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SPECIAL ORDER
No. 2021- 646

NOV 18 2021

SUBJECT: CREATION OF DENR INVENTORY COMMITTEE IN THE CONDUCT OF THE PHYSICAL COUNT OF PROPERTY PLANT AND EQUIPMENT (PPE)

In the interest of the service and in order to facilitate the conduct of annual inventory including the implementation of COA Circular No. 2020-006 dated 31 January 2020 of all DENR Property, Plant and Equipment (PPE) and submission of report to the Commission on Audit, the DENR Inventory Committee is hereby created. The committee shall be responsible for the actual count to ascertain the existence, completeness and condition of all PPEs owned by the department.

The DENR Inventory Committee shall be composed of Chairperson, Co-Chairperson and Sub-Committees based on Property, Plant and Equipment (PPE) Account Codes and Secretariat as follows:

- | | | |
|-----------------------------|---|---|
| Chairperson | : | Director, Financial and Management Service (FMS) |
| Co-Chairperson | : | Director, Administrative Service (AS) |
| Sub- Committee No. 1 | : | <u>Machinery and Equipment: ICT Equipment, Computer Software</u> |
| Team Leader 1A | : | Chief, Network Infrastructure and Management Division (NIMD), Knowledge Information Systems Service (KISS) |
| Team Leader 1B | : | Chief Information Systems Division (ISD), KISS |
| Sub- Committee No. 2 | : | <u>Buildings and Other Structures; Infrastructure Assets: Water/Power Supply Systems, Sewer Systems; Construction in Progress and Furniture & Fixtures</u> |
| Team Leader 2 | : | Chief, General Services Division (GSD), AS |
| Sub- Committee No. 3 | : | <u>Other PPE, Machinery and Equipment: Office Equipment, Scientific and Highly Technical Equipment, Sports Equipment and Books</u> |
| Team Leader 3 | : | Chief, Property and Supply Management Division (PSMD), AS |
| Sub- Committee No. 4 | : | <u>Other Assets; Machinery and Equipment: Medical Equip., Disaster Response and Rescue, Other Machinery and Equipment and Confiscated Properties/Assets</u> |
| Team Leader 4 | : | Chief, Accounting Division, FMS |
| Sub- Committee No. 5 | : | <u>Transportation Equipment: Motor Vehicles, Aircrafts and Aircrafts Ground Equipment, Watercrafts; Machinery and Equipment - Communication Equipment</u> |
| Team Leader 5 | : | Chief, Records Management Division, AS |

Each Sub – Committees No. 1 (1A &1B), 2, 3, 4 and 5 mentioned above shall have the same number of members composition are as follows:

Members : One (1) - Representative per office

- Accounting/Budget Division
- PSMD
- Office Designated Property Custodian

Additional Member Sub-Committee No. 5: One (1) GSD, Chief Motorpool Section/Telecom Unit

Sub- Committee No. 6 : **Land; Land Improvement: Land improvement and Reforestation Projects, Other Land Improvement**

Team Leader 6 : Chief, Project Accounts Management Division, Foreign Assisted and Special Projects Service (FASPS)

Members : One (1)-Representative per office

- Accounting/Budget Division
- PSMD
- PMED, PPS/PMED, FASPS
- GSD-BGMS for Other Land Improvement concerns

Secretariat : Property and Supply Mgt. Division (PSMD)

The DENRIC will be responsible for the preparation of Property Inventory Plan (PIP). Attached is the DENRIC Organizational Structure for reference.

The above members of the DENR Inventory Committee (DENRIC) shall devote their priority time in the conduct of the physical inventory taking until the same is completed. Hereunder are the procedural guidelines in the inventory taking as per COA Circular 2020-006 dated January 31, 2020:

- a. The Chairperson/Co-Chairpersons/Sub-Committees Team Leaders of the DENRIC shall ensure that the inventory taking activities are executed in accordance with the approved Physical Inventory Plan (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.
- b. 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.
- c. 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.
- d. All PPE items counted shall be tagged with new property stickers containing the information
 - Description of the property - Model Number, Serial Number
 - Acquisition Date/Cost
 - Person Accountable
 - Space for the validation/signature of the Inventory Committee
- e. The DENR 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.
- f. 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

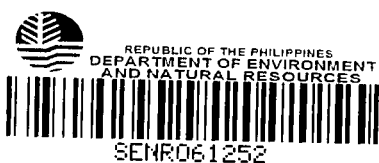
tagged with property stickers. These items shall be described as "found at station" which shall be indicated under the "Remarks" column of the ICF.

- g. 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.
- h. Other relevant information on each PPE items shall also be stated under the "Remarks" column of the ICF.
- i. Upon completion of the physical count, the DENRIC shall prepare the RPCPPE, using the prescribed format under the Accounting Manuals of the respective Sectors.
- j. The unit value of articles/items counted shall be taken from PPELCs Subsidiary Ledgers (SLs) or, if not available, from Property Cards or other proper records.
- k. 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:
 - 1.) Cost/value may be assigned by the DENRIC 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 DENRIC.
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
If there are items for which market/fair value could not be easily determined by the DENRIC, their fair value shall be determined by appraisal.
 - 2.) 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.
- 1. The RPCPPE shall be prepared in four (4) copies, to be submitted on or before January 31 of each year and distributed as follows:
 - Copy 1/Original - COA Auditor
 - Copy 2 - Accounting Division
 - Copy 3 - Property and Supply Management Division
 - Copy 4 - DENR Inventory Committee

The DENR Regional Offices (DENR-ROs), Provincial Environment and Natural Resources Offices (PENROs) and Bureaus shall create their respective inventory committee. The Regional Executive Directors, and Bureau Directors shall submit a copy of their respective Special Order/s and the annual RPCPPE to the undersigned thru the DENRIC Chairperson and Co- Chairperson. The DENRIC will monitor their compliance.

All incidental expenses and supplies such as property sticker tags needed in the conduct of physical inventory by the DENRIC shall be charged against the DENR funds.

This Order shall take effect immediately.



ATTY. ERNESTO D. ADOBO JR., CESO I
Undersecretary for Legal, Administration, Human Resources
and Legislative Affairs