

Republic of the Philippines  
DEPARTMENT OF EDUCATION, CULTURE AND SPORTS  
UL Complex, Pasig, Metro Manila

November 7, 1994

DECS O R D E R  
No. 76, s. 1994

CLARIFICATORY/SUPPLEMENTARY GUIDELINES FOR THE AVAILMENT  
OF THE GSIS PROPERTY REPLACEMENT FUND

To: Bureau Directors  
Regional Directors  
Schools Superintendents  
Presidents, State Colleges and Universities  
Vocational School Superintendents/Administrators

1. It has come to the attention of this Office that many claims for availment from the Property Replacement Fund (PRF) have been denied due to failure to comply with the 90-day period for submission of claim. Additionally, processing of claims has been delayed in certain cases due to incomplete documentation.

2. To minimize the abovementioned cases, this Office reiterates the guidelines as enumerated in DECS Order No. 3, s. 1994 entitled "Amendments to DECS Order No. 7, s. 1993". All those concerned are hereby directed to disseminate the contents thereof. Additional guidelines are also being presented to facilitate preparation and processing of claims, thereby maximizing the availment of the Fund.

3. For immediate dissemination to and strict compliance of all concerned.

(SGD.) RICARDO T. GLORIA  
Secretary

Incls.:  
As stated

References:  
DECS Orders: Nos. 128, s. 1991; (7, s. 1993;  
and 3, s. 1994)

Allotment: 1-2-3--(M.O. 1-87)

To be indicated in the Perpetual Index  
under the following subjects:

AMENDMENT  
BUILDINGS  
CHANGES  
FUNDS

PAYMENT  
PROPERTY  
SCHOOLS

DECS LIBRARY  
U. L. PASIG

(Inclosure to DECS Order No. 76, s. 1994)

CLARIFICATORY/SUPPLEMENTARY GUIDELINES FOR THE AVAILMENT  
OF THE PROPERTY REPLACEMENT FUND (PRF)

A. PRF COVERAGE

1. The coverage of the Property Replacement Fund as contained in DECS Order No. 3, s. 1994 is still in force. This includes schoolbuildings, facilities and property essential to operations which are stored therein. The facilities include furniture, equipment and fixtures (costing at least P1,500.00 as of the inventory date).
2. Damage to or loss of property covered include the following:
  - a. Fire - except arson as certified by the Fire Department
  - b. Typhoon - tropical depression duly recorded by PAGASA
  - c. Flood - caused by water from outside the site not usually covered by water, extraordinary high tide, bursting or overflowing of rivers, reservoirs, canals and dikes.
  - d. Earthquake fire - fire as a result of the no signal or extraordinary movement of the earth or volcanic eruption duly recorded by PHILVOCS.
3. Not acceptable are claims due to lahar flows, volcanic eruptions, termite infestation, and aging of property.

B. ON THE SUBMISSION OF PROPERTY INVENTORY FORM

1. All schools shall submit a duly accomplished Property Inventory Form to the GSIS (copy attached). No other form will be entertained by the GSIS. All information asked for should be answered.
2. Property not included in the inventory shall not be covered by the PRF.
3. An updated Property Inventory Form shall be submitted whenever new properties or new acquisitions are made, or when a structure is no longer existing. The form shall be supported with a Location Plan which indicates the locations of the different buildings in the school. Consequently, the PRF Department shall issue a Certificate of Cover (COC) for each school site.

C. ON THE ACCOMPLISHMENT OF THE PROPERTY INVENTORY FORM

The following guidelines are provide:

1. Carefully read instructions found at the back of the Property Inventory Form for clarification/guidance.
2. Answer all columns in the Property Inventory Form (PRF-01-90) to establish the basis for coverage/estimates.
3. For Book Value (Column VII). This refers to the original/acquisition cost of the building, equipment and other contents therein.
  - a) For equipment and other contents - indicate the original purchase of acquisition cost
  - b) For buildings
    - o Newly constructed      The book value of the building is the same as the construction cost
    - o Newly constructed but records of the construction cost not available      Determine the type of building for its unit cost per square meter, adjusted for the current year, and multiply the same by its total area to get the book value (Refer to Table below)

UPDATED APPRAISAL UNIT COST OF SCHOOLBUILDING/FACILITY

Type	Building Description	Unit Cost per sq. m.
Schoolbuilding "A"	Reinforced concrete school building with steel trusses and metal roofing	P6,000
Schoolbuilding "B"	Semi-concrete structure with combination of mixed materials reinforced concrete columns, wood floor, wood trusses and GI (metal) roofing	P5,000
Schoolbuilding "C"	Standard 2 or 3 classrooms building, single-storey	P4,500

Schoolbuilding "D"	Pre-fabricated school building with steel-sidings, partition and GI roofing, concrete flooring and flooring, single-storey	P4,100
Toilet	Semi-concrete toilet - 4.20 X 5.204 meters w/ 3-water closets, 3-lavatories, 2-built-in slope sinks and one (1) built-in urinal for boys, single-storey	P7,000

4. For Replacement Cost/Reconstruction Cost (Column VIII)

In the case of buildings -

- a) If the school building is new, same design and size, replacement cost should be the same as the book value/acquisition cost;
- b) For an old building with its records of construction not available, determine the age and type of the building which will be used as the basis of computation of appraisal and valuation.

In the appraisal and valuation of national buildings, the following definitions are being adopted:

Appraisal Value - present estimated worth or value of building

Reconstruction/Replacement Cost - total cost of building constructed and/or replaced based on current price

Depreciation - value or worth to be deducted from construction cost and/or reconstruction cost

Life Span of Building - estimated life span/serviceable years of the building

Age of building - calendar age of building from the time it was constructed up to the present in years

Residual Value - value or part to be taken away and/or deducted from the reconstruction and/or replacement cost. (Ordinarily 10%)

Floor Area - total floor area of the building in square meter as per plans and/or based on actual verification.

Unit Cost - prevailing or current unit cost of construction per square meter

To determine the Appraisal Value of a Building, the following formulas are to be adopted:

1. Total Replacement/Reconstruction Cost = Floor Area x Unit Cost
2. Residual Value = Total Replacement/Reconstruction Cost x 10%
3. Value to be Depreciated = Total Replacement/Reconstruction Cost minus Residual Value
4. Total Depreciation = Value to be depreciated divided by Life Span of Building X Age of Building
5. Depreciation per year =  $\frac{\text{Total Depreciation}}{\text{Age of Building}}$
6. Appraised Value = Total Replacement/Reconstruction Cost minus Total Depreciation

Example:

Schoolbuilding "C" - 3 classrooms, single storey

- |  |   |                                   |
|--|---|-----------------------------------|
| Total Floor Area                             | - | 144 square meters<br>( 8 x 6 x 3) |
| Unit Cost                                    | - | ₱4,500                            |
| Life Span of Building                        | - | 50 years                          |
| Age of Building                              | - | 10 years                          |
| a) Total Replacement/<br>Reconstruction Cost | = | 144 sq. m. x ₱4,500<br>= ₱648,000 |
| b) Residual Value                            | = | ₱648,000 x 10%<br>₱6,480          |
| c) Value to be depreciated                   | = | ₱648,000 - 6,480<br>= ₱641,520    |
| d) Total Depreciation                        | = | $\frac{₱641,520}{50} \times 10$   |
| e) Depreciation                              | = | ₱128,304.00                       |

P128,304.00

f) Depreciation per year = -----  
10  
= P1,283.04

g) Appraisal Value = P648,000 - P128,304  
= P519,696.00

#### D. ON CLAIMS SETTLEMENT

1. To meet the 90-day deadline set by GSIS for the submission of claims for losses using the PRF NOTICE OF CLAIM (copy attached), the school head has to reflect vital information and submit said Notice of Claim to the DECS Central Office (Attention: Office of Planning Service), UL Complex, Meralco Avenue, Pasig, Metro Manila, for indorsement to the GSIS-PRF, such as:

- (a) Name of School (include former name, if any)
- (b) Description and Location of Property Affected.

There is NO NEED to estimate the cost of the damage to the property; a description of the damage will suffice for this report.

Example:

LAGRO HIGH SCHOOL  
Lagro, Barangay Pasong Putik  
Novaliches, Quezon City  
Building No. 2, Bagong Lipunan Building (3  
classrooms gutted by fire last \_\_\_\_\_

2. DECS Central Office reports to GSIS the said loss which will be considered as PROVISIONAL NOTICE OF CLAIM and which shall be considered as compliance with the 90-day period for submission of claims.
3. Processing of Claims
  - a. Upon receipt of Notice from DECS Central Office, GSIS assigns adjusting company for each claim to assess the extent and cost of damage reported in the claim.
  - b. Adjuster is assigned to go to the site to inspect actual damages in cooperation with the school head, and to prepare the following documentation:
    - duly accomplished NOTICE OF CLAIM signed by school head
    - pictures of damages
    - Police/Fire Department report (in case of fire);

- PAGASA report in case of typhoon
- accredited Adjuster's Report as to the sound value of Damaged/Lost Property

No Adjuster's Fee shall be borne by the affected school. Expenses for pictures and other necessary documentation shall be borne by the adjuster.

- c. Upon completion of these documents, School Head submits to the Division Office the same for consolidation.
- d. Division Office submits immediately to the DECS Central office two (2) sets of the consolidated Notice of Claim, accompanied by supporting documents for each school as indicated in the preceding item D.3.b.
- e. The GSIS reserves the right to deny or return any claim if the documentation is not complete
- f. The documents shall be submitted to the GSIS, carrying the endorsement of the DECS Secretary or his duly assigned representative, addressed as follows:

The Manager  
GSIS-Property Replacement Fund Department  
Level IV-Core C  
GSIS Headquarters Building  
Financial Center, Roxas Boulevard  
Pasay City

#### 4. Payment of Claims

- a. GSIS-PRF officials will review the Adjuster's Report as to the sound value of the replacement cost.
- b. GSIS-PRF officials will negotiate with DECS as to the fair replacement costs.
- c. If approved, GSIS-PRF will issue an Approved Order of Payment and prepare the check.
- d. Release of checks will be addressed to the Division Office for the concerned school head. Claimants will be notified by DECS of approved payments.

#### E. ON FUND UTILIZATION

- 1. All recipient schools of the GSIS-PRF are directed to submit a report on the utilization of the proceeds from the PRF, using the form as per MEMORANDUM dated 23 March 1993 entitled "Report on Utilization of Proceeds from GSIS Property Replacement Fund" of then Secretary Armand V. Fabella. (copy attached)

2. The GSIS-PRF team shall inspect sites where financial assistance for reconstruction/restoration, renovation and repair of damaged structures were provided.
3. The Special Provisions of the PRF provide that said Fund shall be used for the restoration of damaged government properties and for payment of premiums for the insurance against extraordinary losses of certain government properties.

In view thereof, the proceeds from the PRF paid out to school claimants, cannot be utilized for projects other than that claimed for, unless and until the damaged property has been reconstructed/rehabilitated.

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## INSTRUCTIONS

- Column I / Item = Type/Name of Property
- a) For buildings:  
e.g. Administration Bldg., Main Bldg., Bagong Lipunan Bldg., Annex Bldg., etc.
  - b) For Furniture, Fixtures and Equipment:  
e.g. Typewriter, Computer, Air-conditioner, Calculator
  - \* Exclude semi-expendable items valued at less than ₱1,500.00
- Column II / Description = Technical Description of the Property
- a) For Buildings:  
Make/Structure, No. of Storeys, Floor Area, etc.  
e.g. Concrete, two-storey, with a floor area of 240 sq.m.
  - b) For Furniture, Fixtures and Equipment:  
Brand Name, Model, Make and other features  
e.g. IBM, 25 carriage, electric;  
Epson FX-1050 Printer;  
ADM Monochrome Monitor Model EM-1412
- Column III / Location =
- a) Exact location of building based on submitted site development plan or location plan.
  - b) Location of equipment, machineries & other contents listed/itemized on a per building basis.
- Column IV/Date Constructed or Acquired = Year of Construction or Acquisition
- Column V/Property Number =
- a) For building - assigned number based on the site development plan
  - b) For equipment - the assigned number taken from the RIV or Memo receipt
- Column VI/Condition = Serviceability of the property - Exclude condemned and unserviceable property
- Column VII/Book Value = Original/Acquisition Cost
- \* Applicable to Buildings, Equipment and other Contents
- Column VIII/Replacement Cost = Estimated Cost of construction or acquisition of the property of the same design, layout, size and materials of like kind and quality
- \* Applicable to Buildings only.



GOVERNMENT SERVICE INSURANCE SYSTEM  
PROPERTY REPLACEMENT FUND

NOTICE OF CLAIM

DATE : \_\_\_\_\_

The Manager  
Property Replacement Fund Dept.  
Level IV-Core C  
GSIS Headquarters Building  
Financial Center  
Roxas Boulevard, Pasay City

S i r :

This is to inform that we are claiming for the loss/damage to our property described hereunder:

a) Name of Office : \_\_\_\_\_

b) Location of Property : \_\_\_\_\_

c) Description of Property Involved: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

d) Time: \_\_\_\_\_ e) Date of Loss : \_\_\_\_\_

f) Cause of Loss / Damage : \_\_\_\_\_

g) Amount of Loss / Damage : \_\_\_\_\_

Submitted By:

\_\_\_\_\_  
Printed Name & Signature

\_\_\_\_\_  
Designation