

LAGOS STATE PUBLIC PROCUREMENT AGENCY (PPA)

Asset Disposal Guidelines 2025

**For Public Procurement in
Lagos State**



**LAGOS STATE
PUBLIC PROCUREMENT AGENCY**

ABBREVIATIONS AND ACRONYMS

Term	Meaning
AC	Acquisition Cost
AF	Age Factor
AO	<i>Accounting Officer</i>
CFF	Currency Fluctuation Factor
EXW	<i>Ex-Works</i>
HRRB	<i>Highest Rated Responsive Bid</i>
L	Estimated Service Life
LASG	<i>Lagos State Government</i>
LCC	<i>Life Cycle Cost</i>
MDA	<i>Ministry, Departments and Agencies</i>
	<i>Naira</i>
PPA	<i>Lagos State Public Procurement Agency</i>
PPL	<i>Public Procurement Law 2021</i>
R	Remaining Useful Life
RC	Replacement Cost
RUV	Remaining Useful Value
SBDs	<i>Standard Bidding Documents</i>
LSEC	<i>Lagos State Executive Council</i>
SOW	<i>Scope of Works</i>
SV	Salvage Value
UF	Usage Factor

1.0 INTRODUCTION

- 1.0.1 The disposal of assets after their end-of-use is often considered the end-stage in the procurement cycle. It is an element in the Life cycle considerations for procurement. Assets disposal in a public organisation depends on the value that can be attached to the assets at their end of life. It is one of the areas where the public procurement process has potential for delivering additional benefits in line with sustainable procurement practice.
- 1.0.2 Life cycle evaluations, strategic assets management, strategic planning for assets disposal, and the choice of assets disposal mechanisms are all critical enablers of successful disposal of public assets in public organizations. They are also a precursor for sustainable procurement practice. But at the micro level, disposal planning is by far the most significant enabler for successful assets' disposal, and therefore a direct driver for sustainable procurement practice.
- 1.0.3 This document is the Guidelines for Disposal of Public Asset in Lagos State and is made pursuant to section 80(3)(b) of the Lagos State Public Procurement Law 2021. The specific objectives of this document are to:
- a) Set out the policies and practices that guide Disposing Entities, in the disposal of public assets in Lagos State.
 - b) Empower Disposing Entities to improve their level of efficiency and effectiveness, value-for-money and reduce losses that may result from disposal of public properties;
 - c) Promote transparency and accountability to stakeholders for results generated from disposal of public assets.

1.1 Legal Basis for the Asset Disposal Guidelines

- 1.1.1 The Lagos State Public Procurement Law 2021 (PPL 2021) provides the legal framework for all public procurement and asset disposal in Lagos state. The PPL 2021 establishes the Lagos State Public Procurement Agency (PPA) and specifies its powers and functions.
- 1.1.2 It further states¹ that the Agency shall have power to do all such things as are reasonably necessary for the purpose of carrying out its functions under the Law, and may carry on in that behalf either alone or in association with any other person or body.
- 1.1.3 Furthermore, the objectives of the PPL 2021 have been stated² to include:
- a) ensure probity, accountability and transparency in procurement and disposal of assets processes;
 - b) ensure the application of fair, competitive value-for-money standards and practices for the procurement and **disposal of public assets and services**;
 - c) create ample opportunities for the citizenry particularly, small and medium scale enterprises to participate in the economic opportunities and benefits of public procurement and disposal of assets;
- 1.1.4 This Asset Disposal Guidelines (ADG) is thus issued by the PPA to ensure asset disposal in Lagos state is done in line with the objectives and provisions of the PPL 2021 and best practices.
- 1.1.5 This Guideline aims to standardise the asset disposal process, in effect preventing ambiguity, ensuring transparency, and enabling disposing entities to conform to the principles that govern all government asset disposal activities.

¹ PPL 2021 Section 18 (3)

² PPL 2021 Section 2

- 1.1.6 The PPA will review this Guideline periodically, and whenever necessary revise its provisions. Disposing Entities may submit to the PPA its recommendations for specific revisions to the Guidelines. Any such revisions must be approved by the PPA and must be consistent with existing procurement and disposal laws, rules, regulations, and policies.
- 1.1.7 In case of an inconsistency or conflict between this Guidelines and the PPL 2021, the latter shall prevail.
- 1.1.8 Every procuring entity is considered also as a disposing entity³. The open competitive bidding shall be the primary source of receiving offers for the purchase of any public property offered for sale.
- 1.1.9 The PPL 2021 requires the Board⁴, with the approval of the Governor to -
- determine the applicable policies and practices in relation to the disposal of all public property;
 - issue Regulations detailing operational principles and organisational modalities to be adopted by all procuring entities engaged in the disposal of public property; and
 - issue standardised documents, monitor implementations enforce and set reporting standards that shall be used by all procuring entities involved in the disposal of public property.

1.2 Coverage, Scope and Application

- 1.2.1 This Guidelines must be used for all disposing activities of all disposing entities which according to the PPL 2021 means “any public body in the State engaged in procurement (and disposal) and includes:
- Ministries, Departments, Bureaus, Offices and Agencies of the Lagos State Government,
 - Extra-Ministerial Offices, Parastatals, Corporations,
 - State University and Colleges,
 - Government Institutions,
 - Local Government Areas and their derivative Units;
- 1.2.2 This Guidelines is binding on all Disposing Entities for Disposal of Public Asset in Lagos State.

³ PPL 2021 Section 80 (1) and 2

⁴ PPL 2021 Section 80 (3)

2.0 ASSET MANAGEMENT REQUIREMENTS

- 2.0.1 MDAs shall put in place a control system with adequate safeguards to ensure good maintenance, prevent loss, damage, or theft of assets.
- 2.0.2 The Accounting Officer is responsible for the use, control, custody and maintenance of Public Assets in and or under the control or management of the MDA and will be held accountable for any deliberate loss, damage or misuse of assets.
- 2.0.3 The requirements for a sound use of the MDA's Assets include:
- Credible and Periodic inventory and a regularly updated Asset Register
 - Periodic, routine and other required maintenance
 - Reporting of discrepancies or loss/theft; and
 - Where practicable, provision of insurance coverage for assets acquired with public funds

2.1 Asset Register

- 2.1.1. MDAs shall record all assets in an Asset Register. Newly acquired Assets must be added to the Asset Register within five working days of acquisition.
- 2.1.2 The following information shall be recorded in the assets register in respect of each asset:
- Asset Description:** The asset description should be meaningful. The description should include features that ensure ease of identification.
 - Identification code:** Each Asset must be tagged by a unique identification code recorded in the Asset Register.
 - Asset category:** The Asset category could be: buildings, motor vehicles, furniture, office equipment, computers, fixtures & fittings, etc.
 - Location:** Records must be kept as to the real-time physical location of the Assets.
 - Date of Production;** Date of manufacture as indicated by the manufacturer
 - Date of acquisition:** The date of purchase as in the receipt of payment.
 - Date of Operation; The Date when the item was put to use.**
 - Expiration Date (if applicable);** A date indicated by the manufacturer beyond which the item should no longer be in use.
 - Purchase cost:** The purchase cost is the cost of the Asset as shown on the receipt and is exclusive of all goods and service taxes.
 - Additional information;** Such as Serial number, Make / Manufacturer and Model, Engine and Chassis Number for vehicles or such other information that can help with the identification of the Asset.
 - Life Span;** This is the expected useful life of the asset as specified by its manufacturer.

NOTES

- 2.1.3 Assigned identification numbers must be recorded on all applicable receiving, shipping and disposal documents, and other records that are related to the Asset control system.
- 2.1.4 Once an identification number has been assigned to an Asset, no change shall be made during the life of the item regardless of inter-departmental or inter-office transfers.
- 2.1.5 The identification code shall be removed or obliterated from the equipment only when sold, scrapped, or otherwise disposed.
- 2.1.6 The location record must be kept in a manner that any Asset can be easily located for inspection.
- 2.1.7 Any changes in the location of any Asset must be updated in the Asset Register.
- 2.1.8 The Assets register shall be kept by which ever department that has the function of managing stores, but be available at all times to other departments

2.2 Periodic Inventory

- 2.2.1 A physical formal count of tangible Assets must be conducted periodically and in any case not less than once in a calendar year except for office consumables which may be verified more often.
- 2.2.2 The verification should be conducted by the Internal Audit Unit and reported regularly to the Office of State Auditor General or Office of Auditor General for Local Governments and External Auditors.
- 2.2.3 The results of the physical count of the Assets should be reconciled with the Asset register.

2.3 Discrepancies in Inventory or Loss/Theft of Assets

- 2.3.1 When an inventory reveals a discrepancy (items located that are not in the register and/or loss of Asset items recorded on the register) or when a determination has been made that an Asset item has been lost or stolen, the following action should be taken:
 - a) In the case of items not being recorded in the register, the matter should be reported in writing to the Accounting Officer, be duly investigated and if affirmed to belong to the Agency necessary adjustments are made in the Asset register, whilst anyone found culpable is referred for disciplinary action.
 - b) In the case of loss or theft of an Asset, the department head in charge should immediately notify the Accounting Officer in writing. The Accounting Officer shall appoint a committee of three independent officers to conduct and complete an investigation and submit a theft or lost items report (identifying discrepancies, losses and stating any action taken to locate the missing items). Employees may be charged for any loss or damage to Asset items that is attributable to their negligence or unauthorized use.
 - c) In the case of negligent or reckless damage of an Asset, the department head in charge should immediately notify the Accounting Officer in writing. The Accounting Officer should cause an investigation by independent officers which shall submit a damage report (indicating the reasons and consequences of the damage, employees who may be complicit in the damage, repair if any that has been or should be carried out, capacity of the asset before and after the damage). Employees may be disciplined or charged for damage to Asset that is attributable to their negligence, recklessness or unauthorized use
 - d) In the case of damage in the normal use of an asset or damage resulting from normal wear and tear, the head of department shall notify the Accounting Officer in writing.

3.0 ASSET DISPOSAL PROCESSES AND PROCEDURES

3.0.1 For Disposing Entities, to implement an efficient and effective “Assets Disposal” activity in an open and transparent manner, the processes and procedures articulated below shall be undertaken and followed.

3.1 Timing, Circumstances and Justification

3.1.1 The reasons, circumstances for, timing and the justification for the Disposing Entity wishing to dispose of Assets may vary and shall include:

- a) The Asset may have become totally un-usable (a complete write-off) as a result of damage, an accident or similar event;
- b) The Asset may have become obsolete due to innovations
- c) The cost of maintenance of the Asset may have become too high in comparison to its usefulness or what may be a reasonable cost for its replacement;
- d) The Asset may have become surplus to the Disposing Entity’s requirements (due to new acquisitions, reduction of activity or personnel, improvement of technology for automation and time reduction, etc.);
- e) Any other reason not herein stated, but articulated convincingly to the satisfaction of PPA, in the request for No Objection to dispose such an Asset.

3.2 Asset Disposal Procedures and Documentation

3.2.1 Immediately assets are identified as likely to be disposed, the following steps, processes and procedures must be followed and applied.

3.2.2 A memo identifying unserviceable, obsolete, surplus assets or assets no longer useful in the context of the mandate of the MDA should be prepared by the User department, addressed to the Accounting Officer, who shall ensure that the following steps are taken. (see also Annexure 1):

- a) Establishment of an Asset Disposal Committee
- b) Submission of all related Documents pertaining to the Asset(s) to be considered to the Committee
- c) Inspection of the Assets by the Disposal Committee
- d) Appraisal of the Assets
- e) Preparation, approval and implementation of proposal for disposal of Assets
- f) Application to the PPA for No Objection to dispose (if within the threshold).
- g) Issuance of Letter of No Objection by PPA.
- h) MDA Implements bidding or other disposal methods
- i) Report of Completion of Disposal Process and Request for final No Objection
- j) Issuance of No Objection to receive payment and hand over asset disposed
- k) Issuance of Disposal Certificate

3.3 Establishment of an “Asset Disposal Committee”:

3.3.1 Organization

3.3.1.1 Disposing Entities shall establish an internal “Asset Disposal Committee” for the purpose of recommending the best method of disposing of assets.

3.3.1.2 The Asset Disposal Committee shall be appointed with clearly defined and documented terms of reference that indicates:

- a) what the Committee’s work is about;
- b) who the members are;
- c) what the members’ role, responsibilities and duties are;
- d) How the members shall interact with staff of the Disposing Entity in doing their work; and
- e) who the members report to.

- 3.3.1.3 The Terms of Reference of the Asset Disposal Committee should also provide for and enable the Committee to seek, obtain and utilize external expert services through consultancies or request for experts from sister-government agencies to beef-up any skills-gap on the Committee.
- 3.3.1.4 The Committee shall document and cost its proposals for Asset disposal as well as document and sign its disposal report upon completion of any specific Asset disposal activities.
- 3.3.1.5 The Asset Disposal Committee shall comprise not less than three (3) members, who shall be appointed by the Disposal Entity's Accounting Officer from its various departments. Representatives from the relevant technical department(s) should be included in the disposal committee and the Committee must include a Procurement Officer as a member.
- 3.3.1.5 The Local Government Disposals shall be organized in the same manner, with no less than three members appointed by the LGA's Accounting Officer.

3.3.2 Functions of the Disposal Committee

The functions of the Asset Disposal Committee shall be as follows:

- a) Inspect or authorize the Disposing Entity's field offices to inspect the unserviceable equipment and property to verify justification for disposal;
 - b) Obtain the final appraised value of all disposable assets considering obsolescence, market demand, physical condition, re-usable value and result of previous biddings for similar assets;
 - c) Recommend to the Tenders Board for approval, Disposal method and Reserve price not below recommendation in the valuation Report;
 - d) Requests for No Objection
 - e) Conduct public biddings for the sale of disposable assets on an "as is, where is" basis or implement other approved method and
 - f) Obtain Tender Board Approval and PPA No Objection to complete sale.
- 3.3.3 Recommendations of the Asset Disposal Committee shall be subject to the approval of the Tenders Board.
- 3.3.4 The Asset Disposal Committee Chairman calls the meeting of the Committee and initiates the activities in the disposal process. In cases of conflicts or differences among the Committee members especially regarding varying appraised values, the Chairman shall make the final decision as to which recommendation shall be submitted to the Tenders Board for approval.
- 3.3.5 The members are granted authority to make decisions on behalf of their respective offices/departments during the various committee deliberations. The members are expected to undertake inspection, appraisal activities as a group or individually, and participate in the disposal activities.

3.4 Submission of Documents Pertaining to Disposable Assets

- 3.4.1 Accountable officials in possession of unserviceable assets shall submit to the Disposal Committee, through their respective heads of departments/units, the following as appropriate:
- 3.4.1.1 Inventory and Inspection Report. This form covers semi-expendable materials and equipment and non-expendable supplies and should be accompanied by any of the following as the case may be:
- a. Individual survey report. duly certified by the Relevant Officer and Accounting Officer;
 - b. list of missing spare parts, duly certified by the Relevant Officer and Accounting Officer;
 - c. List of chassis and engine numbers of motor vehicles; and
 - d. Current photographs in at least two (2) or more positions.
- 3.4.1.2 Report of Waste Materials Form. This document covers expendable materials, supplies, and consumables including spare parts, empty containers, remnants from destroyed or damaged fixed assets.

3.4.1.3 Invoice-Receipt for Assets. This covers government asset transferred from another Disposing Entity which is no longer desired by the Disposing Entity and duly recommended for disposal by the Accounting Officer of the Disposing Entity.

3.5 Inspection of Disposable Assets by the Disposal Committee

3.5.1 Objective: Inspection will be aimed at obtaining a first-hand observation of the physical and operational condition of the assets and their marketability or ability to attract prospective buyers.

3.5.2 Visual Inspection: Inspection may be done separately by each member of the Asset Disposal Committee or as a group, where practicable. In the conduct of visual Inspection, the following activities shall be performed, where applicable;

- a) Verify stated serial number, motor number, property number; and other specifications necessary for establishing correct identification of the Asset;
- b) Determine the physical condition/general appearance of the Asset relative to:
 - i. The equipment being operational, economically repairable or beyond economical repair;
 - ii. the availability of spare parts and the general obsolescence of the equipment; and
 - iii. The quality, degree and extent of maintenance and repair done on equipment.
- c) In cases where the equipment is declared to be junk, the total estimated weight per lot should be determined to form a basis of the appraised value. The cost per unit of the assets inspected will depend on the kind of material appraised.

3.6 Appraisal

3.6.1 Objective: The objective of computing the appraised value of the asset for disposal is to set the government's minimum selling price, so that the government shall receive fair compensation for the items sold.

3.6.2 Where Assets have been identified for disposal, the Disposing Entity shall initiate the valuation of the Assets (to determine book values, minimum, and/or asking prices or any other considerations to be taken into account regarding value of concerned goods) in order to determine the estimated reserve price, to be undertaken:

- a) In the case of Local Governments and LCDAs, valuation shall be by the Office of Auditor-General for Local Govts and LCDAs;
- b) In the case of MDAs, valuation shall be by the LASG Valuation Office;
- c) In case of specialized items where the capacity does not exist within Lagos State Valuation Office or Office of the Auditor General for Local Governments, external valuation experts may be hired.

3.6.3 The valuation from the Valuation Office or Office of Auditor General of Local Governments shall in each case indicate their assessed market value of the asset and recommended reserve price to guide disposal.

3.6.4 In all cases, these valuations shall be confidential and shall not be disclosed to possible bidders or officers not involved in the disposal process.

3.6.5 The valuations above shall be reviewed and adopted by the Asset Disposal Committee in determining the reserve price of the asset for disposal.

3.7 Proposal for disposal of Assets:

3.7.1 The Asset Disposal Committee shall prepare a proposal which shall document all its findings so far and the valuation obtained above for the disposal of the Asset. The proposal shall be signed by all members of the committee. The proposal shall be presented to the Tenders Board for approval prior to implementation.

3.8 Process and Procedure for effective Letter of No Objection issuance:

- 3.8.1 Public Asset shall not be sold, ceded or otherwise disposed without obtaining a Letter of No Objection from PPA. The request for a Letter of No Objection shall be in writing and must outline the following:
- a. Description of the Asset(s) to be disposed including all relevant information: acquisition date and cost, book value, model number, identification features, current physical condition, cost of maintenance and valuation report;
 - b. Detailed rationale for disposing the Asset(s);
 - c. Asset Disposal Committee Terms of Reference and Minutes of the Meeting confirming its operational date as well as the composition (names of members, designations and Departments/organizations that each member is representing);
 - d. The disposal method selected for use and justification;
 - e. Estimated total cost of disposal with Valuation Report attached.
- 3.8.2 Upon receipt of any MDA's request for Letter of No Objection to dispose Assets, the PPA shall process the submission within five (5) working days and advise the Disposal Entity formally within or by the tenth day of receipt at PPA, of the request for Letter of No Objection.
- 3.8.3 The PPA may decline to grant No Objection, require additional information or grant No Objection on condition that specified activities be undertaken or specific changes made.

3.9 Supervision of staff and clear separation of responsibilities:

- 3.9.1 To ensure that value for money is achieved after the disposal of Assets and that high standards of propriety are maintained, the Disposing Entity shall ensure that there is proper supervision of staff and clear separation of responsibilities, particularly in relation to the valuation and disposal process.
- 3.9.2 Where Assets have been identified for disposal, the Disposing Entity shall undertake the valuation of the Assets as discussed above in order to determine the estimated reserve price, which shall be confidential and shall not be disclosed to bidders.
- 3.9.3 Every person participating in the Disposal Process shall be bound by code of conduct of public procurement officers.

4.0 GENERAL BIDDING PROCESS FOR DISPOSAL OF PROPERTY

4.1 Pre-bidding Requirements

- 4.1.1 Preparation of the Invitation to Bid (ITB); The ITB is prepared by the Procurement Office of the disposing entity and signed by the Accounting Officer. The ITB must contain the following:
- a) The name of the disposing entity;
 - b) Sufficient descriptive information on the items/lots for bidding, such as:
 - i. Location of the property to be disposed
 - ii. Quantity
 - iii. Name of items/Lot Numbers
 - iv. Specifications, where necessary
 - c) Date, time and place of pre-bidding conference, if necessary;
 - d) Date, time and place of submission and opening of bids and specific room where the tamper proof bid box for submission will be located;
 - e) Information on bidding requirements such as bid bonds, terms of payment and claims, among others.
 - f) Reservation of option on the part of the government to accept or reject any or all bids.
- 4.1.2 Subject to monetary threshold to be issued by PPA, the ITB may be published in the procurement journal, the website of the PPA and that of the Disposing Entity.
- 4.1.3 In addition, substitute publication may be adopted by posting copies of the ITB in conspicuous public places in the area where the asset is located or where the bidding will be conducted. Copies of the ITB may also be sent by mail or personal delivery to prospective bidders.
- 4.1.4 Schedule of Bidding. Bid Closure shall be scheduled on a date not less than ten (10) working days from date of issuance/publication/posting of the ITB.

4.2 E-Disposal

- 4.2.1 In the case of E-disposal, submission of bids shall be electronic and in accordance with the specifications for e-submission prescribed in the solicitation document.
- 4.2.2 Any person, partnership or corporation complying with the prescribed rules and regulations may participate in the disposal by public bidding.

4.3 Submission of Bids

- 4.3.1 Preparation of the Bid: Any qualified bidder shall submit his Bid clearly indicating the following, amongst others:
- a. The description of the items/lots with the corresponding bid offer clearly indicated in figures and in words;
 - b. The name and signature of the bidder;
 - c. the business or residence address of the bidder;
 - d. The business license number or CAC Number of the bidder if any; and
 - e. Terms and conditions offered regarding bidders bond, payment, default and delivery.
- 4.3.2 A bidder shall submit the Bid in at least three (3) copies. Bids should be properly signed and dropped into the prescribed and locked tamper proof bid box indicated in the invitation to Bid on or before the time scheduled for the opening of the bids. The envelope containing the bid should be sealed and addressed properly and correctly.
- 4.3.3 Where items are being disposed by lots, bidders shall submit bids for different lots in separate envelopes or may offer a single bid for all lots, in which case the bid may be submitted in one envelope.

- 4.3.4 Erasures or corrections by bidders should be avoided when necessary or be duly initialled by the authorized representative of the bidder.
- 4.3.5 The bidder shall seal the bid in an envelope and the envelope shall:
- a) be addressed to the Disposing Entity at the address provided in the Bidding Data Sheet;
 - b) bear the name, location and identification number of the Package or Lot as defined in the Bidding Data Sheet; and
 - c) provide a warning not to open before the time and date for bid opening, as specified in the Bidding Data Sheet.
- 4.3.6 In addition to the identification required, the envelope shall indicate the name and address of the bidder to enable the bid to be returned unopened in case it is declared "late", and for matching purposes.
- 4.3.7 If the envelope is not sealed and marked as above, the Disposing Entity will assume no responsibility for the misplacement or premature opening of the bid.
- 4.3.8 The Disposal Committee shall provide a bid submission register beside the tamper proof box and bidders shall register their bids in the register before depositing them into the tamper proof box.
- 4.3.9 The Bid submission and bid opening procedures for disposal of assets shall as much as is practicable comply with the provisions of the Lagos State Public Procurement Agency Law 2021, Regulations on bid submission and opening issued therefrom.

4.4 Bid Bond

- 4.4.1 Bid bond per Item/lot as the case may be, shall accompany the bid, where required from each bidder and should be not more than 10% of the minimum bid price set by the government.
- 4.4.2 Bid bonds should be in the manager's cheque, or cashier's cheque acquired from a reputable bank or as prescribed by the Disposing Entity, where bidding is to be held.
- 4.4.3 Defective Bids: Bids that are not in prescribed form (e.g. unsigned bids) and/or those not accompanied or guaranteed by bid bonds or any other documents required at the time of opening bids are considered defective bids. Defective bids are automatically disqualified and shall be so declared at the bid opening.

4.5 Withdrawal of Bids

- 4.5.1 A bidder may withdraw a bid before the deadline for closing of bids. A written withdrawal request shall be deposited into the tamper proof bid box. Such a withdrawn bid shall be returned unopened.
- 4.5.2 A bidder may submit an amended bid, provided that it is accompanied by a supplementary bond that covers gap, if any, in value from the specified bond threshold and as it relates to its amended price.

4.6 Opening of Bids

- 4.6.1 All bids shall be opened at the time, date and place set in the invitation to bid under the direction of the Asset Disposal Committee and in the presence of the CSOs (that may be invited). Bidders or their duly authorized representatives may witness the proceedings.
- 4.6.2 The procedures for management of tamper proof bid box in procurement proceedings in accordance with the Lagos State Public Procurement Agency Law 2021 and Regulations issued therefrom, shall apply to the management of the tamper proof box in a disposal bidding process in Lagos State.
- 4.6.3 The bid return sheet(s) shall be completed and signed by the members of the Asset Disposal Committee immediately after the bid is opened and announced in order to confirm compliance with the requirement of the bidding.

4.6.4 Each Bid return sheet shall as a minimum requirement contain the following information;

- a) Name and address of Bidder
- b) Amount of Bid
- c) Amount of the bid bond attached and name of bank
- d) Item(s)/lots bid for
- e) Names and signatures of Disposal Committee Members present.
- f) Date of bid closure and opening
- g) A list of defective bids indicating information required in a-f above

4.6.5 The bids are filed for safekeeping by the Secretariat of the Asset Disposal Committee.

4.7 The Evaluation of Bids and Award

4.7.1 The criteria for selection of the winning bid in a competitive disposal bidding shall be the highest responsive bid

4.7.2 The purpose of evaluation shall be to establish the highest responsive bid above the reserve price.

4.7.3 To be qualified to be evaluated a bid must be above the Reserve Price.

4.7.4 All bidders whose bids are below the Reserve Price shall have their bid bonds returned to them immediately after Bid opening.

4.7.5 An Evaluation Report shall be prepared immediately after the evaluation, showing the name of the disposing entity, the date, time and place of bidding, names of bidders with their corresponding bid amount and bid bonds per item/lot, including reason for disqualification where applicable. The Evaluation Report of Bids shall be signed by the members of the Asset Disposal Committee.

4.7.6 The purpose of the Evaluation Report of Bids is to show in matrix summary form the individual bidders, their bids and bid bonds per Item/lot, and the confirmation of the Asset Disposal Committee. Each member of the Committee shall be provided with a copy of the Evaluation Report of Bids.

4.7.7 Unsuccessful Bidding: If the sale through public bidding is unsuccessful, a rebidding may be scheduled. Bidding may be declared unsuccessful in any of the following cases:

- a) There is no bidding participant;
- b) All bidders failed to comply with the terms and conditions prescribed in Invitation to Bid;
- c) Complying bidder failed to meet the minimum reserve price;

4.7.8 In case of failure of bidding, the Disposal Committee may dispose of the asset through negotiated sale or other methods.

4.7.9 Negotiated Sale: In case the bidding fails. The property may be sold at a private or negotiated sale. Negotiation within one (1) month from the date of the failed bidding shall be done with prospective bidders (including those who obtained bid forms but did not submit bids) at a price not lower than 90% of the reserve price. If negotiation is done after one (1) month, participants in the negotiation shall be expanded to include other potential buyers aside from those above mentioned.

4.7.10 If negotiation shall take place after six (6) months from date of failed bidding, the property should be re-value and sold at not lower than 80% of the new reserve price.

4.7.11 Bid bonds shall be required from all participants in the negotiation.

4.7.12 In all cases where Negotiated Sale option is adopted, PPA's prior Letter of No Objection would be sought and obtained by the Disposing Entity.

- 4.7.13 Award shall be given to the highest complying bidder. When two or more complying bidders make identical offers, the winning bidder shall be the one who was the first to submit their bids as indicated in the Bid Submission Register.
- 4.7.14 Awarding of bids should be done immediately after the opening of bids, if practicable. Bid bonds of losing bidders shall be returned immediately after the announcement of the winning bidder (except for the winning bid and any other bids above the reserve price.).
- 4.7.15 In case of deferment of award, a temporary receipt shall be issued by the Disposing Entity to acknowledge submission of bids. Once the Asset Disposal Committee completes its deliberations and determines the winning bidder, bid bonds of losing bidders shall be returned immediately upon presentation of the receipt.

4.8 Payment upon Award

- 4.8.1 Upon determination of the winner, the bid bonds shall be considered as partial payment and the difference between such payment and the bid price shall be paid into the TSA account, in a reputable bank within the area where the bidding was held. Full payment shall be made within five (5) working days from the date of the notice of award.
- 4.8.2 In case of failure of full payment within the prescribed period, the winner may be penalized through cancellation of the award and forfeiture of the bid bond in favour of the government.
- 4.8.3 In such circumstances the Disposal Committee may approach the next ranked bidder and award the bid on terms that it pays up its bid price within 5 working days of the award. If that fails the committee may approach the third bidder in line on same terms and conditions, and if that fails, the Committee may approach the next ranked bidder until it has exhausted all bids above the reserve price after which, the bid may be cancelled.

4.9 Claiming of Award

- 4.9.1 Claims shall be made only by the winner, after the bid price is fully paid as evidenced by the official receipt. It shall be effected in the presence of the relevant officer of the Accounts department, witnessed by the Asset Disposal Committee.
- 4.9.2 Claims shall be made only during official government working hours.
- 4.9.3 Claim and possession of the Asset by a winning bidder shall be within the period fixed by the Asset Disposal Committee, but not later than 10 working days after the award. Failure on the part of the winner to claim the asset within the stipulated period shall have the effect of relieving the Disposing Entity from any responsibility for safety of the Asset. The winner shall then be charged storage and other incidental /costs or damages if any is incurred. If the asset remains unclaimed over a period of (63) sixty-three working days, ownership of the asset shall automatically revert to the government. The government shall then have the right to dispose.

5.0 ASSET DISPOSAL METHODS

5.0.1 Disposing Entities shall adopt any of the following methods of disposal for the disposal of their assets:

- a. Sale by public tender;
- b. Sale by public auction;
- c. Sale by trade-in;
- d. Fixed price sale;
- e. Sale to employees or to Project/Program Steering Committee members;
- f. Transfer with financial adjustment;
- g. Recycle or Donate to a “deserving cause”; and/or:
- h. Destruction, Dumping, Burying, and Burning.

5.0.2 The Asset Disposal Committee shall recommend to the Tenders Board, the proper mode of disposal. Property may be disposed in any of the above methods, as appropriate and deemed most advantageous to the government.

5.1 Sale by Public Tender:

5.1.1 The procedure and process to be used by MDAs, for disposing Assets by public tender shall be similar to the procedure and process for procurement of goods, works and services through open public bid. The award in the disposal of Assets shall be made to the highest responsive bidder, whose bid is equal to or above the reserve price.

5.1.2 Sale by Public Tender may be used:

- a) for high-value or unusual assets;
- b) for assets located in remote areas;
- c) for assets that have a geographically dispersed potential market;
- d) for assets with end-user or export restrictions attached to their sale;
- e) where conditions need to be attached to the sale of the asset; or
- f) where post-bid negotiations may be required.

5.1.3 Procuring entities may aggregate their disposable assets and dispose jointly.

5.1.4 This detailed methodology for this disposal method is as described in 3.0 above.

5.2 Sale of Assets by Public Auction:

5.2.1 Disposing Entities, if disposing assets by public auction, shall use an auctioneer from a pre-qualified list in the responsible ministry or appoint one through an appropriate competitive and transparent method. The Asset Disposal Committee shall select and propose an auctioneer from the registered list of auctioneers.

5.2.2 A public auction may be held to dispose assets approved for disposal by public auction. Auction notices may be placed in any or all of the following: the procurement journal, the Disposing Entity's notice-board and website, and the website of the PPA.

5.2.3 A public auction may be used where—

- a) there are no conditions of end-user or export restrictions attached to the sale; or
- b) there is a large number of potential bidders or assets to be disposed of in one location and where an on-site auction is arranged to avoid transport costs.

5.3 Sale by Trade-in:

5.3.1 Disposing Entities shall opt to use trade-in as a method of disposal subject to the approval of the Tender's Board under the following circumstances:

- a. Trade-in shall be used where the trade-in of an asset off-sets the purchase price of new items and provides a convenient, economic and efficient way of upgrading assets;
- b. Where the trade in of the asset marked for disposal reduces substantially the amount required for purchase of another needed item.
- c. Trade-in shall not be used where it reduces the value for money in a procurement process; and
- d. Trade-in shall not be used where factors other than price have to be taken into account in the disposal process.
- e. If the estimated value of the new equipment being purchased (without the trade-in) exceeds the amount for which competitive quotations must be solicited, then the procurement must be competed. In that case;
 - i. Both the item to be purchased and the item to be traded in are listed separately on the solicitation.
 - ii. The low bidder is determined by subtracting the priced offered on the trade in from the price of the new equipment.

5.4 Disposal of Assets by Fixed Price Sale

- 5.4.1 Disposing Entities shall opt to use the Fixed Price Sale method where buyers may be secured by displaying goods for sale with a market price. In choosing this method, Disposing Entities shall consider the following:
 - a) The cost of valuing the asset(s);
 - b) Wages and other administrative costs;
 - c) The direct and indirect costs of ware-housing;
 - d) The extent to which the Disposing Entity may be expected to warrant the condition of fixed price sale;
 - e) The cost of advertising;
- 5.4.2 The Asset Disposal Committee shall obtain Tender Board approval of the use of this procedure.
- 5.4.3 If other methods are not practicable, surplus property may be priced at a fair market value and offered for sale to the public on a first come, first served basis. The time and place of these sales should be advertised so that the public is aware of the sale.

5.5 Disposal of Assets to Employees and Project Staff

- 5.5.1 A disposal to an employee or project staff of the Disposing Entity shall be an option where:
 - (a) The items are of a low value prescribed by the PPA and:
 - i. There is no likely benefit or financial advantage to the Disposing Entity, in using any other disposal method;
 - ii. The employee in possession of the asset to be disposed is given the first priority to purchase the same, after the Asset Disposal Committee independently determines that the asset be disposed and the sale price;
 - iii. Items are in remote locations, where any other method of disposal would be impracticable;
 - (b) An employee shall not be permitted to purchase more than one similar item under a single disposal process;
 - (c) An employee involved in initiating the disposal process, valuation or managing the disposal process shall not participate in that particular disposal as a bidder; and
 - (d) Sale to employees under this provision shall be regulated by reserve prices arrived at through valuation.
- 5.5.2 If this method of asset disposal is selected, the processes and procedures shall be as follows:
 - a. A bid shall be solicited by the publication of a non-public invitation notice, indicating that any staff interested in bidding may obtain the bid documents from the Asset Disposal Committee;
 - b. A non-public invitation notice shall be displayed on a notice board and copies circulated through heads of departments and where possible through email to all employees;
 - c. The advertising period for Sale to Staff shall be at least ten (10) working days;

- d. Disposal documents shall be drafted in accordance with acceptable standards;
- e. A Disposing Entity shall request for written sealed bids from interested employees;
- f. Selection of the winning bid shall be based on price only;
- g. A post-bid negotiation shall not be permitted;
- h. The Asset Disposal Committee shall make the recommendation for award.

5.6 Transfer with Financial Adjustment:

- 5.6.1 The Disposing Entity may transfer assets to another Disposing Entity with financial adjustment where the receiving/procuring entity shall make further use of the Disposing Entity's asset(s), if an arrangement for transfer shall be agreed mutually. Assets may be transferred to another project or Entity, upon receipt of a certificate of compliance from PPA.

5.7 Recycle

- 5.7.1 Disposing Entities shall opt to use Conversion or Recycling of Assets as a disposal method where;
- a) Assets have no identifiable residual usefulness to the Disposal Entity and may still have some value that may be obtained through Conversion into another form or Recycling;
 - b) On grounds of public interest, legal or human rights issues or environmental considerations; or
 - c) There is potential of obtaining monetary return from Conversion or Recycling.

5.8 Donation of Asset to a deserving cause

- a) Assets have no identifiable residual usefulness to the Disposal Entity and may still have some value to a non-profit or other group propagating a deserving cause;
- b) Where the cost of sale would exceed the expected returns,
- c) Assets in a) above may also be donated to a community, association or other group in the state or within the country.

5.9 Disposal of Asset/s by Destruction, Dumping, Burying, or Burning

- a) Disposing Entities, after considering the environmental effects and obtaining the relevant clearance may destroy, dump, bury or burn assets only when all other disposal options have been eliminated and no conversion into another form or recycling possibilities can be identified.
- b) Property which is unusable and determined to have no commercial value, may be destroyed or abandoned. Documentation should be made of this property and signed by the person who destroyed the property as well as by the Accounting Officer.
- c) Destruction of an asset shall be the least favoured method of disposal, but may be used—
 - i. on grounds of state and national security or public interest, health and safety, legal or human rights issues or environment considerations; or
 - ii. where the asset has no residual value and it cannot be transferred to any other procuring entity or converted or classified into another form with any value.

5.10 Disposal Certificate

- 5.10.1 When items have been disposed through any of the methods allowed, a standard disposal certificate(s) shall be prepared accordingly and duly signed by the Accounting Officer.
- 5.10.2 Upon disposal of asset, the pertinent portion of the Inventory & Inspection Report, Report of Waste Materials or Invoice-Receipt for Property, Asset Register, whichever are applicable shall be populated. These reports shall be the basis for dropping the asset from the books of accounts and for taking up the proceeds from sale of asset.

6.0 DOCUMENTATION AND RECORD KEEPING, ADMINISTRATIVE REVIEW, PROCUREMENT REVIEW, MONITORING AND EVALUATION

6.1 Mandate for Documentation/Record Keeping in the PPL 2021

- 6.1.1 The PPL 2021 places a lot of emphasis on good record keeping & management. It contains extensive provisions on information & record gathering, collation, storage, management & dissemination.
- 6.1.2 There are many databases, registers, lists & other information systems which the PPA & the procuring/disposing entities are mandated to develop, establish, or maintain.
- 6.1.3 The PPL Section 26 (11) requires that all communication on any matter deriving from the Law or proceedings of public procurement/disposal should be in writing or in such other form as the PPA may stipulate.
- 6.1.4 Section 26 (12) stipulates that every procuring/disposing entity shall maintain both file and electronic records of all procurement proceedings made within each financial year. It further stipulates that the procurement/disposal records shall be maintained for a period of ten (10) years from the date of the award/disposal.

6.2 Administrative Review

- 6.2.1 Section 78 of the Lagos State Public Procurement Law 2021 recognizes the possibility of complaints after every procurement/disposal process. It has therefore gone ahead to specifically provide a Recourse Mechanism for the complainants.

6.3 Procurement/Disposal Reporting, Monitoring and Evaluation

6.3.1 Reporting and Implementation of Recommendations

- 6.3.1.1 All reports arising from procurement/disposal monitoring activities shall be communicated to the Accounting Officer for appropriate action. Additionally, independent monitoring and external audit reports may be communicated to the PPA, and to Development Partners or other funding agencies where the report covers contracts and/or projects funded by them.
- 6.3.1.2 On receipt of a monitoring report, the Procuring/Disposing Entity shall take appropriate action to:
 - a) remedy any adverse findings, weaknesses or anomalies identified in the report;
 - b) implement any recommendations for improvement;
 - c) in consultation with the PPA, conduct disciplinary proceedings and implement the specified sanctions on individual liable officials.

6.3.2 Correspondence/Communications

- 6.3.2.1 Correspondence and communications are essential to the management of relationships with suppliers and other bodies; but communications issued by a Procuring Entity may commit the Procuring/Disposing Entity or bind it to a course of action with legal, contractual or financial implications. Therefore, all procurement/disposal correspondences and communication issued by a Procuring/Disposing Entity shall be made by persons authorized in accordance with their duties and responsibilities.

6.3.3 Documentation Records Management

- 6.3.3.1 Documentary records, both in print or electronic format, are essential for efficient and effective management of activities, provide evidence in support of decisions and actions taken, and provide an audit trail for verification of transparency, accountability and effectiveness. Efficient records management is essential to ensure effective storage, retrieval and use with due regard to security, integrity and confidentiality.
- 6.3.3.2 All officers shall ensure they obtain, retain and maintain appropriate documentation supporting the activities for which they are responsible.
- 6.3.3.3 Senior officers involved in approval or authorization shall ensure that any transactions they approve or authorize are backed by appropriate supporting documentation.

6.3.4 Filing/Record Management System

6.3.4.1 Each Procuring/Disposing Entity must ensure that complete documentation is maintained in respect of all disposal activities. Responsibility for the official maintenance of record/ files, authority to access files and coordination of management and follow-up actions must be clearly defined in each Procuring/Disposing Entity to avoid:

- a) partial and incomplete records being held by several different departments and individuals;
- b) unauthorized access to records; or
- c) failure to take any necessary action at the right time.

6.4 Supervision of projects/programs of MDAs:

6.4.1 PPA shall conduct prior and post activity supervision missions to review compliance with this Asset Disposal Guidelines by MDAs and to provide technical support in the field that may be required by such MDAs in their disposal activities aimed at promoting transparency and accountability while achieving value-for-money.

6.4.2 PPA shall monitor the implementation by MDAs of this Guidelines and assess, the performance of the MDAs, when conducting supervision missions referred to above as well as during desk reviews and other modes of stakeholder consultations.

6.5 PPA Timelines:

6.5.1 The processing by PPA of a request for certificate of compliance to dispose-of assets shall not exceed five (5) working days from the date of receipt of the request, provided that all the requisite information is provided.

6.5.2 MDAs shall submit any additional information requested within five (5) working days following receipt of the request from PPA for additional information.

7.0 PENAL, CIVIL AND ADMINISTRATIVE LIABILITIES AND SANCTIONS

7.1 Standard of Ethics

7.1.1 The PPA requires that:

- a) all public officials and practitioners of procurement/asset disposal shall be held accountable and responsible for their actions;
- b) all eligible bidders will be treated fairly and given equal opportunity to procure assets being disposed by the Lagos State Government;
- c) disposal shall be done in the most efficient manner, upholding the principles of value for money, transparency and fairness;
- d) all transactions are properly authorized and fully supported by written records; and
- e) value for money can be demonstrated by comparison with market rates.

7.1.2 The conduct of all persons involved with asset disposal, whether as official of the PPA, a Procuring Entity, bidder shall at all times be governed by principles of integrity, accountability, transparency, fairness and equity.

7.1.3 In carrying out their duties all public officers shall maintain the highest standard of ethical conduct in dealing with bidders.

7.1.4 All bidders and their staff shall declare any potential as well as actual conflicts of interest.

7.1.5 The law and its regulations shall be fully complied with; any unlawful act is unacceptable, whatever the justification. Public Officers shall reject any practice which is or might reasonably be deemed to be improper.

7.2 Penalties under the PPL 2021

7.2.1 Penalty for an Individual

7.2.1.1 PPL 2021 Section 86 (1) says that a person who contravenes any provision of the PPL commits an offence and is liable on conviction to a term of imprisonment not less than five (5) years but not exceeding ten (10) years without an option of fine.

7.2.1.2 Section 86 (3) of the PPL 2021 says that any person whilst carrying out duties as an officer of the Agency, or any procuring entity who contravenes any provision of this Law and its Regulations, commits an offence and is liable on conviction to a cumulative punishment of:

- a) five (5) years imprisonment without option of fine; and
- b) summary dismissal from Government Service.

7.2.2 Penalty for a Corporate Body

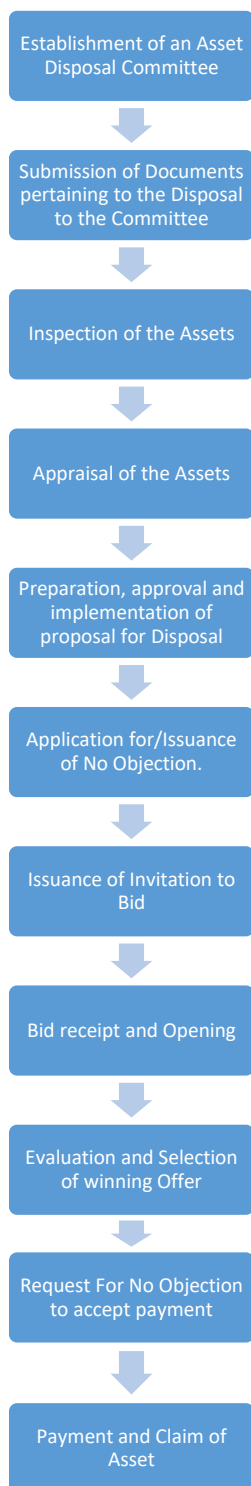
7.2.2.1 Any corporate body or firm that contravenes any provision of this Law and its Regulations commits an offence and is liable on conviction to a cumulative penalty of-

- a) being barred from all public procurement for a period not less than ten (10) years; and
- b) a fine equivalent to the value of the procurement in issue.

7.2.2.2 Where a corporate body or firm is convicted pursuant to PPL 2021 in accordance with Section 86 (4), every Director of the Company shall be guilty and be liable on conviction to a term of imprisonment for not less than three (3) years but not exceeding five (5) years without an option of fine, unless it is proven that the offence upon which the conviction was based was committed without the Director's knowledge, consent or connivance.

ANNEXURES

Annexure 1: Process Flow for Asset Disposal By Public Bidding.



Annexure 2: Sample of MDA Asset Disposal Certificate

MDA _____

Department(s) or Unit(s) in Possession of the ITEM(s) _____

Physical Location of the ITEM _____

Purchaser _____

Details:

1. Description of Item(s):
2. Inventory Number:
3. Date of Purchase:
4. Reason for Disposal:
5. Method of Disposal
6. Disposal Value Paid:

Purchased Item is approved for release to purchaser.

Accounting Officer Approval:

Annexure 3: GUIDANCE TO COMPUTATION OF LIKELY VALUE

LAGOS STATE VALUATION OFFICE (LASVO) PROPOSED VALUATION GUIDELINE (FORMULAE) FOR THE DISPOSAL OF PUBLIC ASSETS.

The International Valuation Standards (IVS) 2025 in its general standards (IVS 100-106) and assets standards, outlines the key steps and considerations for any valuation. The process is not a simple plug and chug formula but a structured methodology as stated below:

- i. Identify the Basis of Valuation (IVS 102),
- ii. Select the most appropriate Valuation Approach (IVS 103),
- iii. Apply the chosen approach using a Valuation Model (IVS 105),
- iv. Consider data and inputs (IVS 104) and document everything (IVS 106)

While IPSAS 44, considers the core principle that when a government entity intends to dispose an asset, its value should be recognized in a way that reflects its expected recovery through sale rather than through continued use.

For conformity with **IVS 2025** and **IPSAS 44**, a simplified Valuation Formulae is as postulated below:

- **Formulae 1:** The cost and year of acquisition is known

$$\text{Value of Asset for Disposal} = (\text{RL}/\text{AVFL}) * \{(\text{HC} * \text{PI}) * (1 - \text{Dep}) * (1 - \text{I})\}$$

- **Formulae 2:** The cost of acquisition is not known while the year of acquisition is known.

$$\text{Value of Asset for Disposal} = (\text{RL}/\text{AVFL}) (\text{RC}) * \{(1 - \text{Dep}) * (1 - \text{I})\}$$

Where:

- ✓ RL – Residual Life (Remaining Useful Life) Cycle,
- ✓ AVFL – Average Finite Life Cycle
- ✓ HC – Historical Cost
- ✓ Dep – Depreciation
- ✓ PI – Price Index
- ✓ RC – Replacement Cost
- ✓ I - Impairment

However, Depreciation is a factor of **Obsolescence** which can be either Physical, Functional, or Economic.

Therefore, Dep = Dp, Df, De.

Where;

Dp = Physical Condition: actual wear, tear, or decay from age, use,

Df = Functional Obsolescence: loss in value due to outdated design, technology, or inefficiency compared to the modern alternatives.

De = Economic Obsolescence: value loss caused by external factors like market shifts, economic decline, or changes in laws.

These types of depreciation can occur independently or in any combination. An asset can be physically old but still functional and in demand, or perfectly sound but useless due to a collapsed market. A thorough valuation considers all three to accurately reflect an asset's true value.

NOTE:

Physically identical assets can have vastly different values because their specific operational context, intensity of use, maintenance, and strategic role within an entity are unique. While superficially two assets might appear identical (e.g., two identical machines from the same manufacturer), their specific usage, context, and operational environment within a particular entity fundamentally differentiate their value.

Value of Asset for Disposal = $(RL/AVFL) * \{(HC * PI) * (1 - Dep) * (1 - I)\}$,

PRACTICAL EXAMPLES:

A. MOTOR VEHICLE WITH A FINITE ECONOMIC LIFE CYCLE OF 10 YEARS

- Motor Vehicle is 9.9 years old.
- Residual Life = $10 - 9.9 = 0.1$ year.
- AVFL: Average Finite Life Cycle = 10 years.
- **HC: NGN 10,000,000**
- PI: Let's assume a Price Index of 10% (PI = 1.1)
- Dep: say 95% - 97%
- **I: 0%**

Therefore:

$$\begin{aligned} \text{Value of Asset for Disposal} &= (9.9/10) * (10,000,000 * 1.1) * (1 - 95/100) * (1 - 0/100) \\ &= (0.99) * (11,000,000) * (1 - 0.95) * 1 \\ &= 0.99 * 11,000,000 * 0.05 \end{aligned}$$

Value of Asset for Disposal = ₦326,700.00

B. OFFICE FURNITURE & FITTINGS ASSETS WITH A FINITE ECONOMIC LIFE CYCLE OF 8 YEARS

- Furniture & Fittings is 7.9 years old.
- Residual Life = $8 - 7.9 = 0.1$ year.
- AVFL: Average Finite Life Cycle = 8 years.
- **HC: ₦135,000.00**
- PI: Let's assume a Price Index of 10% (PI = 1.1)
- Dep: say 95% - 97%
- **I: 0%**

Therefore:

$$\begin{aligned}\text{Value of Asset for Disposal} &= (7.9/8) * (135,000 * 1.1) * (1 - 95/100) * (1 - 0/100) \\ &= (0.99) * (148,500) * (1 - 0.95) * 1) \\ &= 0.99 * 148,500 * 0.05\end{aligned}$$

Value of Asset for Disposal = ₦7,350.75

C. OFFICE EQUIPMENT ASSETS WITH A FINITE ECONOMIC LIFE CYCLE OF 6 YEARS

- Office Equipment is 6 years old.
- Residual Life = 6 – 5.9 = 0.1 year
- AVFL: Average Finite Life Cycle = 6 years
- HC: ₦335,000.0
- PI: Let's assume a Price Index of 10% (PI = 1.1)
- Dep: say 95% - 97%
- I: 0%

Therefore:

$$\begin{aligned}\text{Value for Disposal:} &= (5.9/6) * (335,000 * 1.1) * (1 - 96/100) * (1 - 0/100) \\ &= (0.98) * (335,500) * (1 - 0.96) * 1) \\ &= 0.98 * 335,500 * 0.04\end{aligned}$$

Value of Asset for Disposal: ₦13,132.00

D. COMPUTER EQUIPMENT ASSETS WITH A FINITE ECONOMIC LIFE CYCLE OF 6 YEARS.

- Computer Equipment is 6 years old.
- Residual Life = 6 – 5.9 = 0.1 year.
- AVFL: Average Finite Life Cycle = 6 years.
- HC: ₦335,000.00
- PI: Let's assume a Price Index of 10% (PI = 1.1)
- Dep: say 95% - 97%
- I: 0%

Therefore:

$$\begin{aligned}\text{Value of Asset for Disposal} &= (5.9/6) * (335,000 * 1.1) * (1 - 96/100) * (1 - 0/100) \\ &= (0.98) * (335,500) * (1 - 0.96) * 1) \\ &= 0.98 * 335,500 * 0.04\end{aligned}$$

Value of Asset for Disposal = ₦13,132.00

E. POWER GENERATING SETS ASSETS WITH A FINITE ECONOMIC LIFE CYCLE OF 8 YEARS.

- Computer Equipment is 8 years old.
- Residual Life = 8 – 7.9 = 0.1 year.
- AVFL: Average Finite Life Cycle = 8 years.
- HC: ₦5,350,000.00
- PI: Let's assume a Price Index of 10% (PI = 1.1)
- Dep: say 95% - 97%
- I: 0%

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Therefore:

$$\begin{aligned}\text{Value of Asset for Disposal} &= (7.9/8) * (5,350,000 * 1.1) * (1 - 96/100) * (1 - 0/100) \\ &= (0.98) * (5,350,000) * (1 - 0.96) * 1) \\ &= 0.98 * 5,350,000 * 0.04\end{aligned}$$

Value of Asset for Disposal = ₦209,720.00

F. THE DISPOSAL PROCESS OF STAKEHOLDERS

The stakeholders are the MDA's (Procuring / Disposing Entity), that initiates the process of disposal and the Lagos State Valuation Office (LASVO) that carries out the valuation of the assets to be disposed if required and the Public Procurement Agency (PPA) that grants approvals where required.

DEFINITION OF TERMS

RESIDUAL LIFE(RL): According to the International Public Sector Accounting Standard (IPSAS 17), it is defined as the period which an asset is expected to be available for use by an entity.

AVERAGE FINITE LIFE CYCLE (AFLC): According to (IPSAS 17), covers all stages from acquisition to disposal, emphasizing proper accounting and management of assets in the public sector.

HISTORICAL COST (HC): it is the original monetary value of an asset at the time it was acquired or constructed. It includes the purchase price plus any costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

DEPRECIATION (Dep): According to IVS, depreciation in valuation is understood as the reduction in value of an asset over time due to use, wear and tear, physical deterioration, or obsolescence. While IPSAS defined it as the systematic allocation of the depreciable amount of an asset over its useful life.

PRICE INDEX (PI): it is a dimensionless number that quantifies the relative change in the price level of a defined basket of goods and services between two periods.

REPLACEMENT COST (RC): This refers to the current cost of constructing or acquiring a new asset with the same utility and functionality as the existing one, using modern materials and construction standards. It does not account for depreciation or obsolescence of the existing asset.

IMPAIRMENT (I): it is an unexpected, substantial, and often sudden decrease in the economic value of an asset.

OBSOLESCENCE: this refers to the decline in the value, utility, or functionality of an asset over time, not due to physical wear and tear, but because it has become outdated, less efficient, or no longer meets current demands or standards.