





How to Say Hello in Filipino

Good morning.
Magandang umaga.

How's it going?
Kumusta na?

How's your day?
Kumusta ang araw mo?

What's up?
Ano meron?

Hello!
Kumusta!

It's nice to see you again.
Masaya akong makita kang muli.

Long time no see.
ang tagal nating di nagkita

Hey!
Hey!



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Guidelines and Procedures in the Conduct of Physical Count of PPE (COA Circular 2020-006)



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PART I

THE PROBLEM AND ITS CAUSES



Overview of the

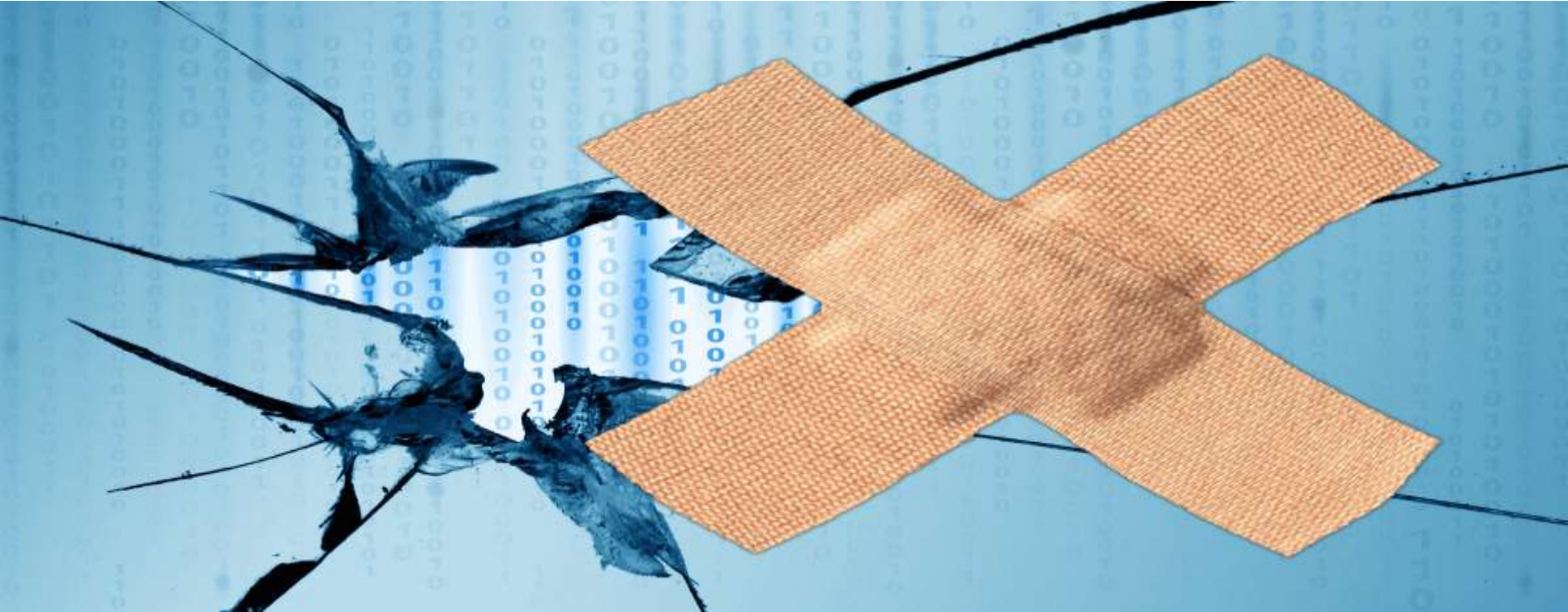


- Non-standardization of accounting methodologies in PPE control and management leading to huge discrepancies in the PPE Account balances vs. physical count.
- Perennial misstatements in the PPE Accounts in the Agency Financial Statements (FS)
- Failure of the Agency to conduct periodic physical inventory taking
- Lack of coordination between the GSO and the Accounting Department



Action taken....

The BAND-AID solution



Official



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COA Circular 2020-006 dated January 31, 2022 entitled: Guidelines and Procedures in the Conduct of Physical Count of Property, Plant, and Equipment (PPE), Recognition of PPE Items Found at Station, and Disposition for Non-existing/Missing PPE Items, for the One-Time Cleansing of PPE Account Balances of Government Agencies [COA-CIRCULAR-NO.-2020-006-1-31-2020-1.pdf](#)

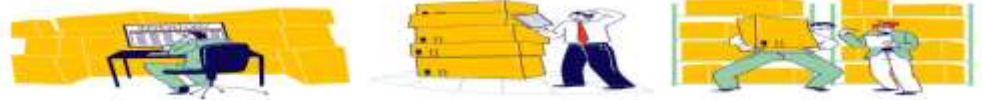


Chapter 2

THE PURPOSE/OBJECTIVES



Prescribes the guidelines/procedures on:



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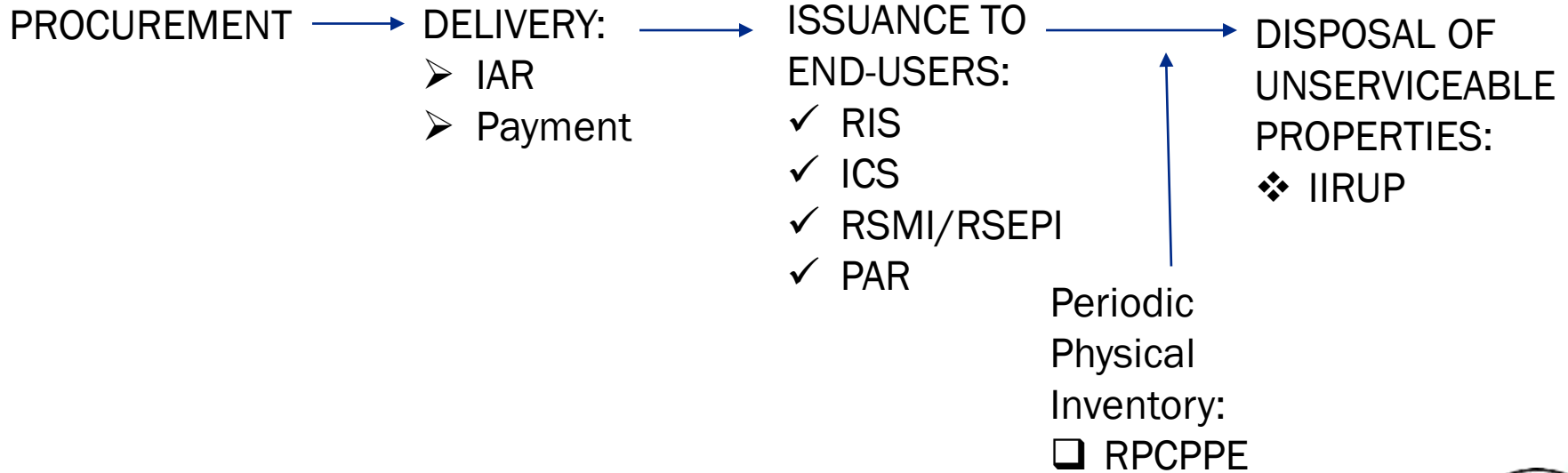
1. Inventory Taking
2. Recognition of those PPEs found in station
3. Disposition for non-existing/missing PPE items
4. For one-time cleansing of the PPE Account



Chapter 3

ACCOUNTING STANDARDS ON PPE (IPSAS 17)





Property and Supply Management Process



ASSET

Resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity



PPEs as defined by IPSAS 17

Tangible items that are:

- Purchased, constructed, developed or otherwise acquired;
- Held for use in the production or supply of goods or services or to produce program outputs



PPE standards cont.



- Held for rental to others (other than investment properties)
- For administrative purposes
- Expected to be used for more than one operating cycle
- Not intended for resale in the ordinary course of operations



The cost of an item of PPE shall be recognized if

- It is probable
- The cost or FV of the item can be measured reliably
- Beneficial ownership and control clearly rest with the government



Cont...

- The asset is used to achieve government objectives; and
- It meets the capitalization threshold of Php50,000.00



What is the Accounting disposition for **UNSERVICABLE PROPERTIES?**



Standards on PPE derecognition:

The carrying amount of an item of PPE shall be derecognized on:

- Disposal
- When no economic benefits or service potential is expected from its use or disposal



GENERAL

GUIDELINES

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- Conduct of physical count of all PPEs acquired through purchase, donation, constructed by administration and found at station
- Creation of the Inventory Committee (IC) by the Agency Head and defining its responsibilities functions
- Required attention by the IC in the physical inventory taking until completion
- Participation of COA in the inventory taking



Cont.

- Preparation of the Physical Inventory Plan (PIP) in coordination of the GSO to be approved by the Agency Head
- Submission of the approved PIP to COA before the scheduled inventory taking
- Updating of property records
- Reconciliation with accounting records.



Chapter 4

PROCEDURAL GUIDELINES



I. Preliminary activities before inventory taking

1. Obtain the latest Report on Physical Count of PPE (RPCPPE)/Physical Inventory Report. If none, use [Annex-A \(2\).pdf](#)
2. The Accounting Unit shall update its PPE Ledger Card (PPELC)
3. Comparison between the RPCPPE vs. PPELC



Cont.

4. Preparation by the Property Unit the list of PPE Items which are:

- Recorded in the PPELCs but not included in the RPCPPE
- Included in the RPCPPE but not recorded in the PPELCs

5. The above lists form part of the IC WP as basis on the preparation of the PIP.



II. Inventory Taking Procedures

1. Should be in accordance with the PIP
2. The WP as basis in the inventory taking activities, taking into consideration the Php50K threshold
3. Documented daily using the **Inventory Count Form** (ICF), as basis in the preparation of the RPCPPE after the physical count [Annex-A \(2\).pdf](#)
4. Separate ICF used for each PPE sub-major account group



Cont.

5. All PPE Items shall be tagged with new property stickers
6. The condition of the PPE shall be stated in the ICF
7. Include in the count all PPEs found at station (not included in inventory WP) owned by the agency
8. Consider as non-existing/missing PPEs included in the WP but not found during physical count.



Upon completion of the physical count, the IC shall:

- ✓ Prepare the RPCPPE
- ✓ Unit value of items counted shall be based on the PPELC, SLs, Property Cards and other records available. If none, cost/value maybe based on:
 - ❖ Market/FV at the date of valuation
 - ❖ FV determined by appraisal



TIME FOR A
BREAK



BUTUAN:
a lost
history





HUMABON

KULAMBU

SIAGU



Slaves: Kho, Reh and Mao

COA Style Guide



The mighty Agusan River

Kingdome Come





The Baroto





LESSONS
LEARNED



III. Reconciliation of RPCPPE with property and accounting records.

A. Responsibilities of the Property Unit:

- Ensure that Property Cards (PC) are updated
- Prepare list of PPEs Found at Station [Annex-B.pdf](#)
- Prepare PC for PPEs found at station
- Prepare list of non-existing/missing PPEs [Annex-C.pdf](#)
- Reconcile PCs to PPELC
- Renew all PAR
- Prepare IIRUP



B. Responsibilities of the Accounting Unit:

Take up the necessary accounting entries: [COA-CIRCULAR-NO.-2020-006-January-31-2020-1.pdf](#)

a. To recognize PPEs found at station

Dr. PPE XXX

Cr. Accumulated Surplus/Deficit XXX

➤ Prepare/maintain PPELC based on the List of PPEs found at station



b. To recognize the loss of PPE & (c) setting-up
accountability of the AO:

Dr. Loss of Assets		XXX	
Accumulated Depreciation		XXX	
Accumulated Impairment Loss		XXX	
Cr. PPE			XXX
Dr. Due from Officers & Employees	XXX		
Cr. Other Deferred Credits			XXX



Cont.



➤ Update PPELCs

d. Write-off/drop from the books the remaining balance as of cut-off date lumped under the “Unreconciled SL”, “Reconciling SL” for PPEs and the like. (*Accumulated Surplus/Deficit*)



JE: to close the remaining unreconciled SL for PPE

Dr. Accumulated Surplus	XXX	
Cr. PPE		XXX

e. Ensure that PPELC/SLs=GL on PPE



Thereafter, the reconciled balance of PPE shall be the established account balance as of cut-off date



Chapter 5

DISPOSITION PROCEDURES FOR NON-EXISTING/MISSING PPE



Responsibilities of the Property Unit:



1. Verify if the PPE were already disposed/transferred/donated to other government agencies
2. Submit to Accounting Unit the original copies of IIRUP/PTR for derecognition
3. Determine the person/s accountable for the non-existing/missing PPEs not otherwise disposed or transferred



Cont.

4. Indicate in the list whether there is a pending request for relief
5. Inform the Agency Head of the non-existing/missing PPEs without request for relief
6. Prepare letter addressed to the AO demanding the production of the PPE/s he/she is accountable for. Issue to AO upon approval



Cont.

7. If the AO was able to produce the PPE, indicate in the list that the item was produced/presented upon demand
8. Inform the IC re #7 in order to amend the RPCPPE
9. If not produced by the AO, indicate in the list the non-production.



After gathering the necessary information, the Property Unit shall:

10. Submit to the Accounting Unit the List of Non-existing/Missing PPEs



Responsibilities of the Accounting Unit:

1. Take-up the necessary accounting entries to derecognize disposed or transferred PPEs based on the original copies of IIRUP & PTR

Dr. Accumulated Surplus	XXX	
Cr. PPE		XXX

2. Receive from the Property Unit the List of Non-existing/Missing PPEs



Cont.

3. Recognize in the books of accounts the loss of PPE, and set-up the corresponding receivable from the AO based on the ***DEPRECIATED REPLACEMENT COST***

Dr. Loss of Assets	XXX	
Accumulated Depreciation		XXX
Accumulated Impairment Loss	XXX	
Cr. PPE		XXX
Dr. Due from Officers & Employees	XXX	
Cr. Other Deferred Credits		XXX



Responsibilities of the Agency Head

1. Sign the demand letters addressed to the AO on non-exiting/missing PPE
2. Cause the conduct of an investigation to determine the circumstances of the loss of the PPE
3. Demand from the accountable personnel to produce the PPE or pay the depreciated replacement cost thereof.



Cont.

4. Furnish the Accounting Unit the certified copy of the investigation report and demand letter, as basis to recognize loss of PPE and receivables from the AO

5. For PPEs which could not be pinpointed (to any AO), file request for Authority from COA to derecognize the non-existing/missing PPE.



Procedures in the derecognition of non-existing/missing PPEs without available record of accountability

Non-existing/missing PPE without available record of accountability shall be derecognized from the books **only upon the grant of specific authority from COA**



Conditions in the filing of request of authority to derecognize PPEs:

1. The PPE has already exceeded its estimated useful life
2. The accountability/responsibility over the missing PPE could not be pinpointed after the conduct of the investigation for the purpose



Request for derecognition shall be supported with the following:

1. List of non-existing/missing PPE (with carrying value) certified by the Head of the Property & Accounting Units, approved by the Agency Head
2. Certification by the Accountant that the non-existing/missing PPEs has already exceeded their estimated useful lives
3. Certified copy of the Investigation Report.



Responsibilities of COA

For PPEs Php100K and below

1. The ATL/SA shall validate the submitted documents and decide on the request for authority to derecognize PPEs not exceeding Php100k per item within 15 days.
- The Agency Head may refile the request with the ATL/SA



Cont.

2. The Agency Head may elevate the decision of the ATL/SA to the CD/RD within 15 days after receipt of the decision of the ATL/SA

- The CD/RD shall decide on the appeal within 15 days from receipt
- The CD/RD decision of the appealed request is final and non-appealable



For PPEs above Php100k but not more than Php1Million

1. The ATL/SA shall forward the records to the CD/RD together with their comments and recommendation within 15 days from receipt
2. The CD.RD reviews the entire record and decide on the request within 15 days from receipt
 - The Agency Head may refile the request with the CD/RD
 - The Agency Head may appeal the decision of the CD/RD to the Assistant Commissioner within 15 days from receipt of the decision
 - The decision of the AC on the appealed request is final and non-appealable



For PPEs exceeding Php1Million

1. The CD/RD shall forward the request and the entire records together with his/her recommendation to the Assistant Commissioner (AC) within 15 days from receipt.
2. The AC shall review the entire records of the requests and shall decide within 15 days from receipt.
 - The Agency Head may refile the request with the AC
 - The Agency Head may appeal the decision of the AC to the Commission Proper (CP) within 15 days from receipt of the decision
 - The decision of the CP is final and non-appealable



Responsibilities of the Accountant:

1. Prepare JEV within 15 WD upon receipt of the decision granting the authority to derecognize PPEs for approval of the Agency Head and effect the entries in the books of accounts.

Dr. Loss of Assets	XXX	
Accumulated Depreciation	XXX	
Accumulated Impairment Loss	XXX	
Cr. PPE		XXX



2. Enter the acquisition cost of the derecognized PPEs and their carrying values in the Registry of Derecognized PPEs (RDPPE)
3. Submit the JEV to COA ATL with certified copies of approved request for derecognition including records/documents pertaining thereto
4. Keep permanent file of the RDPPE including approved request for derecognition and its supporting documents
5. Provide appropriate disclosure on the derecognized PPEs in the NTFS



Disclosures in the NTFS

Disclosures shall include information on:

- ✓ Total amount of non-existing/missing PPEs included in the balance
- ✓ Request for authority to derecognition filed and still pending
- ✓ PPEs found at station which are still needing appraisal

Illustrative entries: [Annex-E.pdf](#)



*"By three methods we may learn wisdom: First, by **reflection**, which is noblest; Second, by **imitation**, which is easiest; and third by **experience**, which is the bitterest."*



Confucius



THANK YOU

