Officer. Upon showing that such potential suppliers can qualify as responsible offerors and bidders any future procurement of such items shall be conducted using a method other than single source procurement.

§ 628. Emergency procurement

Notwithstanding any other provision of this chapter, the President acting under Article VIII., section 14 of the Constitution and 34 PNCA § 5305, or other authorizing legislation, may authorize the Procurement Officer concerned to make an emergency procurement when the President determines the existence of a threat to public health, welfare, or safety. An emergency procurement shall be as competitive as practicable under the circumstances. A detailed and substantiated written determination describing the emergency, the extent of competition obtained if any, and the basis for selection of a particular contractor shall be prepared by the Procurement Officer concerned and made part of the contract file.

§ 629. Professional Services

- (a) The services of accountants, dentists, physicians, lawyers, or other professional services subject to negotiation based upon proposals submitted and/or qualifications shall be procured as provided in this section, except when authorized as a small purchase, emergency procurement, or sole-source procurement. This section and chapter shall not apply to personnel contracts providing for the employment of professionals in normal government positions.
- (b) It is the policy of the Republic to publicly announce all requirements for professional services and negotiate contracts on the basis of demonstrated competence and qualifications at the fair and reasonable price. The Procurement Officers shall maintain files of current statements of qualifications of professional firms. Persons engaged in providing professional services may submit statements of qualifications and expressions of interests in providing such types of services. These statements will be retained by the Procurement Officers for a period of one year, after which time the person should file a new statement.
- (c) Adequate notice of the need for such services, a minimum of 15 days, shall be given by the Procurement Officer concerned or his designee through a request for proposals. The request for proposals shall describe the services required, list the type of information and data required of each offeror, and state the relative importance of particular qualifications. The notice shall be given in the same manner as competitive sealed bids.
- (d) The Procurement Officer concerned or his designee may conduct discussion with any offeror who has submitted a proposal to determine such offerors qualification for further

consideration. In all cases involving employment of professionals, the Procurement Officer shall consult with the using agency and with members of the same profession who are employed by the government. The decision to hire a particular professional shall be rendered by agreement between the Procurement Officer and the using agency. Discussions shall not disclose any information derived from proposals submitted by other offerors.

§ 630. Cancellation of invitation for bids or request for proposals

- (a) An invitation for bids or request for proposal may be cancelled and any bids or proposals may be rejected when such action is determined in writing by the Procurement Officer concerned to be in the best interest of the government based upon:
 - (1) Inadequate specifications contained in solicitation; or
 - (2) The goods or services being procured are no longer required; or
 - (3) A change in specifications; or
 - (4) All offers received being at unreasonable prices; or
 - (5) Bids or proposals received indicating that the needs of the government be met by a less expensive good or service; or
 - (6) Collusive bids; or
 - (7) All bids or proposals exceeding the funds available.
- (b) A written determination of the reasons for the cancellation or rejection will be included in the contract file.

631. Responsibility of bidders and offerors

- (a) Awards shall be made only to responsible bidders or offerors. Responsible bidders or offerors shall
 - (1) Have adequate financial resources to perform the contract or the ability to obtain the finances;
 - (2) Be able to comply with required delivery or performance schedule;
 - (3) Have the necessary organization, experience, and skills required to perform the contract or have ability to obtain them;
 - (4) Have the necessary production, construction, and technical equipment facilities or the ability to obtain them; and

(5) Be qualified and eligible to receive the award under applicable laws and rules.

(b) Prior to award, the Procurement Officer concerned may obtain information from the bidder or offeror necessary to make a determination of responsibility using the factors in subsection (a) above. A written, detailed, and substantiated determination of responsibility shall be made prior to the award of any contract calling for purchases of goods or services exceeding \$100,000. The failure of a bidder or offeror to supply information in connection with an inquiry with respect to responsibility may be grounds for determination of non-responsibility. For the purposes of determining responsibility the Procurement Officer may request inspection of the plant or place of business of the bidder or offeror at a reasonable time, and the Procurement Officer may request the bidder or offeror to submit documents or other records for inspection. Failure to comply promptly with such requests shall be grounds for a determination that the bidder or offeror has failed to meet the standards of responsibility.

§ 632. Pre-qualifications of offerors and bidders

Prospective suppliers may be pre-qualified for particular types of supplies, services, and construction. Solicitation of mailing lists of potential contractors shall include but shall not be limited to such pre-qualified suppliers. Pre-qualification lists shall be maintained for one year. When a bidder or offeror is disqualified for failure to meet the standards of responsibility, a written determination shall be prepared and placed in the contract file.

§ 633. Right to inspect place of business

All invitations to bid and all requests for proposals shall contain the following clause: "Bidder or Offeror acknowledges that the submission of a bid or offer provides the Republic of Palau the right to inspect at reasonable times the part of the plant or place of business of a contractor or subcontractor which is related to the performance of any contract awarded by the government. Failure to allow inspection may result in the rejection of the bid or proposal or contract."

§ 634. Reports of anti-competitive practices

When for any reason collusion or other anti-competitive practices are suspected among any bidders, offerors, or contractors, notice of the relevant facts shall be transmitted to the Attorney General for further investigation and prosecution.

§ 635. Retention of procurement record

(a) All procurement records shall be retained and disposed of in accordance with rules and schedules approved by the Minister of Finance except for emergency and sole source procurements. Records for emergency and sole source procurements shall be maintained for a period of three years.

(b) Each of the records shall contain:

- (1) Contractors name and address;
- (2) The amount and type of each contract; and
- (3) A listing of the suppliers, services, or construction procured under the contract.

§ 636. Contract file documentation

An official contract file shall be established for each contract and contain the following information:

- (a) Purchase requisition;
- (b) Public notice;
- (c) Bid or offerors mailing list;
- (d) Invitation for bids or request for proposals;
- (e) Bid abstract or record,
- (f) Evaluation results in the case of a negotiated procurement;
- (g) Notice of award to unsuccessful bidders or offerors;
- (h) Contract; and
- (i) Basis for cost or price; and determination (e.g. emergency sole source, or non-responsibility).

§ 637. Required contract clauses

All contracts will include the following types of clauses:

- (a) A prohibition against gratuities and kickbacks as required by §656 of this chapter;
- (b) Clauses providing for:
 - (1) Remitted adjustments in prices, if any;
 - (2) Time of performance-,
 - (3) Liquidated damages, as appropriate;
 - (4) Specified excuses for delay or non-performance;

- (5) Termination of the contract for default; and
- (6) Termination of the contract in whole or in part for the convenience government, if applicable;
- (c) Right to inspect place of business;
- (d) Right to examine, copy, and audit books and records of contractors and subcontractors;
- (e) Right to make change orders in construction contracts;
- (f) Contractor shall sign contract only after all authorized government officials have signed; and
- (g) Contractor records shall be maintained for three years from the date of final payment by the government.

§ 639. Relationship with using agencies

The Procurement Officer concerned shall obtain expert advice and assistance from personnel of using agencies in the development of specifications and may delegate in writing to a using agency the authority to prepare and utilize its own specifications.

Source RPPL 3-54 § 39.

§ 640. Maximum practicable competition

All specifications shall seek to promote overall economy for the purposes intended and encourage competition in meeting the needs of the Republic and shall not be unduly restrictive.

§ 641. Content of specifications

- (a) Specifications shall, whenever practicable, present a description of the qualitative nature of the construction material, goods, or service being procured and set forth, when necessary, the essential characteristics to which it must conform in order to satisfy its intended use. Specifications normally do not specify a particular product peculiar to one manufacturer unless the particular product is essential to the requirements of the government and not available from other companies.
- (b) The requirements of sections 638 through 641 shall apply to all specifications, including those prepared by architects, engineers, and land surveying services for public contracts.

§ 642. Application

Sections 643 through 647 of this chapter shall apply to the procurement of construction services.

§ 643. Invitation for bids

- (a) The Procurement Officers shall determine the fee (not less than \$50.00) required for potential bidders to obtain an invitation for bids.
- (b) The invitation for bids shall be prepared in accordance with section 615 of this chapter. In addition, the following items shall be included in the invitation.
 - (1) Notice to Bidders - general information about the project;
 - (2) Instruction to Bidders - information concerning bid preparation, bid security special banking requirements, and forms and certifications that must be submitted with the bid;
 - (3) General - standard contract clauses governing performance of work;
 - (4) Special Conditions - special contract clauses resulting from the nature of the work to be performed; and
 - (5) Technical specification - specifications governing the technical aspects of the work to be performed.

§ 644. Bid security

- (a) Bid security shall be required for all competitive sealed bidding construction contracts when the Procurement Officer concerned estimates that the price exceeds \$50,000.00. The bid security shall be in the form of a bid bond, cash, certified check, cashiers check, or other form acceptable to the government. Nothing herein prevents the Procurement Officer concerned from requiring bid security for contracts under \$50,000.00 when it would be in the best interest of the government.
- (b) Bid security shall be an amount equal to at least 10% of the amount of the bid.
- (c) Once the bids are opened, they shall be irrevocable for the period specified in the invitation for bids, except as provided for in section 623 of this chapter. If a bidder is permitted to withdraw its bid before award, no action shall be taken against the bidder or the bid security. Bidders allowed to cancel awards under section 623 shall forfeit their bid security.
- (d) Except as otherwise provided by this chapter, bid security shall be reimbursed within 120 days after the opening of the bids, if such a bid did not receive the award.
- (e) Insofar as the provisions of this law are inconsistent with grant terms imposed by foreign donors, the Minister of Finance shall be authorized to suspend the application of those provisions of this law which are inconsistent with the grant terms provided that the Minister of Finance shall exercise this authority only upon written notice to the President, the Presiding Officers of the Olbiil Era Kelulau, and the Public Auditor addressing the nature of

any such inconsistency.

§ 645. Contract performance and payment bonds

(a) When a construction contract is awarded in excess of \$100,000.00, the following bonds or security shall be delivered to the government and shall be binding on the parties upon execution of the contract:

(1) A performance bond acceptable to the government, executed by a surety acceptable to the government in an amount equal to 100% of the price specified in the contract; and

(2) A payment bond acceptable to the government, executed by a surety acceptable to the government, for the protection of all persons supplying labor and material to the contractor or its subcontractors for performance of the work specified in the contract. The bond shall be an amount equal to 100% of the price specified in the contract.

(b) The Procurement Officer may reduce or waive the performance and payment bond requirements for any construction contract awarded in excess of \$100,000.00* but not more than \$250,000.00 if it is determined to be in the best interest of the government to do so because of lack of qualified bidders meeting the bonding requirements.

(c) The Procurement Officer may reduce the amount of the performance and payment bonds for any construction contracts awarded in excess of \$250,000.00 provided he determines that the lesser amount is sufficient to protect the government's interest. The reduced amount shall not be below 50% of the price specified in the contract for either the performance or payment bonds.

Notes

*The \$100,000 limit in S 645(a) applies to contracts awarded after October 1, 1992. The prior limit was \$50,000.

§ 646. Suits on payment bonds

Notwithstanding any other provision of law:

(a) Every person who has furnished labor or material to a contractor or its subcontractors for the work provided in the contract in respect of which a payment bond is furnished under section 645, and who has not been paid in full before the expiration of ninety (90) days after the day on which the last of the labor was performed by such person or material was furnished or supplied by such person, for which such claim is made, shall have the right to sue on the payment bond for the amount, or the balance thereof, unpaid at the time of institution of such suit and to prosecute said action for the sum or sums justly due such person; provided, however that any person having a direct contractual relationship with a subcontractor of the contractor but no contractual relationship express or implied with the contractor furnishing said payment bond, shall have a right of action upon the payment bond upon giving written

notice to the contractor within ninety (90) days from the date on which such person did or performed the last of the labor or furnished or supplied the last of the material upon which such claim is made, stating with substantial accuracy the amount claimed and the name of the party to whom the material was furnished or supplied or for whom the labor was done or performed. Such notice shall be personally served or served by mailing the same by registered or certified mail, postage prepaid in an envelope addressed to the contractor at any place the contractor maintains an office or conducts its business.

- (b) Every suit instituted upon a payment bond shall be brought in the Supreme Court of the Republic; but no such suit shall be commenced after the expiration of one (1) year after the day on which the last of the labor was performed or material was supplied by the person bringing suit. The obligee named in the bond need not be joined as a party in any such suit.

§ 647. Fiscal responsibility

Every contract modification, change order, or contract price adjustment under a construction contract shall be subject to prior written certification by the Procurement Officer concerned as to the effect of the contract modification, change order or adjustment in contract price on the total project budget or the total contract budget. In the event that the certification discloses a resulting increase in the total project budget and/or the total contract budget, such contract modification, change order, or adjustment in contract price shall not be made unless sufficient funds are available therefore, or the scope of the project or contract is adjusted so as to permit the degree of completion that is feasible within the total project budget and/or total contract budget as it existed prior to the contract modification, change order or adjustment in contract price under consideration; provided, however, that with respect to the validity, as to the contractor, of any executed contract modification, change order or adjustment in contract price which the contractor has reasonably relied upon, it shall be presumed that there has been compliance with the provisions of this subsection.

§ 648. Architect-engineer and land surveying services

- (a) Architect-engineer and land surveying services shall be procured as provided for in this section except when authorized as a small purchase, emergency, or sole source procurement.
- (b) It is the policy of the Republic to publicly announce all requirements for architect-engineer and land surveying services and to negotiate contracts based on demonstrated competence and qualifications for the type of services required at a fair and reasonable price.
- (c) The Procurement Officers or other designated officials shall maintain files of current statements of qualifications of architect-engineer and land surveying businesses. These lists will be updated on annual basis by the Procurement Officers. After public announcement of a requirement for these services, the Procurement Officers or designated officials shall evaluate current statements of qualifications and performance on file together with those that may be submitted by other businesses in response to the public announcement. Discussions shall be conducted with no fewer than three of the businesses regarding contract requirements

and technical approach, and a selection made therefrom, in order of preference of no less than three businesses determined to be the best qualified to perform the service.

- (d) The Procurement Officer concerned or his designee shall negotiate a contract with the best qualified architect-engineer or land surveying service at a price determined to be fair and reasonable to the government. In this negotiation process, the Procurement Officer shall take into account the value, the scope, the complexity, and nature of the services to be provided. If the Procurement Officer cannot negotiate a fair and reasonable price with the best qualified firm, negotiations shall be terminated and negotiations shall be undertaken with the second-highest qualified firm. Failing accord with the second firm the Procurement Officer shall terminate negotiations and shall undertake negotiations with the third most qualified firm. Should the Procurement Officers be unable to negotiate a fair and reasonable price with any of the three best qualified firms, the Procurement Officers shall select additional firms in order of their competence and qualifications and shall continue negotiations in accordance with this section until an agreement is reached.

§ 649. Authority to resolve protested solicitations and award

- (a) Any actual or prospective bidder, offeror, or contractor who is aggrieved in connection with the solicitation or award of a contract may protest to the Procurement Officer concerned. The protest shall be submitted in writing within 14 days after such aggrieved person knows or should have known of the facts giving rise thereto.
- (b) The Procurement Officers shall have the authority, prior to the commencement of an action in the Supreme Court of the Republic concerning the controversy, to settle and resolve a protest of an aggrieved bidder, offeror, or contractor, actual or prospective concerning the solicitation or award of a contract. The Procurement Officer will acknowledge receipt of protests within 5 working days after receipt and shall render a final decision within 30 days after receipt of the protest.
- (c) If the protest is not resolved by mutual agreement, the Procurement Officer concerned shall promptly issue a decision in writing. This decision shall state in detail the reasons for the actions taken.
- (d) A copy of the decision under subsection (c) of this section shall be mailed or otherwise furnished immediately to the protestor and any other party intervening within 30 days after receipt of the protest.
- (e) A decision under subsection (c) of this section shall be final and conclusive, unless fraudulent, or unless any person adversely affected by the decision seeks review of the decision by the Supreme Court of the Republic within six months after notice of the decision is served.
- (f) In the event of a timely protest under subsection (a) of this section the government shall not proceed further with the solicitation or with the award of the contract until the Procurement

Officer concerned makes a written determination that the award of the contract without delay is necessary to protect substantial interests of the government.

§ 650. Remedies

(a) If, prior to an award, the Procurement Officer concerned determines that a solicitation or award of contract is in violation of law or these regulations, then the solicitation or proposed award shall be cancelled or be revised to comply with law or regulation.

(b) If after an award, the Procurement Officer concerned determines that a solicitation or proposed award of a contract is in violation of law or regulation, then:

(1) If the person awarded the contract has not acted fraudulently or in bad faith:

(A) The contract may be ratified and affirmed provided it is determined by the Procurement Officer that doing so is in the best interests of the government and the determination is detailed and in writing; or

(B) The contract may be terminated and the person awarded the contract shall be compensated for the actual expenses reasonably incurred under the contract, plus a reasonable profit prior to termination.

(2) If the person awarded the contract has acted fraudulently or in bad faith:

(A) The contract shall be declared null and void; or

(B) The contract may be ratified and affirmed if such action is in the best interests of the government without prejudice to the government's rights to such damages as may be appropriate.

§ 651. Authority to resolve contract dispute

(a) This section applies to controversies between the government and a contractor and which arise under, or by virtue of, a contract between them. This includes, without limitation, controversies based upon performance, interpretation, or compensation due under said contract.

(b) The Procurement Officer concerned is authorized to settle and resolve a controversy described in part (a) above.

(c) Any dispute must be filed in writing with the Procurement Officer concerned within 14 calendar days after obtaining knowledge of the facts surrounding the dispute. If such a dispute is not resolved by mutual agreement, the Procurement Officer shall issue a decision in writing within 90 days after receipt of notice of dispute. The decision shall include:

- (1) A description of the dispute;
 - (2) Reference to pertinent contract terms;
 - (3) A statement of factual areas of disagreement or agreement; and,
 - (4) A statement of decision as to the factual areas of disagreement and conclusion of the dispute with any supporting rationale.
- (d) A copy of the decision under subsection (c) above shall be mailed or otherwise furnished immediately to the contractor within 90 days after receipt of the notice of dispute.
- (e) The decision under subsection (c) of this section shall be final and conclusive unless fraudulent or unless any person adversely affected by the decision seeks review of the decision by the Supreme Court within six months after notice of the decision is served.
- (f) A contractor that has a dispute pending before a Procurement Officer must continue to perform according to the terms of the contract and failure to continue shall be deemed to be material breach of the contract unless the contractor obtains a waiver of this provision from the Procurement Officer.
- (g) If the Procurement Officer does not issue the written decision required under subsection (c) of this section within 90 days after written request for a final decision, or within such longer period as may be agreed upon by the parties, then the contractor may proceed as if an adverse decision had been received.

§ 653. General standards

Any attempt to realize personal gain through public employment by conduct inconsistent with the proper discharge of the employee's duties is a breach of a public trust. In order to fulfill this ethical standard, employees must meet the requirements of sections 655 through 660 herein. Any effort to influence any public employee to breach the standards of ethical conduct set forth in these regulations is also a breach of ethical standards.

§ 654. Employee conflict of interest

- (a) It is a breach of ethical standards for any employee of a government agency to participate directly or indirectly in a procurement with that government agency if,
- (1) The employee or any member of the employee's immediate family or a dependent of the employee has a financial interest pertaining to the procurement; or
 - (2) A business or organization in which the employee, or any member of the employee's immediate family or dependent has a financial interest pertaining to the procurement; or

- (3) Any other person, business or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement.
- (b) It is permissible for an employee to have an interest in a procurement with a government agency other than the one at which he is employed provided.
- (1) The employee does not participate directly or indirectly in the procurement nor does he attempt to influence actions relative to the award of the procurement;
 - (2) The employee discloses his ownership interest; and
 - (3) The procurement is awarded as a result of a competitive sealed bidding or competitive negotiation.
- (c) Upon discovery of an actual or potential conflict of interest, an employee shall promptly file with the Procurement Officer concerned a written statement of disqualification and shall withdraw from further participation in the transaction involved. The employee may, at the same time, apply to the Public Auditor for an advisory opinion as to what further participation, if any, the employee may have in the transaction.

§ 655. Employee disclosure requirements

An employee shall disclose to the Attorney General or State Attorney, if any, and the Procurement Officer, on forms provided by the Procurement Officer all interests, ownership, or involvement with any business which has bid on a government procurement actions recommendation, if the employee was involved in the preparation of any part of a program requirement or a purchase order request, or influenced the content of any specification or procurement standard, rendered advice, or participated in any other advisory capacity in any proceeding or application relative to the procurement of goods, services, or construction.

§ 656. Kickbacks and gratuities

It shall be a breach of ethical standards for any payment, gratuity, or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher subcontractor or any person associated therewith as an inducement for the award of a subcontract or order. It shall be a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a program requirement or a purchase request influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application request for ruling, determination, claim, or controversy, or other particular matter pertaining to any program requirement or a contract or subcontract or to any solicitation or proposal thereof.

§ 657. Contract clauses

The prohibitions against gratuities and kickbacks shall be conspicuously set forth in every contract and solicitations [therefor].

§ 658. Restrictions on employment of present and former employees

- (a) It shall be a breach of ethical standards for any employee who is participating directly or indirectly in the procurement process to become an employee of a person contracting with the employee's government agency within a year after the award of the contract or the cancellation of invitation for bids.
- (b) It shall be a breach of ethical standards for any former employee knowingly to act as a principal or as an agent for any person, other than the government, in connection with any judicial or other legal proceeding, request for a ruling or other determination, claim, charge, or controversy regarding a procurement action in which the employee participated personally and substantially through decision, approval, disapproval, or recommendation.
- (c) It shall be a breach of ethical standards for a business in which an employee has a financial interest knowingly to act as a principal or as an agent for anyone other than the government in connection with any judicial or other legal proceedings, or contract claim, or charge or controversy in which the employee either participates personally and substantially through decision approval, disapproval, recommendation the rendering of advice or otherwise.

§ 659. Use of confidential information

It shall be a breach of ethical standards for any employee or former employee to knowingly use confidential information for actual or anticipated personal gain, or the actual or anticipated personal gain of any other person.

§ 660. Collusion by bidders

Collusion or secret agreements between bidders for the purpose of securing an advantage to the bidders against the authorizing agent in the awarding of contracts is prohibited. The Procurement Officers may declare the contract void if he finds sufficient evidence after a contract has been let that the contract was obtained by a bidder or bidders by reason of collusive or secret agreement among the bidders to the disadvantage of the government.

§ 661. Penalties

- (a) An employee who violates the provisions of this chapter shall be subject to adverse action as may be appropriate in his particular circumstances. This action includes, but is not limited to, reprimand, suspension without pay, termination of employment, civil injunction, civil suit for damages or return of government money, or criminal prosecution. Procurement Officers may conduct proceedings providing for reprimand and/or suspension without pay for up to sixty

(60) days.

- (b) A contractor who violates a provision of these rules and regulations shall be subject to a written warning of reprimand, the termination of the contract or suspension from being a contractor or subcontractor under a government contract, in addition to other penalties prescribed by law.
- (c) All proceedings under this section must be in accordance with due process requirements including, for employees, the provisions of the Administrative Procedure Act and Title 33 of the Palau National Code Annotated and for non-employees a right to notice and an opportunity for a hearing prior to imposition of any termination, debasement, or suspension from being a contractor or subcontractor under a government contract.

§ 662. Recovery of value transferred or received in breach of ethical standards

- (a) The value of anything transferred or received in breach of the ethical standards of this article or regulations promulgated hereunder by an employee or non-employee may be recovered from either the employee or non-employee by the government. Upon showing that a subcontractor made a kickback to a prime contractor or a higher tier subcontractor in connection with the award of a subcontract or order thereunder, it shall be conclusively presumed that the amount thereof was included in the price of the subcontract or order and ultimately borne by the government and such amount will be recoverable hereunder from the recipient. In addition said amount may also be recovered from the subcontractor making such kickbacks. Recovery from one offending party shall not preclude recovery from other offending parties.
- (b) Any citizen of the Republic shall have standing to bring his own cause of action to enforce the provisions of sections 655 through 660 of this chapter. Any citizen who prevails in a suit brought pursuant to this subsection shall be entitled to recover reasonable attorney's fees and court costs associated with the prosecution of such action, including appeals proceedings, as part of the damages awarded.

§ 663. Authority to debar or suspend

- (a) After reasonable notice to the person involved and reasonable opportunity for the person to be heard, the Procurement Officers, after consultation with the Attorney General shall have authority to debar a person for cause from consideration for award of contracts. The debarment shall not be for a period of more than three (3) years. The same Officer, after consultation with the Attorney General, shall have authority to suspend a person from consideration for award of contracts if there is probable cause for debarment. The suspension shall not be for a period exceeding three (3) months.
- (b) The causes of debarment or suspension include the following:
 - (1) Conviction for commission of a criminal offense incident to obtaining or attempting to

obtain a public or private contract or subcontract or in the performance of such contract or subcontract;

- (2) Conviction under statutes prohibiting cheating, embezzlement, theft, forgery, bribery, or any other offense indicating a lack of business integrity, or business honesty;
 - (3) Violation of contract provisions as set forth below of a character which is regarded by the Procurement Officers to be so serious as to justify debarment action:
 - (A) Deliberate, and without specific good cause, failure to perform in accordance with the specifications within the time limits provided in the contract; or
 - (B) A recent record of failure to perform or of unsatisfactory performance in accordance with the terms of one or more contract; provided that failure to perform or unsatisfactory performance caused by acts beyond the control of the contractor shall not be considered a basis for debarment.
 - (4) Any other cause that the Procurement Officer determines to be so serious and compelling as to affect responsibility as a government contractor including debarment by another government entity; and
 - (5) For violation of any of the ethical standards set forth in this chapter.
- (c) The Procurement Officer shall issue a written decision to debar or suspend. The decision shall state the reasons for the action taken.
 - (d) A copy of the decision shall be mailed or otherwise furnished immediately to the debarred or [suspended] persons.
 - (e) A decision under subsection (c) of this section shall be final and conclusive.

CHAPTER IV - PROPERTY CONTROL RESPONSIBILITIES

Section 201. Purpose

This chapter outlines the system of government property accountability to be established and maintained by the ROPNG. It establishes uniform nomenclature to be used in the assignment of government property, management responsibilities, custody, and control.

Section 202. Responsibilities

202.1 The Minister of Finance

The Minister of Finance has the primary authority and responsibility for providing policy decisions, direction, supervision, and guidance on all activities related to government property

and real property of the ROPNG.

202.2 The Property Management Officer (Chief, Division of Property and Supply)

The Chief of the Division of Property and Supply is the operating official with the day to day responsibility for the property management program in the ROPNG. This official reports directly to the Director, Bureau of the National Treasury. The duties of the official include, at a minimum, the following:

- (a) Responsibility for implementing these regulations and providing guidance to all Accountable Officers and Property Custodians;
- (b) Responsibility for overall administration, coordination and control of the government property management program;
- (c) Providing for the conduct of required inventories (including quarterly materials, parts and supplies inventory and reconciliation of accounts, annual physical inventory, and bi-annual audit) by the Accountable Officers;
- (d) Providing documentation to the Finance Office for all capitalized property.

202.3 The Accountable Officers

The Accountable Officer shall be the manager at the Director level for each respective organizational entity (or Chief of Staff at the President's Office). The Boards, Commissions and Authorities will advise the Minister of Finance of the person delegated to control fixed assets. These officers will be responsible for:

- (a) Accountability and control of government property within their respective entities;
- (b) Ensuring compliance with property management regulations;
- (c) Maintenance of an required accountability records for their respective entities and providing all required documentation to support entries, changes and deletions to the property system, including submission of quarterly supplemental lists of property acquisitions;
- (d) Ensuring the proper and effective maintenance, control and safeguarding of government property assigned to or utilized by their respective entities;
- (e) Coordination with the Property Management Officer on the disposition of excess government property;
- (f) Designation and appointment, in writing, of a Property Custodian within the property accountability area to assist in the daily control of property;
- (g) Receipt of property from the Division of Property and Supply;

- (h) Conducting quarterly inventories of all Minor Property, including all materials and parts and supplies used for maintenance; and
- (i) Conducting an overall bi-annual Fixed Assets inventory of all properties for the audit report.

202.4 The Property Custodians

The Property Custodians are the operating personnel under whose daily control and supervision government property within each organizational entity is entrusted. Their responsibility is to assist the Accountable Officer, as designated in writing, to discharge his/her responsibilities relative to the property management system. This will also include proper record keeping for the system, with the following basic steps taken to provide up-to-date accurate information:

- (a) The signed Physical Inventory Record, a data report generated by the automated record-keeping system, will be kept in a safe place with the supporting documents. This report is generated at the RPPM office at the completion of a bi-annual Fiscal Year inventory. All capitalized property items verified to be on hand are recorded on the report, which is signed for by the division Accountable Officer. This signed report is the starting basis for an accurate inventory record.
- (b) A Supplemental Inventory form will be used to log any transactions after the data report is signed. Any changes in the property records are to be recorded on this form. The date should be the date the record change happens. The Property Number is important; this is used for tracing in many property actions. Enter the Purchase Order number; this is a number that will be traced for additional information. The Location listed must be where the item can be physically found. The Description should be as dear and concise as possible. The Serial number is also important; in some cases that may be the only way to trace information. The Disposition column is for indicating the process is being recorded. The \$ Amount column is the acquisition cost of the item
- (c) Property acquired under ROPNG purchase order must be entered into the accountability control records and either an RP or MP sticker attached. The RPPM Property Supervisor will issue and affix the RP or MP sticker and the Accountable Officer will sign the Capitalization for Fixed Assets Record Keeping Work Sheet form. When property purchased under ROPNG purchase order arrives at the Malakal Warehouse, the RPPM Property Accountable Officer will notify the Property Custodian, who will make arrangements to sign for and pick up the item at the warehouse.
- (d) When property is unserviceable (the property is no longer useable for the purpose for which it was acquired or it is not cost-effective to repair) the Accountable Officer will issue a Property Requested for Survey Action form and send the item with the completed form to the RPPM Warehouse Malakal. When the Survey Board action is complete, a copy of the Report of Survey form will be returned to the Accountable Officer and placed in the Inventory file and logged on the Supplemental Inventory record.

- (e) Any item of property (Minor Property or Capitalized Property) missing or not property accounted for, as soon as known, will be made the subject of a report of survey with the issuance of a Property Requested for Survey Action form. It is important to issue the form immediately. All relevant details and comments should be noted for the Board of Survey investigation. Missing items will be reported to the Police immediately and a copy of the Police report will be included with the Property Requested for Survey Action form. When the Report of Survey form is completed by the Board of Survey, a copy will be returned to the Accountable officer, and it will be placed in the Inventory file and logged on the Supplemental Inventory record.
- (f) To insure proper record keeping practices, for each item that is to be transferred from any location, division or section, a Request to Transfer Property form will be completed and forwarded to RPPM Office. A Transfer of Property Authorization form will be completed by RPPM, and a copy will be returned to the department requesting the transfer. This will indicate the transfer has been recorded at RPPM and the transfer should proceed. A copy of the Transfer of Property Authorization form will also be sent to the Accountable Officer receiving the transferred property. This form will be kept with the Inventory files, and should be logged on the Supplemental Inventory record.
- (g) All property donations will be reported to RPPM on the Notification of Donation of Property form. Information on the form will include value, description, serial numbers, model numbers, the manufacturer and from whom the donation was received. The RPPM Property Accountable Officer will be called to the location to affix the RP or MP sticker and the Accountable Officer will sign the Capitalization for Fixed Assets Record Keeping Worksheet form. A copy of the worksheet will be retained for the entity's files and recorded on the Supplemental Inventory record.

202.5 RPPM Supervisor

The RPPM Supervisor is responsible for the receipt and inspection of all personal property received at a specific location. Other duties will include:

- (a) When Purchase Orders are received for local property purchases they are processed for approval. Once processed, the ordering department is notified the Purchase Order is ready;
- (b) For outside purchases, when the item arrives, the purchase order is matched with the item and the department notified;
- (c) When the item is claimed at the Malakal Warehouse, it will be tagged with an MP or RP sticker and the representative of the department will sign the Capitalization for Fixed Assets Record Keeping Worksheet;
- (d) After all MP and RP stickers have been attached, the RPPM Supervisor will insure that all information is entered into the automated data bank;

- (e) Providing required documentation indicating receipt of capitalized property to the Property Management Officer for transmittal to the finance officer, and
- (f) Providing of required documentation to the Property Management Officer and Accountable Officers so that the item received can be immediately included in the property accountability records.

Section 203. Accountability

203.1 General Requirements

A. Scope

- (a) The ROPNG must comply with the U.S. standards for equipment management and maintenance of detailed property records, as set forth in 470:3-4, Federal Grants Management Handbook, September 1988, as amended. Further, infrastructure properties that have been constructed subsequent to June 30, 1980 are required by General Accounting Standards Board Pronouncement No. 34 (GASB No. 34) to be recorded, and detailed records to be maintained.
- (b) All non-expendable property acquired by and/or held by the ROPNG for which the original acquisition cost is \$5,000 or more will be controlled in the property accountability system as well as property classified as designated or selected non-capitalized property, and sensitive property. Property with an acquisition cost of more than \$5,000.00 will be recorded on a general ledger (Fixed Asset) account as capitalized property.
- (c) Sensitive property, regardless of dollar value, will, at a minimum, be controlled in the property accountability records. All non-expendable and sensitive property will be charged to an Accountable Officer immediately upon receipt of the property. Works of art and historical treasures that are owned, either through means of acquisition or donation by the ROPNG, and not held for financial gain, but rather for public exhibition, education or research in furtherance of public service will be capitalized.
- (d) Proprietary programs or software, whether purchased off the shelf or developed by the vendor for the ROPNG, will be considered as sensitive property and be subject to the same controls and accountability which are required for any sensitive property.

B. Accountability

Property accountability remains fixed until an Accountable Officer is relieved of such accountability by one of the following:

- (a) Transfer of accountability to another Accountable Officer;
- (b) Transfer of the property as excess property to another organization;

- (c) Sale of the property;
- (d) Authorized condemnation, destruction, abandonment or donation of the property;
- (e) Action following Board of Survey procedures to dispose of the property; or
- (f) Termination of lease or loan agreement covering the property.

203.2 Restrictions on Uses

- (a) No officer or employee of the ROPNG will use government property for other than official purposes except in emergency conditions such as situations threatening loss of life or property and disasters such as typhoons.
- (b) Government-owned property may be furnished for use only when specific authority exists to do so, and then only within the scope, purpose and limitations as stated in the authority, purchase order, or memorandum of understanding.
- (c) Property, particularly including vehicles, may not be used in or moved to an employee's residence or away from the workplace to which the property is assigned, unless specific written authority is granted by the Property Management Officer, and is not in conflict with other ROPNG policies. Such authority is to be granted to the President, Vice President, Ministers and other appropriate officials. The written authority will indicate the period of time the employee is authorized such use, and specify the termination date of the authorization. Vehicles will be used for official purposes only and may not be moved to an employee's residence without specific authorization.
- (d) Non-government-owned personal property will not be installed in, affixed to, or otherwise made a part thereof of any ROPNG-owned property. This restriction does not apply to the use and installation of privately-owned decorative items or memorabilia to or in the work place.

203.3 Records

ROPNG Property Records must capture transactions affecting the government's investment in property, control physical quantities of property and its location, and enable periodic, independent verifications of accuracy of the accounting records through periodic physical counts, property management reviews, and physical inventories.

The Bureau of National Treasury will establish and maintain a system of general ledger control accounts (Fixed Assets) to properly account for all capitalized government property for which title is vested in the ROPNG (including inventories of Government property that is held by non-Government entities).

ROPNG property accountability records must capture transactions affecting the Republic's investment in property acquired by purchase, transfer, donation or other means for which the

original acquisition cost is \$5,000.00 or more, unless categorized as designated non-capitalized or sensitive property. The RPPM office will record all acquired property that may or may not be charged to a fixed asset account.

A. Capitalized Property Policy

The ROPNG will account for all non-expendable property with a value equal to or greater than \$5,000, and will capitalize such property over its economic useful life. This type of non-expendable property will be referred to as capitalized property. The capitalized property will be depreciated using the Straight Line Depreciation Method; utilizing the class lives and recovery periods set forth in Appendix A with no expected residual or salvage value. Illustrative categories include:

- Buildings
- Office Equipment
- Vehicles
- Leasehold Improvements
- Infrastructure (e.g., public roads, bridges, sidewalks)

Capitalized property will be recorded and maintained in the Fixed Assets (RP) accountability control records. Accountable property will be subject to annual property accountability records reconciliation and Fixed Assets will be subject to bi-annual physical inventories.

B. Selected Non-Capitalized Property Policy

Property acquired at a cost from \$1,000 to \$4,999 will be maintained in the MP (Minor Property) accountable control records and will be referred to as selected non-capitalized property.

C. Designated Non-Capitalized Property Policy

Property information may be maintained for non-capitalized property with less than \$1,000 in value, if so designated by the Minister of Finance to reflect the ROPNG's desire to track certain types of property. This type of non-capitalized property will be referred to as designated non-capitalized property.

The list of designated non-capitalized property shall be maintained by the Property Management Officer. The listing of designated non-capitalized property is provided in Appendix B and will be updated periodically.

D. Estimated Economic Lives Policy

The Table of Class Lives and Recovery Periods in Appendix A - IRS Table of Class Lives and Recovery Periods (Tables B-1 and B-2, Publication 946, U.S. Government Internal Revenue Service, 1999, as amended) will be utilized to determine economic lives, unless an alternative economic life is assigned by the RPPM. The applicable economic lives are set forth in Appendix A: "Recovery Period (in years)": column "Class Lives (in years)".

If actual experience indicates that the economic life contained in Appendix A is not reflective of the actual economic life of specific property category, the RPPM may determine the appropriate economic life of specific category property based on the RPPM's own experience and plans for the asset. Further, the RPPM section will annotate Appendix A to reflect their determination.

If property is procured that is not addressed in Appendix A, the RPPM section may determine the appropriate economic useful life through consultation with vendors, manufacturers, engineers or accountants, or other governments and resources.

Government property which has not been physically located prior to the adoption of this policy will not be included in the fixed asset account group of the Government for purposes of accounting and depreciation. However, the matter of unlocated property shall be referred to the Survey Board for further investigation and recommended action.

The RPPM section will be responsible for the receipt and inspection of all government property received by the ROPNG. These duties, among others, include:

- (a) Receiving Purchase Orders for local property purchases and processing them for approval. When processing is finished, the ordering department is notified that the Purchase Order is ready to be picked up by the Property Custodian or his representative.
- (b) Receiving outside purchases. When the item arrives, the purchase order is matched with the item and the department notified.
- (c) Tagging all items received with an MP or RP sticker. When the item is claimed at the Malakal Warehouse, the representative of the claiming department will sign the Capitalization for Fixed Assets Record Keeping Worksheet.
- (d) After all MP and RP stickers have been attached, the RPPM Supervisor will have all information entered into the automated data bank.
- (e) Affixing an MP or RP sticker to all donated property reported to RPPM and entering all required information into the automated data bank.
- (f) When property is transferred from one Accountable Officer to another, the RPPM Supervisor will complete the Transfer of Property Authorization form from the information on the Request to Transfer Property form. Then the changes in the records will be entered in the automated data bank. A copy of the Transfer of Property Authorization form will be sent to the Accountable Officer for the organizational entity's records.
- (g) When unserviceable property (the property is no longer useable for the purpose for which it was acquired or is not cost effective to repair) is reported by an Accountable Officer on a Property Requested for Survey Action form to RPPM, a Report of Survey form will be processed and sent to the Chairman of the Survey Board. When the Survey is completed and the form returned to RPPM, the information will be recorded in the automated data bank and a copy of the completed form sent to the Accountable Officer for his/her records.
- (h) Missing or not properly accounted for property (Minor Property. Sensitive Property. or

Capitalized Property) reported by an Accountable Officer on a Property Requested for Survey Action form will be processed and sent to the Chairman of the Survey Board. When the Survey is completed and the form returned to RPPM, the information will be recorded in the automated data bank and a copy of the completed form sent to the Accountable Officer for his/her records to be entered on the Supplemental Inventory record form.

The property records of all capitalized property, selected non-capitalized property, designated non-capitalized property, and infrastructure maintained in the DILOG Fixed Assets system must contain the following information (468, Federal Grants Management Handbook, September 1998, as amended):

- Description of the property;
- Manufacturer's serial and model numbers, federal stock number, national stock number, or other Identification;
- Acquisition source of the property, including grant or agreement number and method of procurement;
- Whether title is vested with the ROPNG or U.S. Government;
- Acquisition date and cost;
- Percentage (at the end of the budget year) of U.S. participation in the project or program for which the property was acquired);
- Location, use, condition, and the date the information was reported; and
- Date of disposal and sale price method used to determine fair market value where the ROPNG compensates the agency for its share.

203.4 Capitalized Property

The ROPNG will account for and capitalize all property items that have an acquisition cost of \$5,000.00 or more.

- (a) General Ledger Control Account (Fixed Assets) - the original acquisition cost of capitalized property acquired and disposed of will be reflected in a general ledger control account (Fixed Assets). Determination as to the items of non-expendable property that are to be capitalized will be made prior to or at the time the property is received and the cost thereof charged to the appropriate equipment account from the receiving report document. The general ledger control account, together with the property accountability records, will provide a permanent record of the acquisition and disposition of all capitalized property, and will provide the information needed for inventory control and management purposes.
- (b) Property Accountability Records - for the capitalized property in the custody of the ROPNG, the general ledger control (Fixed Assets) account for capitalized property will be supported by detailed property accountability records to identify the items of property, the costs of which are charged to equipment accounts. Property accountability records will be established from the receiving report, or other documentation that indicates receipt, immediately upon notification of receipt of the property. These records will be

subject to a both internal and external audit and all entries made therein must be supported by valid acquisition and disposal documents.

- (c) Accountable Property in the Custody of Contractors, Grantees, or Others - accountability records will be established and maintained for all ROPNG-owned property that is in the custody of a contractor, grantee, or others in accordance with the terms of any legal instrument. This property will be subject to the same inventory, reconciliation, and management controls as any other accountable property held by the ROPNG. The Contracting/Grant Officers, or other authorizing officials, will be responsible for the accomplishment of the physical inventories of such ROPNG-owned property, and the reconciliation of any discrepancies revealed by such inventory.
- (d) Quarterly Reconciliation of Accounts - the total value of capitalized property recorded in the property accountability records will be compared with the related balances shown in the general ledger control account at least quarterly. Property records must be integrated with or reconciled with the related general ledger account. Any differences will be documented, reconciled, and adjusted in accordance with sound accounting practices to bring the two records into complete agreement.

203.5 Non-Capitalized Property

Property accountability records will be maintained for all selected and designated noncapitalized property, and sensitive property. General ledger control accounts are not required to be maintained for non-capitalized property.

203.6 Transfer of Custody of Property from Outgoing Personnel

When an Accountable Officer is to be relieved of accountability, the outgoing Accountable Officer is responsible for conducting a physical inventory of the property for which he/she is responsible and accountable. The incoming Accountable Officer will assist if available. Any shortages or overages must be reconciled prior to departure. The incoming Accountable Officer will be required to formally accept full accountability and responsibility for all property involved in the transfer.

203.7 Responsibility Records

Accountable Officers will maintain complete Property Management records, and physical inventory must take place annually.

A. Non-Expendable Property

To document the responsibility for non-expendable property, an Accountable Officer will sign the Capitalization for Fixed Assets Record Keeping Worksheet form upon receipt of the property from the Property Management Officer or another Accountable Officer. Certain items in common use, but not in the custody of any one employee, may be controlled by means of location records in lieu of the receipt for property procedure described herein, at the discretion of the Property Management Officer. Examples of items that can generally be controlled by use of location records are major shop equipment and office desks and file cabinets.

B. Expendable Property

Responsibility records of the type prescribed in Part A. of this section for accountable property are not required to be maintained for expendable property. The ROPNG will, however, ensure that appropriate safeguards and controls are established at the operating office level whenever experience at the location indicates that such action is necessary to guard against:

- (a) Excessive losses of any specific item,
- (b) Excessive purchases or withdrawals when compared to program requirements for any specific item, or,
- (c) Use of property for other than official purposes.

C. Property Clearance

Upon separation, transfer, or reassignment of an employee, a physical inventory will be taken of all property in the employee's custody.

203.8 Property Inventories

The Property Management Officer (Chief, Division of Property and Supply) is responsible for insuring that the Accountable Officer(s) conducts the physical inventories. An Accountable Officer may delegate the conduct of the inventory to other employees within the Accountable Officer's area of responsibility or to members of the property management staff for designated inventory items.

A complete physical inventory will be conducted bi-annually for the following categories of government property:

- (a) Capitalized property;
- (b) Non-capitalized, non-expendable property; and

A special physical inventory will be taken of all accountable property in the custody of an Accountable Officer upon his/her transfer or separation. Any items of property not accounted for at the time of transfer or separation will be made the subject of a Report of Survey. Special inventories may also be required during audits, or as other circumstances arise requiring an inventory.

The results of the bi-annual and special physical inventories will be compared with the quantities recorded in accountability records. Property records and the related general ledger accounts will be brought into agreement based upon the results of physical Inventories. Such adjustments will be appropriately reviewed and documented.

After completing the physical counting, reconciliation and adjustment process, the Accountable Officer will certify in writing to the Property Management Officer (Chief, Division of Property and Supply) that the physical inventories have been completed and that subsidiary property

records reflect actual quantities on hand.

Section 204. Classification of Property

The Property Management Officer will classify all items of government property as expendable or non-expendable.

204.1 Classification

Non-Expendable Property will be further classified to include whether it is to be capitalized, non-capitalized or treated as materials and supplies for physical and financial control purposes. The Property Management Officer will issue instructions to ensure that:

- (a) A listing of the non-expendable property items commonly used by the ROPNG will be developed indicating the classification placed on each item or each group of items;
- (b) The listing will be upgraded as new items not previously classified are acquired; and
- (c) The classification listing will be promulgated for use by all Accountable Officers.

204.2 Criteria

In determining the proper classification of the various items of non-expendable property, consideration will be given to such factors as acquisition cost, expected useful service life, susceptibility to personal uses, nature of use, sensitivity, cost of maintaining accountability and/or responsibility records compared with cost of possible losses if such records are not maintained, and any other factors which may have a bearing on the classification.

- (a) Acquisition Cost - any single item of non-expendable property having an original acquisition cost of \$5,000 or more will be capitalized.
- (b) Sensitive Property will be classified as accountable property if the acquisition cost is greater than \$1,000 or otherwise defined as designated non-capitalized property.
- (c) All Significant Property will be controlled through accessioning and cataloging procedures, regardless of value.
- (d) Non-Expendable Property - any single item of non-expendable property having an original acquisition cost of \$1,000 or more will be accounted for in the property records.
- (e) Designated non-capitalized property will be accounted for in the property records.

Section 205. Receipt of Property and Services

205.1 Policy

It is the policy of the ROPNG to document the receipt of all government property; regardless of the method or source of acquisition. This includes, but is not limited to, property that is acquired from commercial sources, fabricated in Government shops, donated, recovered or obtained by

transfer. Property received will be recorded on a receiving report to:

- (a) provide a record of receipt;
- (b) provide a document of entry to the records and accounts; and
- (c) substantiate the disbursement voucher.

205.2 Basic Receiving Principles

The Property Management Officer is responsible for designation, in writing, of the Supervisor in the Republic of Palau Property Management section. Division of Property and Supply, to receive all property. Under no circumstances will an employee designated as RPPM Supervisor have responsibility for the purchase of property.

The RPPM Supervisor is responsible for the receipt and inspection of government property, and for ensuring that required documentation is present. The signature of the person accepting the shipment serves as certification that the property listed thereon has been received; it also serves as the basis for expending Government funds.

The RPPM Supervisor is accountable for property received until such time as the item is picked up by and placed on the accountable property records of the Accountable Officer.

205.3 Documentation of Receipts

The Accountable Officer assumes accountability for all property picked up and signs the Capitalization for Fixed Assets Record Keeping Worksheet form. He/she takes immediate action to ensure that prescribed accountability records are established upon receipt of documents evidencing the receipt of such property. In addition to the Capitalization for Fixed Assets Record Keeping Worksheet form, the following forms also can be used to document receipt of property:

- (a) Receiving report - the receiving report copy of the purchase order, invoice, voucher, when such form is used to make purchases;
- (b) Repair form - copies of commercial shop repair order forms, provided that copies so issued show appropriate accounting information and are signed by an individual sufficiently familiar with the equipment being repaired to certify that the parts and/or services listed thereon have been received; and/or,
- (c) An accession receiving report - used to document receipt of significant property. A Deed of Gift, loan form, Loan Agreement, or Last Will and Testament may also contain receiving information, and may be made a part of the Accession Receiving Report as appropriate.

The Accountable Officer retains accountability for the Item(s) received and shares this responsibility, if applicable, with the Property Custodian to whom the item is assigned.

Section 206. Identification of Government Property

206.1 Identification Policy

All ROPNG accountable property will be marked to identify it as ROPNG owned except for the following exempted government-property.

- (a) Very small, delicate or precision apparatus, which cannot be marked in a permanent manner without damage to the property, is exempted from any requirement for marking or numbering. However, the numbers assigned to items of capitalized or sensitive property exempted in accordance with this section will be recorded on the property accountability records covering such property.
- (b) Because permanent marking of significant property is potentially damaging, items of museum collections and other significant items may be exempted from the marking requirements of this sub-part, provided that numbers assigned to such items will be recorded on the respective property accountability records.

206.2 Assignment and Display of Property Numbers

- (a) Non-expendable and Sensitive Items
Each item of non-expendable property valued at \$1,000 or more and all sensitive items, selected and designated non-capitalized property will be assigned and marked with an identifying property number. The numbers assigned to these property items will be entered on the applicable capitalized and property accountability records covering such property.
- (b) Expendable and Non-sensitive Items
Hand tools and other items of non-expendable, non-sensitive property need not be marked with an identifying property number. Such property will, however, be marked to indicate Government ownership.
- (c) Motor Vehicles, Boats, Etc.
Items requiring special identification such as motor vehicles and boats will display prescribed Government identification markings that include an ROPNG seal, special license plates, and identification. Exception will be made for the president, vice president, and the ministers. Other high officials of the government should submit a request to the Minister of Finance for a waiver.

Section 207. Survey Action Procedures

207.1 Scope

The property Survey Board will be composed of the Minister of Finance or his designee, an Assistant Attorney General designated by the Attorney General, and the Director of Public Works. The Chief of the Division of Property and Supply (Property Management Officer) will be an ex-officio member of the Board.

The duties of the Survey Board are as follows:

- (a) Investigate and determine lost, missing, worn-out damaged, destroyed, unserviceable, and surplus government property;
- (b) Authorize the disposal of such property through the Division of Property and Supply;
- (c) Meet regularly and make reports and recommendations to the President.

The Board of Survey is charged with ensuring that a complete and thorough investigation is conducted; examining and verifying all evidence presented; documenting findings; making written recommendations for disposition of property; making determinations as to whether an employee has committed simple or gross negligence; arriving at findings regarding financial liability as indicated by results of the investigation; and preparing a signed Report of Survey.

Investigations conducted by the Board of Survey will be objective, comprehensive and thorough. Every effort will be made to determine the whereabouts of missing property. Members will be diligent in utilizing every available source of information, including review of records and interviews of employees or other persons. They will examine and verify all evidence presented and available and arrive at findings consistent with the circumstances and conclusions disclosed by such examination.

Investigation reports should document the last known location of missing property, the last known Property Custodian, and Accountable Officer, the events surrounding the loss, damage or destruction, the results of personal interviews and review of records, and other efforts made by the Board to ascertain facts leading to conclusions and supporting any findings.

The Board of Survey should carefully examine property being surveyed. Where the Board finds that property has further usefulness, either in its present condition or after necessary and cost-justifiable reconditioning, it may recommend that the property continue to be used.

207.2 Requirements for Action

Action is required to document the circumstances described below:

- (a) Property loss;
- (b) Property damage;
- (c) Condemnation of property for salvage, reduction to scrap, destruction or abandonment if the total acquisition cost is \$5,000.00 or more;
- (d) Other determinations of property unserviceability (when the property is no longer useable for the purpose for which it was acquired, or it is not cost-effective to repair), if the total acquisition cost of the property is \$1,000 or more;

- (e) Damage to a Government-held vehicle resulting from a motor vehicle accident that is investigated and reported in order to determine whether or not an employee should be financially responsible for the damage. (Determinations as to financial liability for motor vehicle damage should be based on the official police report of the incident.);
- (f) Donation of surplus personal property to eligible recipients; and
- (g) Any circumstances in which there is a possibility of claim against the Government in connection with the administration, care and use of Government property.

Action will not be required for the following circumstances:

- (a) Transfer of available property to another Accountable Officer(s) with the ROPNG;
- (b) Donations of surplus property to eligible recipients; and
- (c) Transfer of excess property to State Governments.

207.3 Report of Survey

Accountable Officers will request relief of accounting for property loss, damage or destruction by initiating a request through the Property Management Officer to the Board of Survey. Complete documentation is essential, and information provided will be such that the Board of Survey will be able to make impartial decisions concerning the disposition as to financial liability. The Accountable Officer will submit a Property Requested for Survey Action form when.

- (a) Property is unserviceable (the property is no longer useable for the purpose for which it was acquired or it is not cost-effective to repair). The item is to be sent with the form to the RPPM office at the Malakal Warehouse. When the Board of Survey action is complete, a copy of the Report of Survey form will be provided to the Accountable Officer and will be placed in the Inventory file and logged on the Supplemental Inventory form;
- (b) Any item of property (minor property or capitalized property) becomes missing or not properly accounted for. It is important to issue the form immediately. All relevant details and comments should be noted for the Board of Survey investigation. Missing items must be reported to the Police immediately, and a copy of the Police report will be included with the Property Requested for Survey Action form. The RPPM office will fill out the Report of Survey form and forward it immediately to the Chairman of the Survey Board requesting action. When the investigation is completed by the Survey Board, a copy of the completed Report of Survey form is provided to the Accountable Officer who places it in the Inventory file and logs it on the Supplemental Inventory record;
- (c) Any item of property becomes damaged, including occasions when it remains in a working condition. The Property Requested for Survey Action form will be completed by the Property Custodian and forwarded by the Accountable Officer to RPPM with all

known details of the damage to the property. The RPPM office will fill out the Report of Survey form and forward it immediately to the Chairman of the Survey Board requesting action. When the investigation is completed by the Survey Board, a copy of the completed Report of Survey form is provided to the Accountable Officer for further action as recommended by the Board of Survey.

207.4 Survey Procedures

A. Scrap

Where approved Reports of Survey direct the destruction or reduction to scrap of property, such disposition will be witnessed by two employees, one of whom will be a member of the Survey Board. The witnessing officer may not be the Accountable Officer or a previous Property Custodian of the property.

B. Missing Property

Missing property will not be removed from the property records until the Board of Survey completes the Report of Survey form and returns it to the Property Management Officer. The approved Report of Survey will serve as the authority for deletion of the item(s) from the property accountability records. A final copy of the Report of Survey will be sent to the Accountable Officer for inclusion into the records at that entity.

C. Property Irregularities

Property Irregularities, including property loss, damage and destruction cases, will be investigated by the Board of Survey. Examples of property irregularities include:

- (a) Loss, damage or destruction to Government property where the total loss suffered is in excess of \$1,000, either in the aggregate or for a single incident, or for a single item;
- (b) Repetitive losses of a particular type of property or recurring losses at a given location;
- (c) Losses of a suspicious nature;
- (d) Evidence of serious misconduct or irregularity (fraud, falsification of records, etc.);
- (e) Known, suspected, or alleged fraud, waste or abuse affecting government property, or misappropriation of Government property, and
- (f) Loss or theft of a firearm, weapon, ammunition, explosives, or controlled substance.
- (g) When appropriate, the Board of Survey will forward Reports of Survey to the Public Auditor for further investigation.

D. Determination of Liability

When Government property is lost, damaged or destroyed, the Board of Survey will determine whether the employee(s) involved was responsible for the loss, damage or destruction. In any instance where employees are responsible for loss, damage or destruction, the Board will use the

following guidelines in arriving at findings pertaining to the financial habitability of an employee:

- (a) Employees will not be held financially liable for loss, damage or destruction attributable to inadequate instruction, inexpert use or inherent defects in the property;
- (b) Under circumstances other than the above, employees will be held financially liable when a through investigation determines:
 - (1) That the property was lost, stolen, damaged or destroyed as a result of Its being used for other than official purposes;
 - (2) That the loss, damage or destruction was due to simple negligence, which is an act of the employee(s) in which the employee(s) failed to exercise the degree of care, precaution, attention, and vigilance necessary for protecting the interests of the Government or failed to exercise that degree of care which a prudent person would exercise under the circumstances; or
 - (3) That the loss, damage or destruction was due to gross negligence, which is an act or omission of the employee(s) which constituted misconduct, willful negligence, or a wanton and reckless disregard for the property.
- (c) Upon a finding by the board that an employee should be held financially liable for a loss, the employee will have the option of paying in full or agreeing in writing to pay the debt over a period of time agreed to by the Minister of Finance, which will in no case exceed two years. The debt will be interest free for as long as the employee complies with the agreed upon repayment schedule. This agreement will authorize the Minister or Finance to take a stipulated judgment against the employee for the amount of the loss in consideration for a covenant not to execute upon the judgment for as long as the employee continues to work for the government, and complies with the agreed upon a repayment schedule. If the employee refuses to enter into such agreement, the Attorney General will represent the Government in a lawsuit against the employee and will have discretion to settle such cases as he/she deems fit.

CHAPTER V - SERVE-MART STORE OPERATION

Section 208. Property and Supply Serve-Mart Store

To use the Property and Supply Serve-Mart Store, each organizational entity should first obtain a passbook. Ideally, the amount of money requisitioned for the passbook account should be based on a determination of approximately how much in materials, supplies and furniture will be used in the Fiscal Year. The following procedures outline the steps for making use of a passbook for the Serve-Mart:

- (a) Make up a requisition/purchase order for the amount being budgeted through the

Serve-Mart store and submit through regular channels. When the requisition is returned approved, a passbook will be issued. Each organizational entity should designate who is authorized to sign for products at the Serve-Mart store.

- (b) If stock is not available at the time initially requested, purchase orders or requests will be accepted on a first come-first, served-basis for the next available shipment that restocks Serve-Mart.

A full inventory will be conducted at Serve-Mart between September 15th and September 30th. During this period the store will be closed and no orders taken or filled. Materials, supplies, expendable property, and furniture will be subject to inventory. Stock on hand will be checked on a quarterly basis to insure there is no under-stocking or overstocking. Steps will be taken to determine the needs of the customers of Serve-Mart and that adequate supplies are ordered on a timely basis to provide the basic essential most-requested items. The Property Management Officer (Chief, Division of Property and Supply) will work closely with the staff at Serve-Mart and accept suggestions from customers to provide what is desired to be available at the store.

Serve-Mart Store Daily Transaction

- (1) Log -On System
 - (a) Type Name (ID)
 - (b) Type Password

- (2) Left Side Menu Customer- Create Invoice

- (3) Start Daily Transaction
 - (a) Customer Job- Select Department
 - (b) Automatic: System does
 - 1. Bill to
 - 2. Date
 - 3. Invoice
 - (c) P/O number- Type in either of the following:
 - 1. PS-SM Number
 - 2. P/O Number
 - 3. Passbook Number
 - (d) Item Select Item / Product
 - 1. Type in group (Narrow the range)
 - 2. Choose- Look under description
 - 3. "Tab"
 - 4. Type in Quantity
 - 5. Arrow down for the next item entry
 - 6. Repeat Steps
 - (e) Finish Entry
 - (f) Click "Print"
 - 1. Type in # of copies
 - 2. Click "Print"

- (g) End Session - Save & Close
Next Session - Save & New

CHAPTER VI - FIXED ASSETS PROCEDURES

Fixed Assets Data Entry Procedures

1. Enter Fixed Assets through Fixed Assets Master File Maintenance Menu

(a) Key in the Assets Tag Number

(b) Fill in Fixed Assets Master Record Information

- Assets Class
- Acquired From
- Purchase Authority- (Purchase Order Number)
- Assets Identification:
 - Short Description
 - Manufacturer (MFR)
 - Model #
 - Serial #
 - Assets Description

(c) Fill in Life-to-Date Cost and Depreciation Summary Information

- Cost Valuation Method
- Acquisitions
- Funding Source
- Acquisition Method
- CAPPS Date: This is the capitalization date that has to be entered.

(d) Fill in the Rest of the Assets Information

- Physical Location - Ministry - Bureau - Division Responsible Org.
- Total Quantity Acquired
- Item Condition
- Count at last inventory
- Inventory Date
- Next Inventory Date
- Insurance - Carrier: For this field type "UNL" for unlocated assets. This field is used to identify unlocated assets.
- Assets Function

2. Reports

- (a) Print report of entries and verify
- (b) Make necessary adjustments

CHAPTER VII - DESK MANUAL BY PROCUREMENT OFFICERS

Local Purchase Order (L)

- 1) Receive all processed PO signed by the Chief
- 2) Sort original copy of PO by color to Finance, Requester, Vendor, & Office file as follows:
 - (a) White- Vendor
 - (b) Blue, Green, & Pink copy of RQ - Office File
 - (c) Pink & White copy of RQ - Finance
 - (d) Yellow & Yellow or Blue copy of RQ - Requestor
- 3) Log in all PO in the Procurement Officer Computer File & then transmit to Finance for tracking purposes.
- 4) Sort PO by Department and file.
- 5) Call for pick up or deliver original copy of PO to Vendor.
- 6) Pick up invoice from major Vendors (such as WCTC and Surangel & Son's CO.,) for items delivered directly to requester.
- 7) Attach Invoice with receiving report then log again in the Procurement Officer Computer File, then transmit to Finance.
- 8) Follow up outstanding invoices - Call Vendor and Requestor to ensure that requested items are still needed then take appropriate action.
- 9) Submit monthly / quarterly report. Customized program which compiles needed data.

Outside Purchase Order (P)

- 1) Enter PO (see DILOG entry procedures number 2 Purchase Orders)
- 2) Receive print out PO
- 3) Type Requestor (Department) name on PO & Special shipping instruction if needed.
- 4) Sort original copy of PO by color to Finance, Vendor, Department, and Office File as follows:

- (a) White & Green copies of PO - Vendor
- (b) Pink copy of PO, original RQ & all attachment - Finance Office
- (c) Blue & Pink Copy of RQ - Office File
- (d) Yellow & Yellow copy of RQ - Requestor

5) Mail Vendor Copy

6) Transmit original pink copy of PO, with original copy of RQ, and all attachment to Finance & Accounting Division.

7) File copy of PO and attachment.

8) Follow up order- sending e-mail / Fax I Phone regarding shipment status.

9) Prepare monthly report.

10) Follow up outstanding invoices & statement with Finance & Accounting Division.

11) When shipment is received; Shipment is verified by Requestor, Requestor acknowledges receipt of each requested items, and sign the receiving report. Final process is to transmit the receiving report to Finance and Accounting Division for payment.

Processing “Q” Orders

1) Receive Purchase Order (P/O)

2) Information is needed as follows:

(a) Required information (every time)

-Type “Department name” (e.g., Dental Division, Ministry of Health, ROP)

-Type “Ref” and P/O Number (e.g., Ref: 000001)

(b) Type in other information

-Payment terms, Wire Transfer Account, : “P” Cancelled & Replace by “Q”, etc.

-Special Shipping Instructions

3) Make copies of the order for P & S File.

(a) P/O -4 copies of the original P/O

(b) R/Q -1 copy of the original R/Q

(c) Supporting documents -1 copy each of supporting documents.

4) Sort

(a) Submit to Finance & Accounting

- P/O White & Green are stapled together
- Stamp acknowledgment on the Green copy
- P/O Pink
- R/Q White
- Other documents originally attached with requisition

(b) Procurement & supply File

- P/O Blue copy
- R/Q Pink

(c) Department Copy

- P/O Yellow
- R/Q Yellow

5) Periodically check the DILOG system for check number

6) Once the check is issued, follow up.

7) Received shipment

(a) Partial shipment - Submit copy of P/O as P/R to Finance & Accounting.

CHAPTER VIII - COMPREHENSIVE ACCOUNTS PAYABLE AND PURCHASING SYSTEM (CAPPS) ENTRY PROCEDURES

DILOG Entry Procedures

1. Vendor Maintenance

(a) Vendor Number Assignment

Type

1. Assign vendor numbers following the vendor range below:

1 to 29999 Off Island Businesses	
30000 to 39999 Local businesses	
40000 to 49999 Travelers	E
50000 to 59999 Non-Business Individuals or Organizations	
60000 to 69999 Payroll Employees - Receiving Payroll advances	
70000 to 79999 Payroll Liability Vendors	P

2. Enter name and address under the Order Name & address. Leave Payment Name and Address blank if it is the same as Order Name & Address. The system automatically fills in the Payment Name and address if left blank for new entry. If the Payment address is different from the order name and address, it should be typed in. When modifying the vendor information, every change has to be made on the Order and Payment Name and addresses.

3. On the same screen as number two (2) is the vendor type, for employee traveler, “E” is entered in the type field. For Payroll liability vendor, “P” is entered in the Type field. For all other vendors, the Type is left blank.

(b) Inactive Vendors

Inactive or duplicate vendors are deleted once there are no longer outstanding purchase Orders or pending vouchers for that particular vendor.

2. Purchase Orders

(a) Purchase Order Entry and Edit

1. Enter purchase orders using the following action codes and order types:

<u>Action Codes</u>	<u>Description</u>
O	Original Order
C	Confirming Order
M	Modification Order
X	Cancel Entire Order (Cannot Re-Open)
L	Close Entire Order (Can Re-Open)
R	Re-Open Entire Order

<u>Order Type</u>	<u>Description</u>
B	Pass Books
C	Contracts
K	Hospital Equipment
L	Local Purchase
N	Local Purchase - Advances
P	Outside Purchases
Q	Outside Purchase - Advances
R	Medical Referral Stipend
S	Miscellaneous Purchases
T	Travel authorizations

2. Enter delivery office & address, delivery date and requesting office
3. Enter distribution org, acct, task, option and cost center
4. Enter quantity ordered, issue unit, unit price and item description for each item

- (b) Print PO input report and check entries
- (c) Update Purchase Orders. BE SURE THAT NO ONE ELSE IS IN CAPPS BEFORE UPDATING!
- (d) Print purchase orders on PO forms and the accompanying receivers report

- (e) Print PO Log - (Printed by Filing Section and Supply Office to keep track of purchase orders)

3. Invoice Entry

(a) PO Invoice Entry

1. Enter next available batch
2. Enter control total on the batch information
3. Enter PO Number
4. Enter the rest of the invoice information changing Hold Pay to “Y”, enter the description, invoice number, Gross amount, invoice date in the voucher date field. The due date has to follow the 30 day payment policy. Enter P or C for Partial or Complete and the amount.
5. When exiting from the batch, the Adding Machine and Computer totals should match
6. Print A/P input reports and check entries
7. Print Vouchers on the voucher form (green)

(b) Non-PO Invoice Entry

1. Enter next available batch
2. Enter control total on the batch information
3. Enter the vendor number
4. Enter the rest of the invoice information much the same as PO Invoice entry except the expense distribution is entered here and if there is encumbrance it is also liquidated here.
5. When exiting from the batch, the Adding Machine and Computer totals should match
6. Print A/P input reports and check entries
7. Print Vouchers on the voucher form (green)

*** NUMBER THREE (3) USES THE SAME AIP UPDATE. When batches are complete, they are updated. (BE SURE NO ONE ELSE IS IN CAPPS WHEN UPDATING)

APPENDIX A - IRS Table of Class Lives and Recovery Periods

<u>Major Group</u>	<u>Commodity Class Code</u>	<u>Descriptive Title</u>	<u>Useful Life</u>
A0		Land	Not Calculated
	A100	Uplands	
	A200	Beds of Navigable Water	
	A300	Shore lands	
	A400	Tidelands	
	A500	Harbor Areas	

<u>Major Group</u>	<u>Commodity Class Code</u>	<u>Descriptive Title</u>	<u>Useful Life</u>
1	100	Construction In Progress	Not Calculated
2	200	Art Collections, Library Reserve Collections, and Museum and Historical Collections (Inexhaustible)	Not Calculated
3		Infrastructure (Depreciable)	
	320	Assets Having a Useful Life of	20 Years
	325	Assets Having a Useful Life of	25 Years
	330	Assets Having a Useful Life of	30 Years
	335	Assets Having a Useful Life of	35 Years
	340	Assets Having a Useful Life of	40 Years
	345	Assets Having a Useful Life of	45 Years
	350	Assets Having a Useful Life of	50 Years
4		Buildings	
	405	Buildings/Components Having a Useful Life of	5 Years
	410	Buildings/Components Having a Useful Life of	10 Years
	415	Buildings/Components Having a Useful Life of	15 Years
	420	Buildings/Components Having a Useful Life of	20 Years
	424	Buildings/Components Having a Useful Life of:	24 Years
	425	Buildings/Components Having a Useful Life of	25 Years
	427	Buildings/Components Having a Useful Life of	27 Years
	430	Buildings/Components Having a Useful Life of	30 Years
	435	Buildings/Components Having a Useful Life of	35 Years
	440	Buildings/Components Having a Useful Life of	40 Years
	445	Buildings/Components Having a Useful Life of	45 Years
	450	Buildings/Components Having a Useful Life of	50 Years
5		Improvements Other Than Buildings (Includes Leasehold Improvements)	
	503	Assets Having a Useful Life:	3 Years
	505	Assets Having a Useful Life:	5 Years
	508	Assets Having a Useful Life:	8 Years
	510	Assets Having a Useful Life:	10 Years
	515	Assets Having a Useful Life:	15 Years
	520	Assets Having a Useful Life:	20 Years
	525	Assets Having a Useful Life:	25 Years
	530	Assets Having a Useful Life:	30 Years
	535	Assets Having a Useful Life:	35 Years
	540	Assets Having a Useful Life:	40 Years
	545	Assets Having a Useful Life:	45 Years
	550	Assets Having a Useful Life:	50 Years
6		Art Collections, Library Reserve Collections, and Museum and Historical Collections (Exhaustible) and Library Resources	
	603	Having a Useful Life of:	3 Years
	605	Having a Useful Life of:	5 Years
	608	Having a Useful Life of:	8 Years

<u>Major Group</u>	<u>Commodity Class Code</u>	<u>Descriptive Title</u>	<u>Useful Life</u>
	610	Having a Useful Life of:	10 Years
	615	Having a Useful Life of:	15 Years
	620	Having a Useful Life of:	20 Years
	625	Having a Useful Life of:	25 Years
	630	Having a Useful Life of:	30 Years
	635	Having a Useful Life of:	35 Years
	640	Having a Useful Life of:	40 Years
	645	Having a Useful Life of:	45 Years
	670	Having a Useful Life of:	50 Years
10		Weapons, Firearms, Signal Guns, and Accessories	5 Years
	1005	Firearms and Accessories	
	1040	Chemical Weapons and Equipment	
	1095	Weapons, Miscellaneous (Signal Guns, Line-Throwing Equipment, Animal Control Devices, etc.)	
13		Ammunition and Explosives Equipment	5 Years
	1305	Ammunition Reloading and Gunsmithing Equipment	
	1350	Bomb Handling and Cryogenic Equipment	
	1375	Detonating Equipment	
15		Aircraft, Fixed and Rotary Winged	6 Years
	1510	Aircraft, Fixed Wing	
	1520	Aircraft, Rotary Winged	
16		Aircraft Components and Accessories	5 Years
	1680	Miscellaneous Aircraft Accessories and Components	
17		Aircraft Support Equipment	5 Years
	1730	Aircraft Ground Servicing Equipment	
	1740	Airfield Specialized Trucks, Trailers, and Lighting Equipment	
19		Marine Vessels, Barges, and Docks (All, except otherwise indicated)	40 Years
	1901	Passenger Only Vessels (Ferry Boats)	25 Years
	1902	Passenger Vessel Components Having a Useful Life of:	20 Years
	1903	Passenger Vessel Components Having a Useful Life of:	15 Years
	1904	Passenger Vessel Components Having a Useful Life of:	10 Years
	1905	Passenger Vessel Components Having a Useful Life of:	5 Years
	1906	Passenger Vessel Components Having a Useful Life of:	3 Years
	1910	Vehicle/Passenger Vessels (Ferry Boats)	40 Years
	1911	Vehicle/Passenger Vessel Components Having a Useful Life of:	30 Years
	1912	Vehicle/Passenger Vessel Components Having a Useful Life of:	25 Years
	1913	Vehicle/Passenger Vessel Components Having a Useful Life of:	20 Years
	1914	Vehicle/Passenger Vessel Components Having a Useful Life of:	15 Years
	1915	Vehicle/Passenger Vessel Components Having a Useful Life of:	12 Years

<u>Major Group</u>	<u>Commodity Class Code</u>	<u>Descriptive Title</u>	<u>Useful Life</u>
	1916	Vehicle/Passenger Vessel Components Having a Useful Life of:	10 Years
	1917	Vehicle/Passenger Vessel Components Having a Useful Life of:	5 Years
	1920	Fishing Vessels	
	1925	Vessels, Special Service (Tugs, Fire Boats, Patrol Boats, Tenders)	
	1930	Barges, Cargo	
	1935	Barges and Lighters, Special Purpose	
	1940	Small Craft, Powered and Unpowered	6 Years
	1945	Pontoons and Floating Docks	
	1950	Floating Dry docks	
	1990	Miscellaneous Vessels	
20		Marine and Ship Equipment	5 Years
	2010	Ship and Boat Propulsion Equipment	
	2030	Deck Winches, Hoists, etc.	
	2050	Buoys	
	2060	Commercial Fishing Equipment	
	2090	Marine and Ship Furnishings, Equipment, and Miscellaneous	
22		Railroad Equipment	40 Years
	2240	Railroad Boxcars - Grain	
	2245	Railroad Passenger and Power Cars	
23	2310-2319	Motor Vehicles, Trailers, and Cycles	5 Years
		<i>Vehicles (Autos, Fans, and Light Trucks) Up To 10,000 lbs. GVW</i>	
	2310	Sedan	
	2311	Vans	
	2312	Pathfinders	
	2313	Light Trucks	
		<i>Vehicles, Medium and Heavy Duty (Trucks, Buses, and Special Purpose Vehicles) 10, 000 lbs. GVW and Over</i>	
	2320-2329		
	2320	Cargo Trucks	
	2321	Fire Trucks	
	2322	Buses	
	2323	Back Hoes	
	2324	Loaders	
	2325	Garbage or Dump Trucks	
	2326	Excavators	
	2327	Forklifts	
	2328	Bulldozers	
	2329	All Other Heavy Trucks	
	2330	Trailers, Cargo and Utility Including Semitrailers	
	2331	Trailers, Boat	
	2332	Trailers, Camp, Office, Mobile Home, etc.	
	2340	Motorcycles and Scooters	
	2350	Combat Vehicles, Tracked	
24		Tractors Crawler, Wheeled, and Track-Laying	10 Years
	2410	Tractors, Crawler	
	2420	Tractors, Wheeled, Industrial	

<u>Major Group</u>	<u>Commodity Class Code</u>	<u>Descriptive Title</u>	<u>Useful Life</u>
	2421	Tractors, Wheeled, Farm-Type	
	2430	Tractors, Track-Laying (Snowcat, Snowmobile, Weasel, etc.)	
25		Vehicular Equipment and Components	10 Years
	2510	Cab, Body, and Frame Components	
	2530	Brake, Steering, Axle, and Wheel Assemblies	
	2540	Accessories (Canopies, Tool Boxes, Light Bars, etc.)	
	2590	Modifications (Cranes, Lifts, etc.)	
28		Engines, Turbines, and Components	5 Years
	2805	Engines, Gas, Automotive	
	2806	Engines, Gas, Marine	
	2807	Engines, Gas, Small Implement	
	2815	Engines, Diesel, Automotive	
	2816	Engines, Diesel, Marine	
	2817	Engines, Diesel, Industrial	
	2830	Water Turbines/Water Wheels and Components	
	2835	Turbines, let Engines, Nonaircraft	
	2840	Turbines, Jet Engines, Aircraft	
	2850	Engines, Rotary, Gas and Components	
	2895	Engines, Miscellaneous and Components	
29		Engine Components and Accessories	5 Years
	2910	Fuel System Components, Gas	
	2940	Cleaners, Filters, and Strainers	
	2960	Engine Accessories, Diesel Heavy Equipment	
	2990	Engine Accessories, Nonaircraft Miscellaneous	
	2995	Engine Accessories, Aircraft Miscellaneous	
30		Mechanically Powered Transmission Equipment	5 Years
	3010	Torque Converters	
	3020	Gears, Pulleys, and Sprockets	
	3040	Power Transmission Equipment	
	3050	Hydraulic System Components	
32		Woodworking Machinery and Equipment	5 Years
	3210	Sawmill and Planing Mill Equipment	
	3220	Woodworking Machines	
	3230	Tools and Attachments for Woodworking Machinery	
34		Metalworking Machinery and Welding Equipment	10 Years
	3405	Saw and Filing Machines	
	3408	Machining Centers and Way-Type Machines	
	3410	Electrical and Ultrasonic Erosion Machines	
	3411	Boring and Broaching Machines	

<u>Major Group</u>	<u>Commodity Class Code</u>	<u>Descriptive Title</u>	<u>Useful Life</u>
	3413	Drilling and Tapping Machines	
	3414	Gear Cutting and Finishing Machines	
	3415	Grinding and Finishing Machines	
	3416	Lathes, Metalworking	
	3417	Milling Machines	
	3418	Planers and Shapers	
	3419	Miscellaneous Machine Tools and Accessories	
	3422	Rolling Mills and Drawing Machines	
	3424	Metal Heat Treating and Nonthermal Treating Equipment	
	3431	Electric Welding Equipment and Accessories	
	3432	Welding Equipment, Engine Driven	
	3433	Gas Welding, Heat Cutting, and Metalizing Equipment	
	3438	Miscellaneous Welding Equipment and Accessories	
	3439	Miscellaneous Welding, Soldering, and Brazing Equipment	
	3441	Bending and Forming Machines	
	3442	Hydraulic, Pneumatic, and Mechanical Presses - Power and Manual	
	3445	Punching and Shearing Machines	
	3446	Forging Machinery and Hammers	
	3447	Wire and Metal Ribbon Forming Machines	
	3448	Riveting Machines, Power Operated	
	3450	Machine Tools, Portable and Secondary	
	3455	Cutting Tools, for Machine Tools	
	3460	Machine Tool Accessories	
	3465	Production Jigs, Fixtures, and Templates	
	3470	Machine Shop Sets, Kits and Outfits	
35		Services and Trade Equipment - Laundry, Shoe, Sewing, and Packaging	5 Years
	3510	Laundry and Dry Cleaning Equipment	
	3520	Shoe Repair Equipment	
	3530	Industrial Sewing Machine	
	3540	Wrapping and Packaging Machinery	
	3550	Vending Machines	
	3551	Parking Meters, Turnstiles, and Fare Recording Devices	
	3590	Beauty and Barber Shop Equipment	
	3591	Plastic Laminating Presses	
	3595	Specialized Plastic Working Machines	
36		Special Industrial Machinery - Food, Printing, Logging, and Textile	6 Years
	3605	Food Cannery Machinery and Equipment	
	3610	Printing Equipment	
	3611	Duplicating Equipment/Copy Equipment	
	3612	Binding Equipment	
	3625	Textile Industries Machinery	
	3655	Gas Generating Aero Dispensing Systems, Fixed or Mobile	
	3680	Foundry Machinery and Related Equipment	
	3694	Clean Work Station, Controlled Environment Equipment	
	3695	Specialized Logging Equipment	

<u>Major Group</u>	<u>Commodity Class Code</u>	<u>Descriptive Title</u>	<u>Useful Life</u>
37		Agricultural Machinery and Equipment - Farm, Fishery, Pest Control, Garden, and Irrigation	12 Years
	3710	Soil Preparation Equipment	
	3730	Dairy and Livestock Equipment	
	3731	Poultry Equipment	
	3732	Fish Hatchery Equipment	
	3740	Pest, Disease, and Frost Control Equipment	
	3750	Garden Implements (Mowers, Hedgers, etc.)	
	3751	Gardening Tools	
	3752	Irrigation Equipment - Sprinklers, Pipe, and Accessories	
	3753	Green Machines	
	3755	Forestry Planting Tools	
	3770	Animal Furnishings and Equipment - Saddles, etc.	
38		Construction, Mining, and Highway Maintenance Equipment	6 Years
	3805	Earth Moving and Excavating Equipment	
	3810	Cranes and Crane Shovels	
	3815	Crane and Crane Shovel Attachments	
	3820	Mining, Quarrying, and Rock Drilling Equipment	
	3821	Rock Crushing Equipment	
	3825	Road Clearing and Cleaning Equipment	
	3826	Traffic Safety Devices	
	3827	Pavement Marking Equipment and Accessories	
	3828	Weed Burners and Brush Control Equipment	
	3830	Construction and Maintenance Equipment Attachments	
	3895	Miscellaneous Construction Equipment	
39		Materials Handling Equipment	5 Years
	3910	Conveyors	
	3920	Materials Handling Equipment, Not self-propelled	
	3930	Materials Handling Equipment, Warehouse Type, Self-Propelled	
	3940	Blocks, Tackle, Rigging, and Slings	
	3950	Winches, Hoists, Cranes, and Derricks	
	3960	Elevators and Escalators	
	3990	Miscellaneous Materials Handling Equipment	
41		Refrigeration and Air Conditioning Equipment, Components and Accessories	13 Years
	4110	Refrigeration Units and Accessories, Commercial	
	4111	Refrigeration Units and Accessories, Scientific	
	4112	Refrigeration Units and Accessories, Household	
	4119	Air Conditioning, Heating, and Ventilation Systems, Commercial	
	4120	Air Conditioning Units and Accessories, Commercial and Industrial	
	4121	Air Conditioning Units and Accessories, Household	
	4123	Air Conditioning Units and Accessories, Marine	
	4130	Refrigeration and Air Conditioning Plants and Components	
	4140	Fans and Air Circulators, Nonindustrial	
	4141	Industrial Fan and Blower Equipment	

<u>Major Group</u>	<u>Commodity Class Code</u>	<u>Descriptive Title</u>	<u>Useful Life</u>
42		Fire Fighting Tools and Equipment	5 Years
	4210	Fire Fighting Tools and Equipment	
	4211	Fire Extinguishers and Accessories	
	4220	Marine Life Saving Equipment	
	4221	Marine Diving and Salvage Apparatus and Equipment	
	4240	Safety and Rescue Equipment (Excluding Eye and Face Protection and Clothing)	
	4241	Safety and Rescue Equipment - Breathing Apparatus	
	4242	Safety and Rescue Equipment, Eye and Face Protectors	
43		Pumps and Compressors	5 Years
	4310	Compressors, Mounted and Unmounted	
	4320	Power and Hand Pumps	
	4330	Centrifugals, Separators, and Pressure and Vacuum Filters (Nonlaboratory)	
44		Furnaces, Steam Plants, Driers, and Air Purification Equipment	13 Years
	4410	Industrial Boilers	
	4420	Heat Exchangers and Steam Condensers	
	4430	Industrial Furnaces, Kilns, Lehrs, and Ovens	
	4440	Driers, Dehydrators, and Anhydrators	
	4460	Air Purification Equipment	
	4465	Industrial Controls	
45		Plumbing, Heating, and Sanitation Equipment	5 Years
	4510	Plumbing Fixtures and Accessories	
	4515	Dispensers, All Types	
	4520	Space Heaters, Nonportable	
	4521	Space Heaters, Portable	
	4525	Water Heaters	
	4530	Fuel Burning Units and Accessories	
	4540	Miscellaneous Plumbing, Heating, and Sanitation Equipment	
46		Water Purification and Sewage Treatment Equipment	5 Years
	4610	Water Purification Equipment	
	4620	Water Distillation Equipment	
	4630	Sewage Treatment Equipment	
49		Specialized Maintenance and Repair Shop Equipment	5 Years
	4910	Motor Vehicle Maintenance and Repair Shop Equipment	
	4920	Aircraft Maintenance and Repair Shop Equipment	
	4925	Marine Maintenance and Repair Shop Specialized Equip.	
	4930	Lubrication Equipment and Accessories	
	4931	Fuel Dispensing Equipment and Accessories	
	4940	Miscellaneous Maintenance and Repair Shop Equipment	

<u>Major Group</u>	<u>Commodity Class Code</u>	<u>Descriptive Title</u>	<u>Useful Life</u>
51		Hand Tools, Powered and Nonpowered	5 Years
	5110	Hand Tools, Edged, Nonpowered	
	5120	Hand Tools, Nonedged, Nonpowered	
	5130	Hand Tools, Power Driven, Attachments	
	5136	Taps, Dies, and Collets - Hand and Machine	
	5140	Tool and Hardware Boxes	
	5180	Sets, Kits, and Outfits of Hand Tools	
	5190	Green Machines and Chain Saws	
52		Measuring Tools and Gauges	5 Years
	5210	Measuring Tools, Craftsmen's	
	5220	Inspection Gauges and Precision Layout Tools	
53		Hardware, Abrasives, Locks and Packing	5 Years
	5335	Screening	
	5340	Key-Duplicating Machines	
54		Prefabricated, Portable Structures, Buildings and Scaffolding	50 Years
	5410	Prefabricated, Portable Structures, and Buildings	
	5420	Bridges, Fixed and Floating	
	5430	Storage Tanks	
	5440	Scaffolding Equipment and Ladders	
	5445	Prefabricated Tower Structures	
	5450	Miscellaneous Prefabricated Structures	
58		Communication, Recording, Reproducing, and Detection Equipment	7 Years
	5805	Telephone and Telegraph Equipment 5806 Pagers	
	5810	Communications Security Equipment and Components	
	5815	Teletype and Facsimile Equipment	
	5820	Communications Equipment, Industrial and Commercial	
	5821	Radio and Television Communications Equipment, Airborne	
	5822	Communications Equipment, Public Safety: Audio and Video	
	5825	Radio Navigation Equipment, Nonairborne	
	5826	Radio Navigation Equipment, Airborne	
	5830	Intercommunications and Public Address Systems, Nonairborne	
	5831	Intercommunications and Public Address Systems, Airborne	
	5835	Sound Recording and Reproduction Equipment, Industrial and Professional (includes BETA and VHS Recorders; Video Cameras)	
	5840	Radar Equipment	
	5845	Underwater Sound Equipment and Accessories	
	5850	Audio Tape, Industrial and Professional	
	5851	Video Tape, Industrial and Professional	
	5855	Night Vision Equipment	
	5860	Stimulated Coherent Radiation Devices (Laser and Taser)	
	5865	Headsets, Handsets, Microphones, Speakers, etc.	

<u>Major Group</u>	<u>Commodity Class Code</u>	<u>Descriptive Title</u>	<u>Useful Life</u>
59		Electrical and Electronic Components	5 Years
	5940	Lugs, Terminals, and Terminal Strips, Electrical	
	5941	Boards, Terminal, Multi-application, Electronic	
60		Fiber Optics Materials, Components, Assemblies, and Accessories	5 Years
	6010	Fiber Optic Conductors	
	6030	Fiber Optic Devices	
	6070	Fiber Optic Accessories	
61		Electric Wire, Power, and Distribution Equipment, Batteries, and Generators	5 Years
	6105	Motors, Electrical	
	6110	Electrical Control Equipment Switchgear, Servomechanisms, etc.	
	6115	Generators and Generator Sets, Electrical	
	6118	Solar, Thermal, and Nuclear Power Equipment	
	6120	Transformers, Distribution and Power Station	
	6125	Converters, Electrical, Rotating	
	6130	Converters, Electrical, Nonrotating	
	6135	Batteries, Dry Cell	
	6141	Batteries, Wet Cell, Industrial and Electric Vehicles	
	6150	Miscellaneous Electric Power and Distribution Equipment	
62		Lighting Fixtures and Lamps	5 Years
	6210	Lighting Fixtures, Indoor	
	6211	Lighting Fixtures, Outdoor	
	6230	Portable Electric Lighting Equipment	
	6290	Flying Insect Control	
63		Alarm and Signal Systems	10 Years
	6310	Traffic and Transit Signal Systems	
	6350	Alarm and Signal Systems, Commercial	
65		Medical, Dental, and Veterinary Equipment	12 Years
	6515	Medical Instruments and Equipment	
	6516	Orthopedic Equipment	
	6517	Ophthalmological, Refraction, and Audiometry Equipment	
	6518	Veterinary Equipment	
	6519	Surgical Instruments and Equipment	
	6520	Dental Instruments and Equipment	
	6521	Hemodialysis Equipment	
	6525	X-ray Equipment, Medical, Dental, and Veterinary	
	6530	Hospital Equipment	
	6533	Patient Mobilization Aids	
	6534	Stretchers and Litters	
	6535	Sterilizing Equipment and Accessories	
	6540	Opticians Instruments and Equipment	
	6545	Medical Sets, Kits, and Outfits	

<u>Major Group</u>	<u>Commodity Class Code</u>	<u>Descriptive Title</u>	<u>Useful Life</u>
66		Instruments and Laboratory Equipment	5 Years
	6605	Navigational Instruments	
	6610	Flight Instruments	
	6615	Automatic Pilot Mechanisms and Airborne Gyro Components	
	6620	Engine Instruments	
	6625	Electrical Measuring and Testing Instruments (Ammeters, Voltmeters, etc.)	
	6626	Electronic Measuring and Testing Instruments	
	6630	Equipment, Instruments, and Devices, Laboratory	
	6635	Physical Properties Testing Equipment	
	6636	Environmental Chambers and Related Equipment	
	6640	Laboratory Supplies	
	6641	Laboratory Furniture	
	6643	Agriculture Laboratory and Field Testing Equipment	
	6645	Time Measuring Instruments (Clocks, Watches, and Movements)	
	6650	Optical Instruments, Laboratory	
	6651	Optical Devices, Binoculars, Telescopes, Infrared Viewers, and Rangefinders	
	6655	Geophysical and Astronomical Instruments	
	6660	Meteorological Instruments and Apparatus	
	6665	Hazard Detecting Instruments and Apparatus	
	6670	Scales and Balances, Commercial and Household	
	6671	Scales, Postal	
	6672	Scales and Balances, Laboratory	
	6675	Drafting, Surveying, and Mapping Instruments	
	6680	Liquid and Gas Flow, Liquid Level, and Mechanical Motion Measuring Instruments	
	6681	Speedometers and Tachometers	
	6682	Regulators and Gauges, Medical	
	6685	Pressure, Temperature, and Humidity Measuring and Controlling Instruments	
	6695	Combination and Miscellaneous Instruments	
67		Photographic, Projecting, and Microfilm Equipment	6 Years
	6710	Cameras, Motion Picture	
	6720	Cameras, Still Picture	
	6730	Photographic Projection Equipment	
	6740	Photographic Developing and Finishing Equipment	
	6750	Photographic Supplies	
	6760	Photographic Equipment and Accessories	
	6770	Films Processed for Commercial and Industrial Use	
	6780	Film Processing	
	6790	Micrographic Equipment	
	6791	Micrographic Supplies	
	6793	Micrographic Unitizing Equipment and Accessories	
69		Training Aids and Devices	5 Years
	6905	Multimedia Systems	
	6910	Training Aids, Medical	
	6911	Audiotape, Training	
	6914	Slides, Training	
	6918	Flight Training Aids and Devices	

<u>Major Group</u>	<u>Commodity Class Code</u>	<u>Descriptive Title</u>	<u>Useful Life</u>
	6920	Overhead Transparencies, Training	
	6921	Videotapes, Training	
	6925	Targets	
	6930	Vehicle Training Aids and Devices	
	6935	Robots for Training	
	6940	Communications Training Devices, For The Handicapped	
	6950	Miscellaneous Training Aids and Devices	
70		Information Technology (IT) Equipment and Software	4 Years
	7010	Main Frame Computer Systems	
	7011	Minicomputer Systems and Servers	
	7012	Nonportable Microcomputer Systems, including desktop personal computers (PC's)	
	7013	Portable Microcomputer Systems, Laptop and Notebook Computers	
	7015	Front End Communications Processors	
	7016	Data Processing Terminals	
	7017	Data Communications Equipment (Multiplexors, Modems, Routers, Hubs, and Switches)	
	7025	Input/Output and Storage Devices - Tape	
	7026	Input/Output and Storage Devices - Disk (Laser and Magnetic)	
	7027	Input/Output and Storage Devices - Other	
	7030	Software, Main Frame and Minicomputer	
	7031	Software, Microcomputer	
	7034	7034 Plotters	
	7035	Other IT Accessorial Equipment and Components (Scanners, Data Displays, etc.)	
	7037	Monitors	
	7038	Laser Printers	
	7039	Impact and Other Printers	
	7040	Punched Card Equipment	
	7042	Mini/Microcomputer Systems (Used primarily to control larger systems such as heating, A/C, etc.)	
	7060	Test and Monitor Equipment	
71		Furniture, Fixtures, and Accessories	10 Years
	7101	Household Furniture	
	7102	Desks	
	7103	Tables	
	7104	Chairs	
	7105	Cabinets	
	7106	Bookcases	
	7107	Shelves	
	7108	Safe	
	7109	Wheel Chairs	
	7110	Office Furniture	
	7111	Mail Room Furniture and Equipment	
	7112	School Furniture	
	7115	Hospital Furniture	
	7116	Hospital Beds	
	7117	Infant Incubators	
	7118	Furniture, Critical Environment (Prisons, etc.)	
	7120	Furniture Fabrication and Repair Supplies	

<u>Major Group</u>	<u>Commodity Class Code</u>	<u>Descriptive Title</u>	<u>Useful Life</u>
	7125	Lockers, Bins	
	7126	Auditorium and Theater Furniture	
	7127	Library Furniture	
	7195	Miscellaneous Furniture and Fixtures	
72		Household and Commercial Furnishings and Appliances	7 Years
	7231	Awnings	
	7240	Containers, Utility, Commercial	
	7241	Containers, Utility, Household	
	7290	Miscellaneous Household and Commercial Furnishings and Appliances (Fireplace Sets, Hair Dryers, Washers Dryers, Compactors, Sewing Machines, Irons, etc.)	
73		Food Preparation and Serving Equipment	5 Years
	7310	Food Cooking, Baking, and Warming Equipment, Commercial	
	7311	Food Cooking, Baking, and Warming Equipment, Household	
	7320	Kitchen Equipment and Appliances, Commercial	
	7321	Kitchen Equipment and Appliances, Household 7330	Kitchen Utensils
	7352	Vacuum Containers and Chests	
74		Office, Visible Record, and Word Processing Equipment	5 Years
	7420	Accounting and Calculating Machines	
	7430	Typewriters and Office Type Composing Machines	
	7435	Word Processing Equipment and Accessories (Includes mini and micro computers specifically designed for Word Processing purposes)	
	7450	Office Type Sound Recording and Reproducing Machines	
	7460	Visible Records Equipment	
	7490	Miscellaneous Office Machines (Coin Counters, Collators, Cash Registers, etc.)	
77		Musical Instruments, Phonographs, Radios, Televisions, and Household Recordings	5 Years
	7710	Musical Instruments	
	7720	Musical Instrument Parts and Accessories 7730	Record Players
	7731	Radios	
	7732	Television Sets	
	7733	Tape Recorders	
	7734	VCRs	
	7735	Video Cameras	
	7736	Laserdisc Player	
	7740	Recordings, Entertainment	
	7742	Video Tapes, Entertainment	
78		Recreational and Athletic Equipment and Toys	5 Years
	7810	Athletic and Sporting Equipment	
	7820	Games, Toys, and Wheeled Goods	
	7830	Gymnastic Equipment	
	7831	Playground Equipment	
	7832	Gameroom Equipment, Pool and Billiard Tables, and Bowling Equipment	

<u>Major Group</u>	<u>Commodity Class Code</u>	<u>Descriptive Title</u>	<u>Useful Life</u>
79		Cleaning Equipment	5 Years
	7910	Floor Polishers, Scrubbers, and Accessories	
	7912	Vacuum Cleaners, Carpet Sweepers, and Accessories	
83		Textile, Leather, Tents, and Flags	10 Years
	8340	Tents, Tarpaulins, and Canvases	
99		Signs, Arts and Crafts	5 Years
	9905	Advertising Signs and Identification Plates 9906	Highway Signs
	9909	Sign Making Machines and Accessories	
	9910	Arts and Crafts Supplies	
	9915	Collectors' Items	
	9930	Cemetery Equipment	

APPENDIX B - Designated Non-Capitalized Property Listing (Less Than \$1,000 in Value)

The list of designated non-capitalized property with less than \$1,000 value is provided below:

- Firearms (controlled at any cost)
- Proprietary programs and software programs (controlled at any cost)
- Computer Hardware & Accessories (i.e. scanners, printers, etc.)
- Handheld Radios
- Digital Cameras
- Video Cameras
- Generators
- TV/VCR/DVD
- PA Systems
- Green Machines
- Chain Saws

APPENDIX C - Property Management Forms

The attached forms, pages 82 to 85, are used by departments to survey and transfer assets, record donations and keep track of inventory.

- RPPM-2 - Survey Action Form - This form is used for assets that are no longer operational or excess property to be donated outside the government
- RPPM-4 - Property Transfer Form - This form is used for transfer of assets from one office of the government to the next. The form is used even for transfers of assets between offices within a Bureau.
- RPPM-7 - Notification of Donation Form - This form is used for all donated assets to the government.
- RPPM-6 - Supplemental Inventory Record - This form is used by custodians to keep track of inventory within their area. Inventory can also be kept in Excell spread sheet.

[The forms are not included on the CD.]