



REPUBLIC OF THE PHILIPPINES
PROVINCE OF PANGASINAN
MUNICIPALITY OF CALASIAO

EXECUTIVE ORDER NO. 16
Series of 2023

**An ORDER creating the MUNICIPALITY OF CALASIAO
INVENTORY COMMITTEE.**

WHEREAS, Section 490 of the Government Accounting and Auditing Manual provides that:

SECTION 490. Inventories of supplies, materials and equipment. — Physical stock-taking is an indispensable procedure for checking the integrity of property custodianship. In all cases, the physical inventory-taking which is required semi-annually or annually should be regarded with importance.

WHEREAS, Section 124 of the New Government Accounting System for Local Government Units provides that:

Sec. 124. Inventory of Supplies or Property. — The local chief executive shall require periodic physical inventory of supplies or property. Physical count of inventory items by type shall be conducted semestraly and reported in the Report of the Physical Count of Inventories (RPCI). This shall be submitted to the Auditor concerned not later than July 31 and January 31 of each year for the first and second semesters, respectively.

Physical count of property, plant, and equipment by type shall be made annually and reported on the Report on the Physical Count of Property, Plant and Equipment (RPCPPE). This shall be submitted to the Auditor concerned not later than January 31 of each year.

WHEREAS, Chapter 2, Section 57 of the New Government Accounting System for Local Government Units provide that:

Sec. 57. Report on the Physical Count of Property, Plant and Equipment (RPCPPE). — The Report on the Physical Count of Property, Plant and Equipment (*Annex 49*) shall be used to report the physical count of property, plant and equipment by type as of a given date. It shows the balance of property and equipment per cards and per count and shortage/overage, if any.

WHEREAS, there is a need to determine the property, plant and equipment of the Local Government Unit.



REPUBLIC OF THE PHILIPPINES
PROVINCE OF PANGASINAN
MUNICIPALITY OF CALASIAO

WHEREAS, there is a need to determine the condition of all property, plant and equipment of the Local Government Unit to know whether these items need repairs, maintenance, or may be disposed with in accordance with existing laws, policies, rules and regulations in order to update the records of the Local Government Unit.

WHEREAS, a team is necessary to conduct inventory count of all existing property, plant and equipment and found at station guided by Commission on Audit Circular No. 2020-006.

NOW THEREFORE, I, KEVIN ROY Q. MACANLALAY, Municipal Mayor of Calasiao, Pangasinan, by virtue of the powers vested in me by law hereby order the following:

SECTION 1. The Inventory Committee is hereby created and shall be composed of the following:

Chairman- Mayor Kevin Roy Q. Macanlalay

Co-Chairmen: Municipal Treasurer Chermel L. Poserio

Municipal Accountant Mr. Jesse P. Zamoranos

Members:

Staff from the Municipal Accounting Office to be designated/ assigned by the Municipal Accountant, Mr. Jesse P Zamoranos

Staff from the Municipal Budget's Office to be designated/ assigned by Municipal Budget Officer, Ms. Leticia L. Garcia

Staff from the Municipal Treasurer's Office to be designated/ assigned by the Municipal Treasurer, Chermel L. Poserio

Staff from the Municipal Planning and Development Office to be designated/ assigned by the Municipal Planning and Development Officer, Engr. Evelyn C. Siapno

Staff from the Public Employment Service Office to be designated/ assigned by the Public Employment Service Officer, Mr. Rogelio P. Montoya II



REPUBLIC OF THE PHILIPPINES
PROVINCE OF PANGASINAN
MUNICIPALITY OF CALASIAO

SECTION 2. The Inventory Committee shall perform the following functions, in addition to what is provided by law and circulars:

- a. Create a Physical Inventory Plan as guide in the inventory taking activity of all property, plant and equipment and to submit the same for approval.
- b. Conduct physical count of all property, plant and equipment at those found at each office to ascertain its existence, completeness, condition and accountability.
- c. Prepare an Inventory Program and inform various offices of the local government unit of the date and time of inventory taking which shall be completed within three months or less.
- d. Inform the Commission on Audit (COA) concerned to witness the inventory taking.
- e. Prepare and submit Inventory Count Form after the conclusion of the inventory.
- f. The inventory taking shall be guided by the provisions stated under Commission on Audit Circular No. 2020-006 dated January 31, 2020 as follows:

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



REPUBLIC OF THE PHILIPPINES
PROVINCE OF PANGASINAN
MUNICIPALITY OF CALASIAO

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,



REPUBLIC OF THE PHILIPPINES
PROVINCE OF PANGASINAN
MUNICIPALITY OF CALASIAO

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 "nonexisting" 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 Ledgers (SLs) or, if not available, from Property



REPUBLIC OF THE PHILIPPINES
PROVINCE OF PANGASINAN
MUNICIPALITY OF CALASIAO

Cards or other proper records.

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.



REPUBLIC OF THE PHILIPPINES
PROVINCE OF PANGASINAN
MUNICIPALITY OF CALASIAO

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

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

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;



REPUBLIC OF THE PHILIPPINES
PROVINCE OF PANGASINAN
MUNICIPALITY OF CALASIAO

- 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, 2022 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



REPUBLIC OF THE PHILIPPINES
PROVINCE OF PANGASINAN
MUNICIPALITY OF CALASIAO

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, 2022.

g. The inventory committee shall likewise undertake and be guided by all necessary procedures, rules and regulations in the inventory taking.

SECTION 3. This ORDER shall take effect immediately.

SECTION 4. All issuances inconsistent with this ORDER is hereby revoked, amended or modified accordingly.

Done this March 2, 2023 in Calasiao, Pangasinan.


HON. KEVIN ROY Q. MACANLALAY
Municipal Mayor