



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

CIRCULAR

NO : 2020-006
DATE: JAN 31 2020

TO : All Heads of Departments, Agencies, Bureaus, Commissions, Boards and Offices of the National Government; State Universities and Colleges; Local Government Units; Heads of Government-Owned or Controlled Corporations; Commission on Audit Directors, Supervising Auditors and Audit Team Leaders of the National and Local Government Sectors; and All Others Concerned

SUBJECT: 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

1.0 RATIONALE

Property, Plant and Equipment (PPE) generally constitute a significant portion of the total assets of the government, usually comprising more than fifty percent thereof.

The existence of enormous amounts of discrepancies in PPE account balances of government agencies has become a perennial issue and caused the non-establishment of the accuracy of the PPE balances presented in the financial statements. Such condition, if not properly addressed would always cause an exception in the fairness of presentation of the financial position of government agencies and will deprive the government of reliable and useful information in decision-making and accountability for these assets.

Thus, there is a need to provide guidelines and procedures to assist government agencies in coming up with reliable PPE balances that are verifiable as to existence, condition and accountability.

2.0 COVERAGE

This Circular shall cover National Government Agencies, Local Government Units, and Government-Owned or Controlled Corporations.

3.0 PURPOSE

This Circular prescribes the guidelines and procedures on inventory taking, recognition of those found at station and disposition for non-existing/missing PPE items for the one-time cleansing of PPE accounts of government agencies to

establish PPE balances that are verifiable as to existence, condition and accountability.

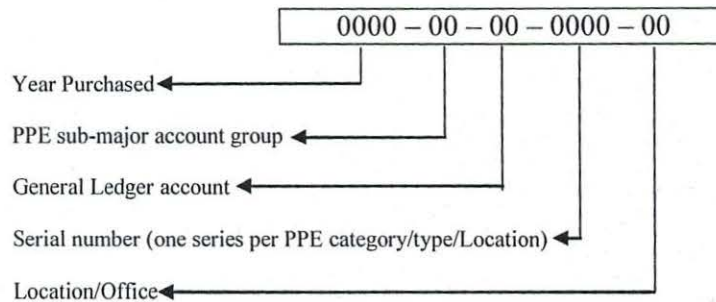
4.0 ACCOUNTING STANDARDS ON PPE

- 4.1 PPE are tangible items that are:
- a. purchased, constructed, developed or otherwise acquired;
 - b. held for use in the production or supply of goods or services or to produce program outputs;
 - c. for rental to others (other than investment property);
 - d. for administrative purposes;
 - e. expected to be used during more than one reporting period; and
 - f. not intended for resale in the ordinary course of operations.
- 4.2 The cost of an item of PPE shall be recognized as asset if, and only if:
- a. it is probable that the future economic benefits or service potential associated with the item will flow to the entity;
 - b. the cost or fair value of the item can be measured reliably;
 - c. beneficial ownership and control clearly rest with the government;
 - d. the asset is used to achieve government objectives; and
 - e. it meets the capitalization threshold of P15,000.
- 4.3 The carrying amount of an item of PPE shall be derecognized on disposal or when no future economic benefits or service potential is expected from its use or disposal.

5.0 GENERAL GUIDELINES

- 5.1 Each government agency shall conduct physical count of all its PPE, whether acquired through purchase or donation, including those constructed by administration and found at station.
- 5.2 The Head of the Agency shall create an Inventory Committee composed of adequate number of members to be able to complete the physical inventory in three months or less. The Inventory Committee shall have at least one member each from the Accounting and Property Divisions/Units of the agency.
- 5.3 The members of the Inventory Committee shall be temporarily relieved of all their regular duties to devote their full time in the conduct of the physical inventory taking until the same is completed.
- 5.4 The entire inventory taking shall be witnessed by the Commission on Audit (COA) Auditor. The Audit Team Leader and/or any of his/her audit team members may be assigned for the purpose.
- 5.5 The Head of the Agency may also require a representative from the agency's Internal Audit Service/Unit to witness the inventory taking.

- 5.6 Each government agency shall adopt a uniform property identification system for PPE wherein a unique Property Number shall be assigned for each PPE item, using the following numbering system:



The codes for the PPE sub-major account group and General Ledger account correspond to those provided in the Revised Chart of Accounts prescribed under the Accounting Manuals of the respective Sectors (National, Local and Corporate).

Additional digits may be used for serial number and location/office, as necessary.

- 5.7 For easy identification, the Property Number shall be prominently shown in the property sticker, in addition to the following vital information on the PPE item:
- Description of the property
 - Model Number
 - Serial Number
 - Acquisition Date/Cost
 - Person Accountable
 - Space for the validation/signature of the Inventory Committee
- 5.8 The Inventory Committee shall be responsible for the actual count to ascertain the existence, completeness and condition of all PPEs owned by the government agency.
- 5.9 In coordination with the Property Division/Unit, the Inventory Committee shall plan/strategize on how to conduct and complete the physical inventory within the prescribed period. It shall prepare a Physical Inventory Plan (PIP) containing, at the least, the specific assignments/duties of the Committee members, the cut-off date and a schedule specifying the dates and locations of the inventory taking activities from start up to the targeted completion of the physical inventory.
- 5.10 The PIP shall be approved by the Head of the Agency.
- 5.11 The Inventory Committee shall submit the approved PIP to the COA Audit Team at least ten (10) calendar days before the scheduled start of inventory taking activities.

- 5.12 Property records shall be updated based on the results of the physical inventory and reconciled with accounting records to come up with the reconciled balances of PPE accounts to be considered as the correct balance of the agency's PPEs.

6.0 PROCEDURAL GUIDELINES

6.1 Preliminary activities prior to the conduct of inventory taking

- 6.1.1 The Property Unit shall obtain the latest Report on Physical Count of PPE (RPCPPE)/Physical Inventory Report.

In the absence of the latest RPCPPE/Physical Inventory Report or if the same is determine to be undependable/unreliable, a standard form (Annex A) on the list of existing PPE shall be filled up by each office and submitted to the Property Unit for verification prior to the conduct of the actual inventory by the Inventory Committee.

- 6.1.2 The Accounting Unit shall update its record of acquisition/disposal/transfer of PPEs in the PPE Ledger Cards (PPELCs) and ensure that the total balance of PPELCs tally with the balances of controlling PPE accounts in the General Ledger.

- 6.1.3 The Property and Accounting Units shall compare the latest Report on the RPCPPE/Inventory Report with the PPELCs.

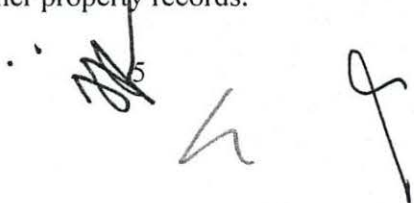
- 6.1.4 The Property Unit shall prepare a list of PPE items which are recorded in the PPELCs but not included in the RPCPPE/Physical Inventory Report as well as PPE items which are included in the RPCPPE but not recorded in the PPELCs.

- 6.1.5 Both lists and the latest RPCPPE/Physical Inventory Report shall be submitted to the Inventory Committee. These documents shall be considered as inventory working papers and shall be used by the Inventory Committee as basis in preparing the PIP.

6.2 Inventory taking

- 6.2.1 The Head of the Inventory Committee shall ensure that the inventory taking activities are executed in accordance with the approved PIP. In case there are planned activities/procedures that cannot be efficiently performed, he/she shall keep record of the alternative activities/procedures undertaken and the reasons for the deviation from the PIP.

- 6.2.2 The Inventory Committee shall use the inventory working papers provided by the Property Unit as basis for inventory taking activities, taking into consideration the capitalization threshold of P15,000.

- 6.2.3 The physical count shall be recorded/documented daily in a standard Inventory Count Form (ICF), using the format in Annex A of this Circular, which shall be used as the basis in the preparation of the RPCPPE after the physical count.
- 6.2.4 Separate ICF shall be used for each PPE sub-major account group such as Land, Land Improvements, Infrastructure Assets, Buildings and Other Structures, Machinery and Equipment, Transportation Equipment, Furniture, Fixtures and Books, etc. For ease of reconciliation, the Inventory Count Form for each PPE category/type shall be subdivided by PPE General Ledger account, e.g., Machinery and Equipment may be subdivided into Machinery, Office Equipment, Information and Communications Technology Equipment, etc. The description of accounts provided in the Chart of Accounts prescribed under the Accounting Manuals of the respective Sectors, shall be used as basis in determining the proper classification of a PPE item.
- 6.2.5 All PPE items counted shall be tagged with new property stickers containing the information provided under Paragraph 5.7 of this Circular.
- 6.2.6 The Inventory Committee shall state clearly in the ICF the condition of the PPEs, such as: in good condition, needing repair, unserviceable, obsolete, no longer needed, not used since purchase, etc.
- 6.2.7 PPEs found at station or items not included in the inventory working papers, but there is reasonable basis to consider the same as owned by the agency, shall likewise be included in the physical count and tagged with property stickers. These items shall be described as "found at station" which shall be indicated under the "Remarks" column of the ICF.
- 6.2.8 PPEs included in the inventory working papers but are not found during the physical count shall be considered as non-existing/missing PPEs per physical count. These items shall be described as "non-existing" or "missing" which shall be indicated under the "Remarks" column of the ICF.
- 6.2.9 Other relevant information on each PPE item shall also be stated under the "Remarks" column of the ICF.
- 6.2.10 Upon completion of the physical count, the Inventory Committee shall prepare the RPCPPE, using the prescribed format under the Accounting Manuals of the respective Sectors.
- 6.2.11 The unit value of articles/items counted shall be taken from PPELCs/Subsidiary Ledgers (SLs) or, if not available, from Property Cards or other property records.
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6.2.12 In case no such information could be found in both accounting and property records such as for PPE items found at station, the unit cost/value shall be established, as follows:

- a. Cost/value may be assigned by the Inventory Committee based on the market/fair value of the item. The cost/value of a similar item in the RPCPPE may also be used by the Inventory Committee.

The market/fair value is the estimated amount for which an asset could be exchanged on the date of valuation, between knowledgeable, willing parties in an arm's length transaction; and


- b. If there are items for which market/fair value could not be easily determined by the Inventory Committee, their fair value shall be determined by appraisal.

An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification. For many assets, the fair value will be readily ascertainable by reference to quoted prices in an active and liquid market. For example, current market prices can be obtained for land, non-specialized buildings, motor vehicles, and many types of plant and equipment.

If no evidence is available to determine the market value in an active and liquid market of an item of property, the fair value of the item may be established by reference to other items with similar characteristics, in similar circumstances and location. In the case of specialized buildings and other man-made structures, fair value may be estimated using depreciated replacement cost, or the restoration cost or service unit approaches. In many cases, the depreciated replacement cost of an asset can be established by reference to the buying price of a similar asset with similar remaining service potential in an active and liquid market. In some cases, an asset's reproduction cost will be the best indicator of its replacement cost.

6.2.13 The RPCPPE shall be prepared in four (4) copies to be distributed as follows:

- Original - COA Auditor
- Copy 2 - Accounting Division/Unit
- Copy 3 - Property Division/Unit
- Copy 4 - Inventory Committee

6.2.14  Reconciliation of inventory count per RPCPPE with property and accounting records

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The Property and Accounting Units shall undertake collaborative procedures to ensure that all PPEs included in the RPCPPE are duly recorded in their respective records and that the Property Cards (PCs) maintained by the Property Unit and the PPELCs 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. The following procedures shall be observed:

6.3.1 The Property Unit shall:

- a. Ensure that the PCs are updated by posting all unrecorded acquisition/receipt, issue/transfer and disposal of PPE, if any;
- b. Prepare a List of PPEs Found at Station for those items described as "found at station" in the RPCPPE, using the format in Annex B of this Circular, and submit to the Accounting Unit for recording in the books of accounts;
- c. Prepare PCs for items of PPEs found at station;
- d. Prepare a List of Non-Existing/Missing PPEs for items described as "non-existing" or "missing" in the RPCPPE as well as for those with PCs and Property Acknowledgement Receipts (PARs) on file but not included in the RPCPPE, following the format in Annex C of this Circular;
- e. Follow the procedures for the disposition of non-existing/missing PPEs provided under Paragraph 7 of this Circular;
- f. Work together with the Accounting Unit to reconcile the PCs with the PPELCs maintained by the Accounting Unit;
- g. Renew all PARs; and
- h. Prepare Inventory and Inspection Report of Unserviceable Property (IIRUP) using the format prescribed under the Accounting Manuals of the respective Sectors for all PPEs found unserviceable, obsolete and/or no longer needed.

6.3.2 The Accounting Unit shall:

- a. Take up the necessary accounting entries to recognize PPEs found at station and prepare/maintain corresponding PPELCs based on the List of PPEs Found at Station;
- b. Take up the necessary accounting entries to recognize loss of PPE and to set up the corresponding receivables from the concerned accountable officer/personnel, pursuant to Paragraphs 7.8 and 7.9 of this Circular;

- c. Work together with the Property Unit in reconciling the PPELCs/SLs with the PCs maintained by the Property Unit;
- d. Update the PPELCs as necessary in the course of reconciliation;
- e. 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", "Reconciling SL" for PPEs, and the like, which were created to facilitate the conversion of accounts from the Old Government Accounting System to the New Government Accounting System (NGAS) and/or from the manual accounting system to the Electronic New Government Accounting System (eNGAS); and
- f. Ensure that the total balance of PPELCs/SLs tally with the balances of controlling PPE accounts in the General Ledger.

After completing the above reconciliation procedures, the total of the reconciled balances for each PPE account shall be established as the correct balance of PPE of the government agency as of December 31, _____.

7.0 DISPOSITION PROCEDURES FOR NON-EXISTING/MISSING PPEs

- 7.1 For the non-existing/missing PPEs, the Property Unit shall:
 - a. Verify if the PPE items were already disposed with supporting IIRUP or transferred/donated to other government agencies with supporting Property Transfer Report (PTR); and
 - b. Submit to the Accounting Unit the original copies of the IIRUP and PTRs for disposed and transferred PPE items, for recording in the books of accounts.
- 7.2 The Accounting Unit shall take up the necessary accounting entries to derecognize disposed or transferred PPEs based on original copies of the IIRUP and PTR.
- 7.3 The Head of the Property Unit shall be responsible in determining the person/s accountable for non-existing/missing PPEs not otherwise disposed or transferred. The accountability shall be verified from the Property Unit's file/copy of the PARs, PCs and other available property records.
- 7.4 If there is a pending Request for Relief for any of the non-existing/missing PPEs, such fact shall be indicated under the "Remarks" column of the list.
- 7.5 The Property Unit shall inform the Head of the Agency of the non-existing/missing PPEs without pending Request for Relief and shall prepare letters addressed to each concerned accountable officer/personnel demanding the production of the PPE he/she is accountable for. The

accountable officer/personnel shall be given five (5) calendar days to respond to the demand letter.

- 7.6 The demand letters shall be signed by the Head of the Agency or designated representative and immediately issued by the Property Unit to the concerned accountable officers/personnel.
- 7.7 If the accountable officer/personnel was able to produce the PPE item demanded from him/her, the Property Unit shall indicate under the "Remarks" column of the List of Non-Existing PPEs that the item was "produced/presented upon demand" and, subsequently, inform the Inventory Committee of such changes in order to amend the RPCPPE.
- 7.8 If the accountable officer/personnel was not able to produce the PPE item, such fact shall be indicated under the "Remarks" column of the List of Non-Existing PPEs.
- 7.9 After gathering all the necessary information by performing the preceding procedures, the Property Unit shall submit to the Accounting Unit the List of Non-Existing/Missing PPEs, with complete information on which PPEs could not be produced upon demand and those which have pending Requests for Relief, as well as the corresponding accountable officers/personnel.
- 7.10 The Accounting Unit shall take up the necessary accounting entries to recognize in the books of accounts the loss of PPE and to set up the corresponding receivables from concerned accountable officers/personnel for the non-existing/missing PPEs that could not be produced upon demand. It shall likewise check if appropriate accounting entries were already taken up recognizing the loss of PPE and setting up of accountability for those with pending Requests for Relief; otherwise, it shall effect the necessary accounting entries.

The amount to be set up as receivables over the loss of depreciable assets shall be based on depreciated replacement cost, which is replacement cost (current market price) less accumulated depreciation calculated on the basis of replacement cost.

- 7.11 If there are non-existing/missing PPEs for which accountability could not be established despite exhaustion of all diligent efforts, the following procedures shall be followed:
 - a. The Head of the Agency shall cause the conduct of an investigation to determine the last known location/office where the missing PPE items were issued/installed, person accountable, circumstances of the loss, and the persons responsible for the loss, among others;
 - b. If accountability/responsibility over the missing PPE was pinpointed after investigation, demand shall be made from the accountable personnel to produce the item or pay the depreciated replacement cost thereof;

- c. The Accounting Unit shall be furnished the certified copy of the investigation report and demand letter to be used as basis to recognize loss of PPE and to set up the corresponding receivables from the concerned accountable officer/personnel; and
- d. If accountability/responsibility over the missing PPE could not be pinpointed after investigation, authority for derecognition thereof from the books of accounts may be requested from the COA, in accordance with Paragraph 8 of this Circular. Pending the grant of authority by the COA, the said PPEs shall remain in the books of accounts.

8.0 PROCEDURES IN THE DERECOGNITION OF NON-EXISTING/MISSING PPEs WITHOUT AVAILABLE RECORD OF ACCOUNTABILITY

8.1 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.

8.2 The Head of the Agency shall file the request for authority to derecognize non-existing/missing PPEs to the COA Audit Team Leader (ATL) and/or Supervising Auditor (SA), if the following conditions are met:

- a. The PPE has already exceeded its estimated useful life, hence, its carrying value is equivalent to its residual value.

The estimated useful life of PPEs shall refer to the estimation made by the government agency on its PPEs, if any, as disclosed in its Notes to Financial Statements for the immediately preceding year, otherwise, to use the Estimated Useful Life of PPE by classification provided under COA Circular No. 2003-007 dated December 11, 2003; and

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

8.3 The request shall be supported with the following documents:

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


8.4 Upon receipt of the request, the ATL and the SA shall assign a reference number, verify and validate the submitted documents and decide on the

requests for authority to derecognize non-existing PPEs for amounts not exceeding P100,000.00 per PPE item within fifteen (15) working days from receipt thereof.

- 8.5 In case the basis for denial of the request by the ATL and the SA is failure to comply with the conditions and requirements under Paragraphs 8.1 and 8.2, the Head of the Agency may refile the request for derecognition before the ATL and the SA provided that the basis for denial has been satisfactorily complied. The ATL and the SA shall decide on the request within fifteen (15) working days from receipt thereof.
- 8.6 The Head of the Agency may appeal from the decision of the ATL and the SA to the COA Cluster Director (CD)/Regional Director (RD) who has jurisdiction over the government agency under audit within fifteen (15) working days from receipt of the decision. The CD/RD shall decide on the appeal within fifteen (15) working days from receipt thereof. The decision of the CD/RD on the appealed request is final and non-appealable.
- 8.7 For amounts exceeding P100,000.00 per PPE item, the ATL and the SA shall forward the request and the entire records to the CD/RD, together with their comments and recommendations, within fifteen (15) working days from receipt thereof.
- 8.8 The CD/RD shall review the entire records of the requests and shall decide on amounts involving more than P100,000.00 but not exceeding P1,000,000.00 per PPE item within fifteen (15) working days from receipt thereof.
- 8.9 In case the basis for denial of the request for derecognition by the CD/RD is failure to comply with the conditions and requirements under Paragraphs 8.1 and 8.2, the Head of the Agency may refile the request for derecognition before the CD/RD provided that the basis for denial has been satisfactorily complied. The CD/RD shall decide on the request within fifteen (15) working days from receipt thereof.
- 8.10 The Head of the Agency may appeal from the decision of the CD/RD to the Assistant Commissioner (AC) of the Sector within fifteen (15) working days from receipt of the decision. The AC shall decide on the appeal within fifteen (15) working days from receipt thereof. The decision of the AC on the appealed request is final and non-appealable.
- 8.11 For amounts exceeding P1,000,000.00 per PPE item, the CD/RD shall forward the request and the entire records together with his/her recommendation to the AC of the Sector within fifteen (15) working days from receipt thereof.
- 8.12 The AC of the Sector shall review the entire records of the requests and shall decide on amounts exceeding P1,000,000.00 per PPE item within fifteen (15) working days from receipt thereof.

- 8.13 In case the basis for denial of the request for derecognition by the AC of the Sector is failure to comply with the conditions and requirements under Paragraphs 8.1 and 8.2, the Head of the Agency may refile the request for derecognition before the AC provided that the basis for denial has been satisfactorily complied. The AC shall decide on the request within fifteen (15) working days from receipt thereof.
- 8.14 The Head of the Agency may appeal from the decision of the AC of the Sector to the Commission Proper (CP) within fifteen (15) working days from receipt of the decision. Filing fee is required at the rate prescribed under the 2009 Revised Rules of Procedures of the COA. The decision of the CP is final and non-appealable.
- 8.15 The Accountant shall:
- Prepare a Journal Entry Voucher within fifteen (15) working days upon receipt of the decision granting the authority to derecognize PPEs, for approval of the Head of the Agency, effect the necessary accounting entries in the books of accounts, and enter the acquisition cost of the derecognized PPEs and their carrying values in the Registry of Derecognized PPEs (RDPPE), using the format in Annex D of this Circular;
 - Submit the JEV to the COA ATL, supported with the certified copies of the approved request for derecognition including the records/documents pertaining thereto;
 - Keep as permanent file, the RDPPE as well as the copy of the approved request for derecognition including the records/documents pertaining thereto; and
 - Provide appropriate disclosure on the derecognized PPEs in the Notes to the Financial Statements.

9.0 ACCOUNTING ENTRIES AND DISCLOSURE IN THE NOTES TO THE FINANCIAL STATEMENTS

- 9.1 The illustrative accounting entries for the recognition of PPEs found at station, recognition of loss of PPEs, writing-off/dropping from the books of accounts the remaining balances amounts lumped under the unreconciled SLs of PPEs, and derecognition of non-existing/missing PPEs are shown in Annex E.
- 9.2 Disclosures on PPE in the Notes to the Financial Statements shall include information on:
-  The 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:

- i. 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
 - ii. The amount and breakdown of derecognized PPEs which were transferred to the RDPPE based on the authority of derecognition granted by COA; and
- b. PPEs found at station which are still needing appraisal, supported with breakdown as to sub-major PPE account group.

10.0 SUNSET PROVISIONS

After the cut-off date set by the Inventory Committee in the PIP, the Accounting and Property Units of government agencies shall ensure that the proper accounting and reporting procedures for all acquisition/receipt/issue/transfer/disposal of PPEs pursuant to the Accounting Manuals of respective Sectors, and other relevant laws, rules and regulations are strictly followed. This Circular is issued for **one-time cleansing** of PPE account balances; thus, 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.

11.0 EFFECTIVITY

This Circular shall take effect immediately.



COMMISSION ON AUDIT
OFFICE OF THE COMMISSION SECRETARIAT




MICHAEL G. AGUINALDO
Chairperson


JOSE A. FABIA
Commissioner


ROLAND C. PONDOC
Commissioner

Sheet No. ____ of ____

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Reviewed by:

Printed Name and Signature
Chairman, Inventory Committee



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Printed Name and Signature
Head, Property Unit/

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Printed Name and Signature
Head, Property Unit

Property 

9

Agency Name
Registry of Derecognized PPEs (RDPPE)

[illegible]

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Illustrative Accounting Entries:*1. Recognition of PPEs found at station:*

| <u>Account Title</u> | <u>Debit</u> | <u>Credit</u> |
|---|--------------|---------------|
| Technical and Scientific Equipment | xxx | |
| Accumulated Surplus/Deficit | | xxx |
| <i>To recognize technical equipment found at station.</i> | | |

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> | | |

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> | | |

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 |
| <i>To derecognize office equipment and medical equipment with authority from COA.</i> | | |