



**TERM SHEET**  
**APPRAISAL/VALUATION SERVICES**  
**(APPRAISAL OF BUILDING, MACHINERY & EQUIPMENT, FURNITURE**  
**& FIXTURES, AND OTHER EQUIPMENT)**

**1. OBJECTIVE**

1.1. Section 5 of Republic Act (RA) No. 656, otherwise known as the Property Insurance Law, as amended by Presidential Decree No. 245, requires all government agencies (except municipal governments below first-class category) to insure against insurable risks, their properties, assets, and interests with the General Insurance Fund (GIF) as administered by the Government Service Insurance System (GSIS). Furthermore, Sec. 32, Chapter 2 of Government Accounting Manual requires that an asset shall be recognized in the financial position when and only when (a) it is probable that the future economic benefits will flow to the entity; and (b) the asset has a cost or value that can be measured reliably. The valuation method free from material error or bias is used as one of the following indicators of reliable measurement.

1.2. The non-compliance with the requirement denies the government adequate and reliable protection against any damage to or loss of its properties or assets and interests due to fire, earthquake, storm, or other fortuitous events/casualty. It also deprives the GSIS of substantial premium income that should have formed part of the GIF, as well of the fair presentation of the financial statements of DOST-ASTI which required to present information in a manner that provides relevant, reliable, comparable, and understandable information.

1.3. On May 31, 2018, the Commission on Audit (COA) issued COA Circular No. 2018-002 prescribing the guidelines on the submission of Property Inventory Form with the GIF. Said Circular requires all government agencies to cause the appraisal of the insurable properties and other assets of their respective offices. For this purpose, procurement of appraisal services is needed to appraise various properties and equipment owned by the agency.

**2. SCOPE OF WORK**

2.1. The appraisal service shall cover the building, machinery & equipment, furniture, and fixtures listed in “Annex A.”

2.2. The appraisal service shall cover determination of the Market Value, Reproduction Cost, Replacement Cost, New, Remaining Economic Life, and Sound Value of the properties considering its condition, whichever is applicable.

**3. APPROVED BUDGET FOR THE CONTRACT (ABC)**

3.1. The ABC is Php 2,200,000.00, inclusive of all government taxes and applicable charges.

**4. QUALIFICATION OF THE SERVICE PROVIDER**

4.1. Service Provider is required to submit, as part of the technical documents, proof of the following:

4.1.1. Should have at least ten (10) years of experience in appraisal works;

4.1.2. The team leader to be assigned to the project should be a licensed appraiser with at least five (5) years of experience in appraisal works;

4.1.3. Should provide at least ten (10) staff, with at least five (5) years of experience in appraisal works, including the team leader; and

4.1.4. Certificate of Satisfactory Service from at least two (2) clients for the last five (5) years.

## **5. RESPONSIBILITY OF THE SERVICE PROVIDER**

5.1. Secure from DOST-ASTI all information about the property, plant, and equipment subject for valuation/appraisal;

5.2. The service provider shall conduct a kick-off meeting within five (5) calendar days upon issuance of Notice to Proceed (NTP), to discuss generally the properties, locations and other information needed to begin the appraisal.

5.3. Conduct hundred (100%) ocular inspection, data gathering and interview for additional relevant information from concerned staffs/personnel of DOST-ASTI within 40 calendar days from issuance of NTP;

5.4. The service provider shall conform and comply to the provisions and requirements stated in accordance with the International Valuation Standards;

5.5. Appraiser shall provide breakdown of equipment for quantities recorded in lot/s;

5.6. Submit a draft valuation/appraisal report within ten (10) calendar days upon completion of ocular inspection; and

5.7. Submit the final valuation/appraisal report within fifteen (15) calendar days from the date of agreement or meeting with DOST-ASTI to proceed with the finalization of the report.

## **6. RESPONSIBILITY OF DOST – ASTI**

6.1. Provide the Service Provider with information about the property, including ownership documents, reports, and any other material information that may affect the property's status and assessment;

6.2. Issue an Authority to Inspect the DOST-ASTI Properties thru Property and Supply Section;

6.3. Allow the Service Provider to conduct interviews to obtain more relevant information; and

6.4. DOST-ASTI shall conduct a kick-off meeting with the winning bidder to discuss generally the properties, locations and other information needed to begin the appraisal.

## **7. DELIVERABLES / DOCUMENTARY REQUIREMENTS**

### **7.1. The Appraiser is expected to deliver the following reports/documents:**

7.1.1. Minutes of the kick-off meeting;

7.1.2. List of manpower and work activity plan, preferably shown in Gantt chart, for a detailed schedule of activities and deliverables;

7.1.3. Market Value, Reproduction Cost, Replacement Cost, New, Remaining Economic Life, and Sound Value of the properties, whichever is applicable;

7.1.4. Certificate of Appearance as proof of physical inspection for each location visited duly certified by designated ASTI personnel in the area; and

7.1.5. Four (4) original copies of the final report of valuation/appraisal including a digitized format (PDF). The original copies shall contain a dry seal of the Service Provider, or the name of the appraiser properly affixed thereto.

7.1.5.1. The appraisal report shall be comprehensive and must contain the data required, and other disclosures essential to the proper valuation of the Property. It shall briefly describe the purpose, scope, date of appraisal, service rendered on the property, and improvements thereon, its location, the valuation method and the assumptions used.

7.1.5.1.1. The appraisal report shall include, but not be limited to, the following data:

7.1.5.1.1.1. Date as of which the value applies, date of the report and date of inspections; and

7.1.5.1.1.2. Basis of valuation, including type and definition of value.

**8. PAYMENT SCHEME**

8.1. Payment to the Service Provider shall be made based on the schedule provided on the table below together with the Certificate of Acceptance and Satisfactory of Service issued by DOST-ASTI and other documentary requirements for payment in accordance with accounting and auditing rules and regulations.

8.2. The schedule of payment shall be as follows:

SCOPES OF WORKS / SERVICES	DELIVERABLES	PAYMENT
Preparatory Requirements	Submission of: <ul style="list-style-type: none"> <li>• Minutes of the kick-off meeting</li> <li>• List of manpower and work activity plan</li> </ul>	Fifteen Percent (15%) of the Total Contract Price (TCP)
Initial Draft	Submission of: <ul style="list-style-type: none"> <li>• Market Value, Reproduction Cost, Replacement Cost, New, Remaining Economic Life, and Sound Value of the properties, whichever is applicable</li> <li>• Certificate of Appearance</li> </ul>	Forty Five Percent (45%) of the TCP
Final Report	Submission of Final Appraisal / Valuation Report	Forty Percent (40%) of the TCP

**9. LIQUIDATED DAMAGES**

9.1 In case of delay and/or failure to comply with the delivery schedule will result in the payment of corresponding penalties/liquidated damages in the amount equal to one-tenth (1/10) of one percent (1%) of the cost of the unperformed portion for every day of delay. Once the cumulative amount of liquidated damages reaches ten percent (10%) the agency reserves the right to rescind the contract, without prejudice to other courses of action and remedies open to it.

**10. CONFIDENTIALITY REQUIREMENT**

10.1 The ownership and all rights thereto including files prepared and furnished by the appraiser in the performance of the services subject to this arrangement shall be vested to DOST-ASTI.

10.2 The Service Provider shall not, except for purposes of performing the obligations in the Contract entered into, without DOST-ASTI's prior written consent, disclose said Contract, or any provision thereof, or information furnished by or on behalf of DOST-ASTI. Any such disclosure shall be made in confidence and shall extend only as far as may be necessary for the purposes of such performance.