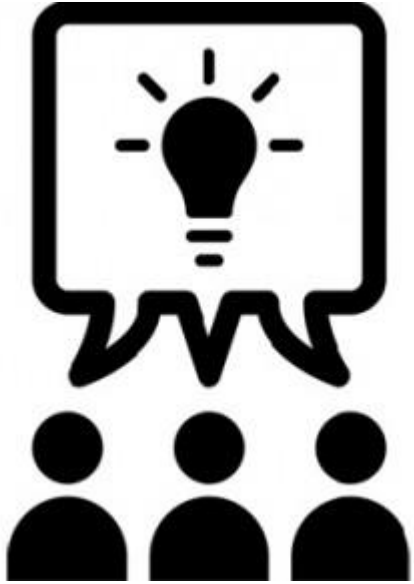


**Guidelines and Procedures in the Conduct of Physical  
Count of Property, Plant and Equipment (PPE),  
Recognition of PPE Items Found At Station, and  
Disposition for Non-Existing/Missing PPE Items, for the  
One-Time Cleansing of PPE Account Balances of  
Government Agencies**

**(COA Circular No. 2020-006, Jan. 31, 2020)**



# Session Overview



This session discusses the guidelines and procedures in the conduct of one-time cleansing of PPE account balances of government agencies



# LEARNING OBJECTIVES



At the end of the session, the participants will be able to familiarize the procedures on inventory taking, recognition of those found at station and the rules on the disposition and derecognition of non-existing/missing PPE items.



# COURSE OUTLINE

- I Rationale
- II General and Procedural Guidelines of the Inventory-Taking
- III Reconciliation of Inventory Count with property and accounting records
- IV Disposition Procedures for Non-existing/Missing PPEs
- V Procedures in the Derecognition of Non-existing/Missing PPEs without an available record of accountability
- VI Accounting entries and disclosure in the Notes to FS

# RATIONALE

This circular was issued to assist government agencies in coming up with **reliable** PPE balances that are **verifiable** as to **existence, condition** and **accountability**.

STARBUCKS CORPORATION  
CONSOLIDATED BALANCE SHEETS  
*(in millions, except per share data)*

	July 31, 2014	July 1, 2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	8,796.3	2,462.3
Short-term investments	181.2	228.8
Accounts receivable, net	643.1	870.4
Inventories	1,406.3	1,366.8
Prepaid expenses and other current assets	1,462.9	318.1
Total current assets	12,489.8	5,246.4
Long-term investments	267.7	342.3
Equity and trust investments	134.7	431.8
Property, plant and equipment, net	3,928.1	4,819.3
Deferred income taxes, net	134.7	795.4
Other long-term assets	412.5	342.8
Other intangible assets	1,042.2	411.4
Goodwill	1,381.6	1,399.2
<b>TOTAL ASSETS</b>	<b>\$ 24,156.4</b>	<b>\$ 14,385.6</b>
<b>LIABILITIES AND EQUITY</b>		

WallStreetMojo

## Property, Plant, And Equipment (PP&E)



# Conditions that led to the issuance of this circular

- PPE constitute a **significant portion of the total assets of the government** usually comprising **more than fifty percent (50%)** thereof.

CIVIL AVIATION AUTHORITY OF THE PHILIPPINES				
STATEMENTS OF FINANCIAL POSITION				
DECEMBER 31, 2022 and 2021				
(In Philippine Peso)				
	Note	2022	2021 (As Restated)	January 1, 2021 (As Restated)
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	6	6,028,638,867	4,313,117,305	4,426,378,073
Financial Assets	7	1,193,591,795	0	0
Other Investments	8	424,043,129	668,044,206	1,255,353,955
Receivables, net	9, 34	4,728,897,427	3,825,235,681	3,800,677,113
Inventories	10, 34	163,424,362	160,256,196	130,909,555
Other Current Assets	11, 34	745,391,720	690,629,899	486,673,345
		<b>13,283,987,300</b>	<b>9,657,263,287</b>	<b>10,099,992,041</b>
<b>Property and Equipment, net</b>				<b>55,497,909,859</b>
Property and Equipment, net	12, 34	55,497,909,859	51,730,464,345	52,331,027,831
Intangible Assets, net	13, 34	3,985,876	6,051,284	8,116,692
Deferred Tax Assets	14, 33, 34	1,341,548,492	1,319,003,487	731,715,703
Other Non-current Assets	15, 34	43,108,470	43,057,408	27,262,220
<b>TOTAL ASSETS</b>				<b>70,643,083,885</b>
<b>TOTAL ASSETS</b>		<b>70,643,083,885</b>	<b>63,295,090,199</b>	<b>63,751,079,757</b>

# Conditions that led to the issuance of this circular

- Existence of **enormous amount of discrepancies in PPE account balances** of government agencies that **caused the non-accuracy of PPE balances** presented in the financial statements;

1.8. Comparison between the balances per books of accounts and RPCPPE of [redacted], Area Centers (ACs) II, III, V, VI, VIII, and IX showed a variance of P6.670 billion as shown in Table 1:

**Table 1. Variance Between Balance per Books of Accounts and RPCPPE**

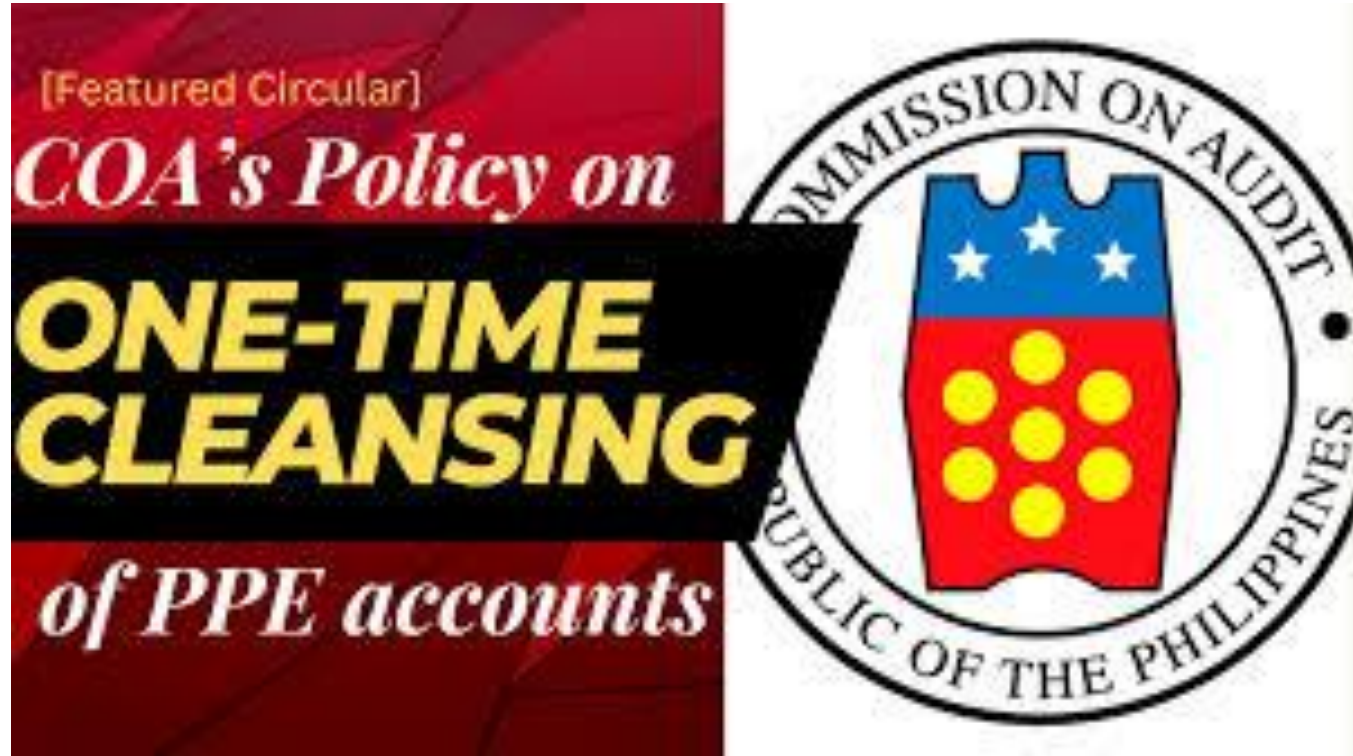
Location	Per books of accounts	Per RPCPPE	Variance (Absolute Value)
[redacted]	P 9,570,509,893	P 4,325,440,588	P 5,245,069,305
AC II - [redacted]	648,077,020	121,500,394	526,576,626
AC III	1,352,159,036	1,348,056,367	4,102,669
AC V	4,666,937,448	3,853,494,584	813,442,864
AC VI	16,332,171,246	16,371,418,426	39,247,180
AC VIII	3,982,753,452	3,947,794,262	34,959,190
AC IX	6,219,476,470	6,226,450,658	6,974,188

**TOTAL VARIANCE 6,670,372,022**



# COVERAGE

- National Government Agencies
- Local Government Units
- Government-Owned and Controlled Corporations





# ACCOUNTING STANDARDS ON PPE (*paragraph 4.1*)

PPE are tangible items that are:

- purchased, constructed, developed or acquired;
- held for use in the production or supply of goods or services or to produce program outputs;
- for rental to others (other than investment property);
- for administrative purposes;
- expected to be used during more than one reporting period; and
- not intended for resale in the ordinary course of operations.



# ACCOUNTING STANDARDS ON PPE (*paragraph 4.2*)

The cost of an item of PPE shall be recognized as asset if, and only if:

- It is probable that the future economic benefits or service potential will flow to the entity;
- the cost or fair value of the item can be measured reliably;
- beneficial ownership and control clearly rest with the government;
- the asset is used to achieve government objectives; and
- It meets the capitalization threshold of 50,000.00



# ACCOUNTING STANDARDS ON PPE (*par 4.3*)

The **carrying amount** of a PPE shall be **derecognized on disposal** or when no future economic benefits or service potential is expected from its use.

**Carrying amount = cost less accumulated depreciation**



# GENERAL GUIDELINES

- Each government agency **shall conduct physical count of all its PPE** whether **acquired through purchase, donation, constructed by administration and found at station.** (*par. 5.1*)
- The head of agency **shall create an Inventory Committee.** (*par. 5.2*)



# GENERAL GUIDELINES

- **Inventory Committee members** (*paragraphs 5.2 and 5.3*)
  - ✓ adequate number of members to complete the physical inventory in **3 months or less**
  - ✓ **at least 1 member each** from the **Accounting Unit** and from the **Property Unit**
  - ✓ members shall be **temporarily relieved of all their regular duties** to devote their full time in the conduct of physical inventory taking until the same is completed



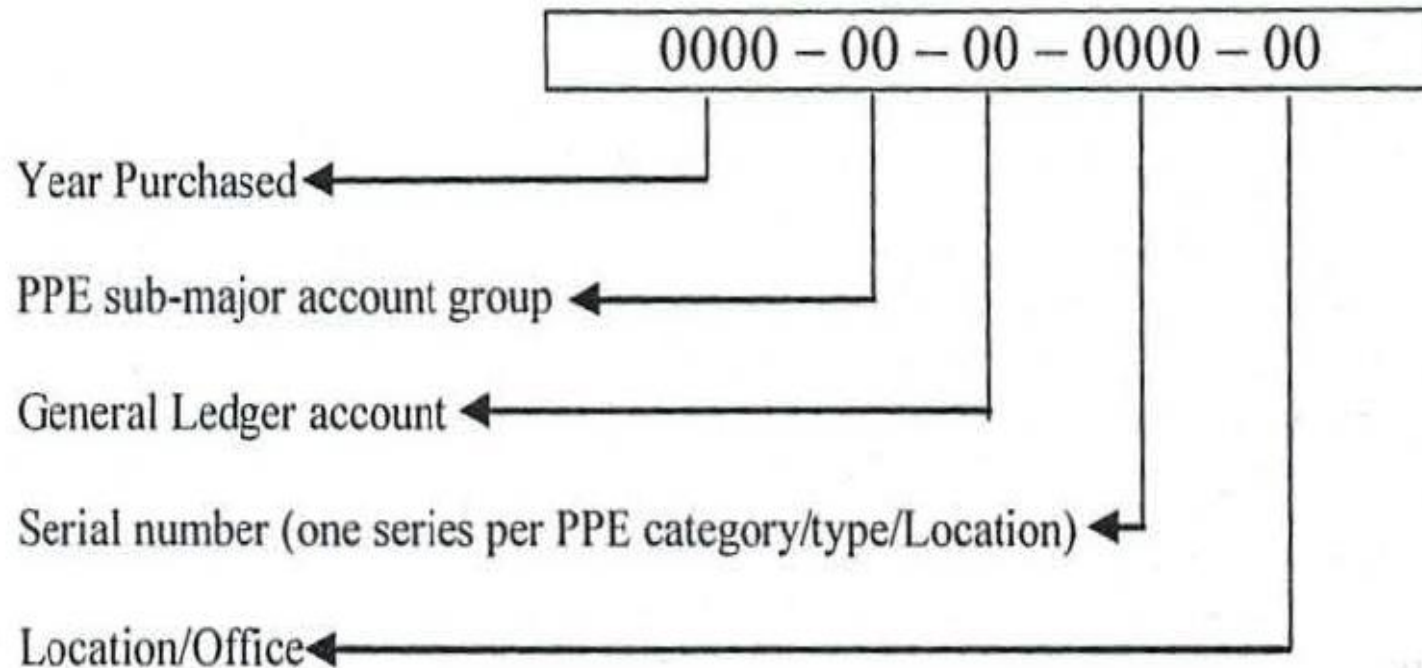
# GENERAL GUIDELINES

- **Inventory taking witness** (*paragraphs 5.4 and 5.5*)
  - ✓ shall be **witnessed by the COA auditor** (Audit Team Leader or any of his/her audit team member)
  - ✓ may also be **witnessed by a representative from the agency's Internal Audit Service/Unit**



# GENERAL GUIDELINES

- **Uniform property identification system for PPE** (*par. 5.6*)
  - a unique Property Number shall be assigned for each PPE item, using the following numbering system:



# GENERAL GUIDELINES

## ➤ Uniform property identification system for PPE (*par. 5.6*)

**Example: For Office Equipment purchased in 2019**

**(PN- 2019-05-02-0001-01)**

For example: For OFFICE EQUIPMENT, the UACS Object Code is the one highlighted below and as shown in Annex A Vol III RCA (attached herewith)

Machinery and Equipment	10605000	00	1060500000
Machinery	10605010	00	1060501000
Accumulated Depreciation-Machinery	10605011	00	1060501100
Accumulated Impairment Losses-Machinery	10605012	00	1060501200
Office Equipment	10605020	00	1060502000
Accumulated Depreciation-Office Equipment	10605021	00	1060502100
Accumulated Impairment Losses-Office Equipment	10605022	00	1060502200

The PN should be: 2019-05-02-0001-01

**Note: Sub-Major Account group – 4<sup>th</sup> and 5<sup>th</sup> digit of the UACS Object Code**  
**General Ledger account – 6<sup>th</sup> and 7<sup>th</sup> digit of the UACS Object Code**





# GENERAL GUIDELINES

## ➤ **Property Sticker** (*par. 5.7*)

For easy identification, the following will be prominently shown in the property sticker:

- ✓ Property Number
- ✓ Description of the property
- ✓ Model number
- ✓ Serial Number
- ✓ Acquisition Date/Cost
- ✓ Person Accountable
- ✓ Space for the validation/signature of the Inventory Committee



# GENERAL GUIDELINES

- **Responsibilities of Inventory Committee** (*par. 5.8, 5.9, 5.11*)
  - ✓ shall plan/strategize on how to conduct and complete the Physical Inventory in 3 months or less, in coordination with the Property Unit
  - ✓ prepare a **Physical Inventory Plan (PIP)** containing the ff:
    - Specific assignments /duties of the Committee members
    - Cut-off date
    - Schedule specifying the dates and locations of the inventory taking



# GENERAL GUIDELINES

- **Responsibilities of Inventory Committee** (*par. 5.8, 5.9, 5.11*)
  - ✓ submit the approved PIP (*approved by Head of Agency*) to the COA audit team at least ten (10) calendar days before the scheduled start of inventory taking
  - ✓ Actual count to ascertain the:
    - existence
    - completeness
    - condition of all PPEs owned by the gov't. agency



# GENERAL GUIDELINES

## ➤ **Responsibilities of Property Unit and Accounting Unit** *(par.5.12)*

- ✓ Property records shall be updated based on the results of the physical inventory
- ✓ Reconcile property records with accounting records to come up with the reconciled balances of PPE accounts



# PROCEDURAL GUIDELINES

**I. Preliminary activities prior to the conduct of inventory taking** (*par. 6.1*)

**II. Inventory taking** (*par. 6.2*)

**III. Reconciliation of Inventory Count per RPCPPE with property and accounting records** (*par. 6.3*)



# PROCEDURAL GUIDELINES

## I. Preliminary activities prior to the conduct of inventory taking (*par. 6.1*)

Property Unit	Accounting Unit
Shall obtain the latest RPCPPE/Physical Inventory Report	Update its record of acquisition/disposal/transfer of PPEs in the PPE Ledger Cards (PPELCs)
In the absence of the latest RPCPPE/PIR, a standard form ( <b>Annex A</b> of the circular) shall be filled by each office and submitted to the Property Unit for verification	Ensure that the total balance of PPELCs tally with the balances of controlling PPE accounts in the General Ledger
Compare the latest RPCPPE/PIR with the PPELCs	



# PROCEDURAL GUIDELINES

## I. Preliminary activities prior to the conduct of inventory taking (*par. 6.1*)

Property Unit	Accounting Unit
Prepare a list of PPE items which are recorded in the PPELCs but not included in the RPCPPE/PIR	
Prepare a list of PPE items which are included in the RPCPPE but not recorded in the PPELCs	
Submit to the Inventory Committee the 2 lists above and the latest RPCPPE/PIR*	

**Inventory working papers**- the lists and the RPCPPE submitted by Property Unit to Inventory Committee, which will be used in preparing the Physical Inventory Plan (PIP)



# PROCEDURAL GUIDELINES

## II. Inventory taking (par. 6.2)

### ➤ *Head of Inventory Committee*

- *ensure that the inventory taking activities are executed in accordance with the approved PIP;*
- *Shall keep record of the alternative activities undertaken and the reasons for deviation from the PIP, in case there are planned procedures that cannot be efficiently performed*





# PROCEDURAL GUIDELINES

## II. Inventory taking (par. 6.2)

### ➤ Inventory Committee

- use the **inventory working papers** provided by the Property Unit as basis for the inventory taking activities;
- record/document daily in a **standard Inventory Count Form (ICF)** the physical count (**Annex A** of the Circular)
  - **separate ICF shall be used for each PPE sub-major account** group such as Land, Buildings and Other Structures, Machinery and Equipment.
  - **the ICF shall be subdivided by PPE General Ledger account**

(Example: Machinery and Equipment may be subdivided into Machinery, Office Equipment, Information and Communications Technology Equipment)





# PROCEDURAL GUIDELINES

## II. Inventory taking (par. 6.2)

### ➤ Inventory Committee

- the **condition of the PPEs** such as: in good condition, needing repair, unserviceable, obsolete, no longer needed, not used since purchase shall be stated clearly in the ICF
- "**found at station**" and **non-existing/missing items** - indicated in the Remarks column of the ICF
- **other relevant information** - indicated also in the Remarks column of the ICF



# PROCEDURAL GUIDELINES

## II. Inventory taking (par. 6.2)

### ➤ Inventory Committee

- tag all PPE items with **new property stickers**
- prepare the **RPCPPE** upon completion of the **inventory count** (4 copies – for COA, Accounting Unit, Property Unit, Inventory Committee file)
- refer to the **PPELC/Subsidiary Ledgers (SLs)** or, if not available, from Property Cards or other property records for the **unit value of item.**



# PROCEDURAL GUIDELINES

## II. Inventory taking (par. 6.2)

### ➤ Valuation of items

- If no valuation can be found in both accounting and property records, the unit cost/value shall be established, as follows:

to be determined by Inventory Committee (IC):

- ✓ Based on market/fair value of the item
- ✓ cost/value of a similar item in the RPCPPE

If cannot be determined by the IC:

- ✓ Fair value shall be determined by appraisal



# PROCEDURAL GUIDELINES

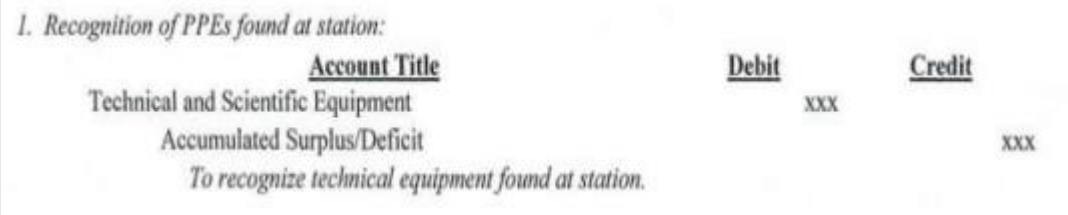
## III. Reconciliation of Inventory Count per RPCPPE with property and accounting records (*par. 6.3*)

- The **Property and Accounting Units** shall **undertake collaborative procedures** that all PPEs included in the RPCPPE are duly recorded in their respective records.
- The Property Cards maintained by the Property Unit and the PPE Ledger Cards maintained by the Accounting Unit are reconciled.
- The **reconciliation shall be completed within ten (10) days from rendition of the RPCPPE** by the Inventory Committee.



# PROCEDURAL GUIDELINES

## III. Reconciliation of Inventory Count per RPCPPE with property and accounting records (*par. 6.3*)

Property Unit	Accounting Unit									
Ensure that the Property Cards (PCs) are updated										
Prepare a List of PPEs Found at Station – use <b>Annex B</b> of Circular; and submit to Accounting Unit for recording in the books	Take up the necessary accounting entries to recognize PPEs found at station   <p><i>1. Recognition of PPEs found at station:</i></p> <table border="1"> <thead> <tr> <th><u>Account Title</u></th> <th><u>Debit</u></th> <th><u>Credit</u></th> </tr> </thead> <tbody> <tr> <td>Technical and Scientific Equipment</td> <td>xxx</td> <td></td> </tr> <tr> <td>Accumulated Surplus/Deficit</td> <td></td> <td>xxx</td> </tr> </tbody> </table> <p><i>To recognize technical equipment found at station.</i></p>	<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>	Technical and Scientific Equipment	xxx		Accumulated Surplus/Deficit		xxx
<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>								
Technical and Scientific Equipment	xxx									
Accumulated Surplus/Deficit		xxx								
Prepare PCs for PPEs found at station.	Prepare/maintain corresponding PPELCs based on the List of PPEs Found at Station.									







# PROCEDURAL GUIDELINES

## III. Reconciliation of Inventory Count per RPCPPE with property and accounting records (*par. 6.3*)

Property Unit	Accounting Unit
<p>Prepare a List of Non-Existing /Missing PPEs as well as those with PCs and Property Acknowledgment Receipts (PARs) on file but not included in the RPCPPE– use <b>Annex C</b> of Circular.</p>	<p>Take up the necessary accounting entries to recognize loss of PPE and to setup the corresponding receivables from the concerned accountable officer/personnel</p>
<p>Follow the procedures for the disposition of non-existing /missing PPE provided under Paragraph 7 of the Circular.</p>	<p>Take up the necessary accounting entries to write-off/drop from the books of accounts the remaining balances as of December 31, _____ of amounts lumped under the “Unreconciled SL” for PPEs.</p>



# PROCEDURAL GUIDELINES

## III. Reconciliation of Inventory Count per RPCPPE with property and accounting records (*par. 6.3*)

### 3. *Writing-Off/Dropping of remaining balances of unreconciled SL for PPEs*

<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
Accumulated Surplus/Deficit	XXX	
Office Equipment		XXX
<i>To write-off remaining balance of unreconciled SL for Office Equipment</i>		





# PROCEDURAL GUIDELINES

## III. Reconciliation of Inventory Count per RPCPPE with property and accounting records (*par. 6.3*)

Property Unit	Accounting Unit
Work together with the Accounting Unit to reconcile the PCs with the PPELCs maintained by said unit	Work together with the Property Unit in reconciling the PPELCs/SLs with the PCs maintained by said unit
Renew all PARs	Update the PPELCs as necessary in the course of reconciliation
Prepare Inventory and Inspection Report of Unserviceable Property (IIRUP) for all PPEs found unserviceable, obsolete and/or no longer needed	Ensure that the total balance of PPELCs/SLs tally with the balances of controlling PPE accounts in the General Ledger



# DISPOSITION PROCEDURES FOR NON-EXISTING / MISSING PPEs (Par. 7)

Property Unit	Accounting Unit
<p>Verify if the PPE items were already disposed with supporting IIRUP or transferred/donated to other government agencies with supporting Property Transfer Report (PTR)</p>	
<p>Submit to the Accounting Unit the original copies of the IIRUP and PTRs for disposed and transferred PPE items, for recording in the books</p>	<p>Take up the necessary accounting entries to derecognize disposed or transferred PPEs based on original copies of the IIRUP and PTR.</p>



# DISPOSITION PROCEDURES FOR NON-EXISTING / MISSING PPEs (Par. 7)

Property Unit	Accounting Unit
<p>The Head of the Property Unit shall be responsible in determining the accountable officer for non-existing/missing PPEs through <b>verification of PARs, PCs and other property records.</b></p>	
<p>If there is <b>pending Request for Relief from Accountability</b>, such fact shall be indicated in the <b>Remarks</b> column of the list of non-existing/missing PPEs.</p>	



# DISPOSITION PROCEDURES FOR NON-EXISTING / MISSING PPEs (Par. 7)

Property Unit	Accounting Unit
<p>Inform the Head of Agency on the non-existing/missing PPEs <b>without pending Request for Relief from Accountability</b></p>	
<p>Prepare letters addressed to each accountable officer demanding the <b>production of the PPE</b> he/she is accountable for, to be signed by Head of Agency.</p> <p><b>AO has 5 calendar days to respond</b></p>	



# DISPOSITION PROCEDURES FOR NON-EXISTING / MISSING PPEs (Par. 7)

Property Unit	Accounting Unit
<p>Indicate under the Remarks column of the List of Non-Existing PPE that the item was “<b>produced/presented upon demand</b>”, if the AO was able to produce the PPE item demanded from him/her. If otherwise, indicate also in the Remarks column.</p> <ul style="list-style-type: none"> <li>- <b>inform Inventory Committee to amend the RPCPPE</b></li> </ul>	
<p>Submit to Accounting Unit the List of Non-Existing /Missing PPEs with complete information on which PPEs could not be produced upon demand; those with pending Request for Relief; as well as the AOs.</p>	<p>Take up the necessary accounting entries to recognize in the books of accounts <b>the loss of PPE and to set up corresponding receivables</b> from concerned AOs that <b>could not produce the PPE upon demand.</b></p>





# DISPOSITION PROCEDURES FOR NON-EXISTING / MISSING PPEs (Par. 7)

## 2. Recognition of loss of PPE and setting up accountability of accountable officer

<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
Loss of Assets	XXX	
Accumulated Depreciation - Office Equipment	XXX	
Accumulated Impairment Losses - Office Equipment	XXX	
Office Equipment		XXX
<i>To recognize loss of office equipment.</i>		
Due from Officers and Employees	XXX	
Other Deferred Credits		XXX
<i>To set up accountability of accountable officer         for lost office equipment.</i>		

# DISPOSITION PROCEDURES FOR NON-EXISTING / MISSING PPEs (Par. 7)

Property Unit	Accounting Unit
	<p>Check if appropriate accounting entries were already taken up recognizing the loss of PPE and setting up accountability for those with pending Request for Relief; otherwise, he/she shall effect the necessary accounting entries.</p> <p><b>Based on depreciated replacement cost</b> – <i>replacement cost (current market price) less accumulated depreciation calculated on the basis of replacement cost.</i></p> <p>the <b>amount to be set up as receivables</b> over the loss of depreciable assets</p>



# DISPOSITION PROCEDURES FOR NON-EXISTING / MISSING PPEs (Par. 7)

**If accountability could not be established despite exhaustion of all diligent efforts, the ff. procedures shall be followed:** (par. 7.11)

- a. **Head of Agency shall cause the conduct of investigation** to determine the last known location/office where the missing PPE items were issued/installed, person accountable, circumstances of the loss, among others.

## If accountability was pinpointed after investigation

Demand shall be made from the accountable personnel to produce the item or pay the depreciated replacement cost, thereof.

## If accountability was not pinpointed after investigation

Authority for derecognition from the books of accounts may be requested from the COA, in accordance with paragraph 8 of the Circular.



# DISPOSITION PROCEDURES FOR NON-EXISTING / MISSING PPEs (Par. 7)

## If accountability was pinpointed after investigation

The Accounting Unit shall be furnished the certified copy of the investigation report and demand letter to be used as **basis to recognize the loss of PPE and set up the corresponding receivables** from the concerned accountable personnel.

## If accountability was not pinpointed after investigation

**Pending the grant of authority by the COA, said PPEs shall remain in the books of accounts.**



# DERECOGNITION OF NON-EXISTING/MISSING PPEs WITHOUT AVAILABLE RECORD OF ACCOUNTABILITY (Par. 8)

- Non-existing/ Missing PPEs without available record of accountability **shall be derecognized from the books of accounts only upon the grant of specific authority by the COA.**
- The **Head of Agency** shall file the **request for authority to derecognize** non-existing/missing PPEs to the COA, **if the following conditions are met:**
  - a. PPE already exceeded its estimated useful life, hence its carrying value is equivalent to its residual value;*



# DERECOGNITION OF NON-EXISTING/MISSING PPEs WITHOUT AVAILABLE RECORD OF ACCOUNTABILITY (Par. 8)

*b. Accountability/responsibility over the missing PPE could not be pinpointed after the conduct of investigation for the purpose.*

➤ **The request shall be supported with the ff. documents:**

*a. List of Non-Existing/Missing PPEs and their carrying values certified by the Heads of Property Unit and the Accounting Unit and approved by Head of Agency;*



# DERECOGNITION OF NON-EXISTING/MISSING PPEs WITHOUT AVAILABLE RECORD OF ACCOUNTABILITY (Par. 8)

➤ **The request shall be supported with the ff. documents:**

*b. Certification by the Head of Accounting Unit that the non-existing/missing PPEs had already exceeded their estimated useful lives; and*

*c. Certified copy of the report of investigation conducted pursuant to Paragraph 7.9 of the Circular.*



# DERECOGNITION OF NON-EXISTING/MISSING PPEs WITHOUT AVAILABLE RECORD OF ACCOUNTABILITY (Par. 8)

## Filing of request for derecognition:

Amount of each PPE	Where to file request	No. of days to act on request	If there is denial on the request	No. of days to act on the refiled request	Appeal to	No. of days to file appeal
Not exceeding 100,000.00	Audit Team Leader (ATL) and/or Supervising Auditor (SA)	15 working days (wd) from receipt	Refile the request to ATL and/or SA, if basis for denial was complied.	15 wd from receipt	COA Cluster Director (CD)/Regional Director (RD)	15 wd from receipt of the decision





# DERECOGNITION OF NON-EXISTING/MISSING PPEs WITHOUT AVAILABLE RECORD OF ACCOUNTABILITY (Par. 8)

## Filing of request for derecognition:

Amount of each PPE	Where to file request	No. of days to act on request	If there is denial on the request	No. of days to act on the refiled request	Appeal to	No. of days to file appeal
More than 100,000.00 but not exceeding 1M	ATL and SA (who will forward the request to CD/RD)	15 working days (wd) from receipt	Refile the request to CD/RD	15 wd from receipt	COA Assistant Commissioner (AC) of the audit sector	15 wd from receipt of the decision of CD/RD



# DERECOGNITION OF NON-EXISTING/MISSING PPEs WITHOUT AVAILABLE RECORD OF ACCOUNTABILITY (Par. 8)

## Filing of request for derecognition:

Amount of each PPE	Where to file request	No. of days to act on request	If there is denial on the request	No. of days to act on the refiled request	Appeal to	No. of days to file appeal
Exceeding 1M	ATL and SA (to CD/RD, who will forward the request to AC)	15 working days (wd) from receipt	Refile the request to AC	15 wd from receipt	COA Commission Proper (CP)*	15 wd from receipt of the decision of CD/RD



\* Filing fee is required at the rate prescribed under the 2009 Revised Rules of Procedures of COA

# DERECOGNITION OF NON-EXISTING/MISSING PPEs WITHOUT AVAILABLE RECORD OF ACCOUNTABILITY (Par. 8)

## ➤ After the granting of authority to derecognize

The **Accountant** shall:

- a. Prepare **JEV within 15 wd from receipt of decision** granting the authority to derecognize from COA, for approval of the Head of Agency
  - *effect the necessary accounting entries in the books;*
  - *enter the acquisition cost of the derecognized PPEs and their carrying values in the **Registry of Derecognized PPEs (RDPPE)** – use *Annex D* of the Circular*



# DERECOGNITION OF NON-EXISTING/MISSING PPEs WITHOUT AVAILABLE RECORD OF ACCOUNTABILITY (Par. 8)

## 4. *Derecognition of non-existing/missing PPEs with authority from COA*

Loss of Assets	XXX	
Accumulated Depreciation - Office Equipment	XXX	
Accumulated Impairment Losses - Office Equipment	XXX	
Accumulated Depreciation - Medical Equipment	XXX	
Accumulated Impairment Losses - Medical Equipment	XXX	
Office Equipment		XXX
Medical Equipment		XXX

*To derecognize office equipment and medical equipment with authority from COA.*



# ACCOUNTING ENTRIES AND DISCLOSURE IN THE NOTES TO FINANCIAL STATEMENTS (Par. 9)

➤ **Illustrative Accounting Entries for the following are shown in Annex E of the Circular: (par. 9.1)**

- ✓ *recognition of PPEs found at station*
- ✓ *recognition of loss of PPE and setting up accountability of AO*
- ✓ *Writing-off/dropping of remaining balances of unreconciled SL for PPEs*
- ✓ *Derecognition of non-existing/missing PPEs with authority from COA*



# ACCOUNTING ENTRIES AND DISCLOSURE IN THE NOTES TO FINANCIAL STATEMENTS (Par. 9)

- **Disclosures on PPE in the Notes to Financial Statements shall include the following information: (par. 9.2)**
  - a. **Total amount of non-existing/missing PPEs included in the PPE balance, supported with breakdown as to sub-major PPE account group, together with the following additional information, as applicable:**
    - ✓ *A request for authority for derecognition has been filed and still pending with the COA stating the date of filing thereof; or still to be filed; and/or*
    - ✓ *The amount and breakdown of derecognized PPEs which were transferred to the RDPPE based on the authority of derecognition granted by COA.*



# ACCOUNTING ENTRIES AND DISCLOSURE IN THE NOTES TO FINANCIAL STATEMENTS (Par. 9)

➤ **Disclosures on PPE in the Noted to Financial Statements shall include the following information: (*par. 9.2*)**

- b. **PPEs found at station which are still needing appraisal, supported with breakdown as to sub-major PPE account group.**





# SUNSET PROVISIONS (Par. 10)

- **After the cut-off date set by the Inventory Committee in the PIP**
  - the Accounting and Property Units shall ensure that the proper accounting and reporting procedures for all acquisition/receipt/issue/transfer/disposal of PPEs are strictly followed;



# SUNSET PROVISIONS (Par. 10)

➤ This Circular is issued for one-time cleansing of PPE account balances

- in no case shall the herein procedures be used to further derecognize non-existing /missing PPEs and/or cleanse subsequent discrepancies or unreconciled balances in PPE accounts.



# Questions



**THANK YOU!**

