



Republic of the Philippines  
**DEPARTMENT OF EDUCATION**  
Negros Island Region

**SCHOOLS DIVISION OF NEGROS ORIENTAL**  
**Office of the School Governance and Operations Division**

Capital Area, Dumaguete City

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SGOD Office (035) 225 - 6180

March 30, 2017


**DIVISION MEMORANDUM**

No. 181 s. 2017

**REPORT ON THE PHYSICAL COUNT OF PROPERTY, PLANT AND EQUIPMENT (PPE)**

TO: ASDS  
Chiefs, CID & SGOD, DEPS  
District Supervisors/District In-Charge  
Public Elementary and Secondary School Heads  
School/District Property Custodian  
All Others Concerned

1. In compliance to COA Circular No. 80-124, the Division Inventory Committee will conduct a **Cluster Orientation on Physical Count of Property, Plant and Equipment** on the dates and venue hereto attached.
2. Participants to this Orientation are all **School Property Custodians, School Heads, District Property Custodians and District Supervisors.**
3. During the Orientation participants are directed to bring the duly accomplished form for the **REPORT ON PHYSICAL COUNT OF PROPERTY, PLANT AND EQUIPMENT (PPE)**, as hereto attached, marked as Annex 73.
4. For the information, guidance and compliance of all concerned.

  
**SALUSTIANO T. JIMENEZ, CESO VI**  
OIC-Office of the Assistant Regional Director  
Concurrent Schools Division Superintendent

## Schedule of Cluster Orientation on Physical Count of PPE

DATE	DISTRICT	Time	VENUE
April 10, 2017	Caniaon	PM	Caniaon District/ CES
April 11, 2017	La libertad	AM	La Libertad District/ CES
	Jimalalud	PM	Jimalalud District/ CES
April 12, 2017	Tayasan	AM	Tayasan District/ CES
	Ayungon	PM	Ayungon District/ CES
April 17, 2017	Bindoy	AM	Bindoy District/ CES
	Manjuyod	PM	Manjuyod District/ CES
April 18, 2017	Mabinay	AM	Mabinay District/ CES
	Amian	PM	Amian District/ CES
	San Jose		
April 19, 2017	Sta. Catalina	PM	Sta. Catalina District/ CES
April 20, 2017	Siaton	PM	Siaton District/ CES
April 21, 2017	Dauin	AM	Dauin District/ CES
	Zamboanguita	PM	Zamboanguita District/ CES
April 24, 2017	Sibulan	AM	Schools Division Conference Room
	NOHS		
	Bacong	PM	Schools Division Conference Room
	Valencia		



REPORT ON THE PHYSICAL COUNT OF PROPERTY, PLANT AND EQUIPMENT (PPE)

(Type of Property, Plant and Equipment)

District: \_\_\_\_\_  
School ID: \_\_\_\_\_  
School Name: \_\_\_\_\_  
Fund Cluster: \_\_\_\_\_  
For which: \_\_\_\_\_

(Name of School Head)

(Official Designation)

\_\_\_\_\_ is accountable, having assumed such accountability as the School Manager.

ARTICLE	DESCRIPTION	PROPERTY NUMBER	UNIT OF MEASURE	UNIT VALUE	QUANTITY per PROPERTY CARD	QUANTITY per PHYSICAL COUNT	SHDRTAGE/ OVERAGE		REMARKS
							Quantity	Value	

Certified Correct by:

Approved by:

Verified by:

\_\_\_\_\_  
School Property Custodian

\_\_\_\_\_  
School Head

\_\_\_\_\_  
Public Schools District Supervisor



**REPUBLIC OF THE PHILIPPINES  
COMMISSION ON AUDIT**

National Government Sector

Cluster NGS-5-Education and Employment

Audit Group R16-C, Audit Team No. R16-C-05

*Department of Labor and Employment-Field Office*

*Technical Education and Skills Development Authority*

*DepEd, Division of the Cities of Dumaguete, Bais, Bayawan, Guihulngan and Tanjay*

DepEd, Division Office of Negros Oriental

Dumaguete City

RECEIVED  
4-0673  
DATE: 13 MAR 2017  
BY: [Signature]  
RECORD SECTION

AOM No. : 2017 – 004 (16)  
Date : February 27, 2017

**AUDIT OBSERVATION MEMORANDUM (AOM)**

**For : Mr. Salustiano T. Jimenez**  
OIC, Office of the Asst. Regional Director  
Concurrent OIC, Office of the SDS  
Department of Education  
Division of Negros Oriental  
Capitol Area, Dumaguete City

Attention: **Ms. Ma. Jennifer P. Piodos**  
Accountant III

We have verified and examined the Property, Plant and Equipment records of the DepEd Division of Negros Oriental for the period CY 2016 and observed the following deficiencies/errors:

**The agency was not able to render Report on the Physical Count of Property, Plant and Equipment (RPCPPE) as at December 31, 2016 since it failed to conduct an actual physical count of PPE contrary to Chapter 10, Section 38 of the Government Accounting Manual (GAM) for NGAs, Vol. I, thus the reliability, accuracy and existence of the Property, Plant and Equipment (PPE) with a total carrying amount of P937,132,303.57, which constitutes more than 90% of the total agency assets as of end of year could not be ascertained.**

Chapter 10, Section 38 of the GAM for NGAs, Vol. I, which took effect on January 1, 2016 by virtue of COA Circular 2015 – 007 dated October 22, 2015 provide that:

*“The entity shall have a periodic physical count of PPE, which shall be done annually and presented on the Report on the Physical Count of*

*Property, Plant and Equipment (RPCPPE) (Appendix 71) as at December 31 of each year. This shall be submitted to the Auditor concerned not later than January 31 of the following year. Equipment found at station and losses discovered during the physical count shall be reported to the Accounting Division/Unit for proper accounting/recording."*

The Trial balance as of December 31, 2016 showed unaccounted balance of PPE totaling P937,132,303.57 which is composed of the following:

Account Name	AMOUNT
School Buildings	950,683,850.39
Office Equipment	275,413.00
Information & Communication Technology Equipt.	32,679,326.84
Communication Equipment	286,146.00
Medical Equipment	132,804.00
Other Machinery and Equipment	749,331.11
Furniture and Fixtures	40,104,194.09
Const-in-Progress-Buildings & Other Structures	30,603,243.54
<b>TOTAL PPE AT COST</b>	<b>1,055,514,308.97</b>
Less: Accumulated Depreciation	118,382,005.40
<b>TOTAL CARRYING AMOUNT</b>	<b>937,132,303.57</b>

The conduct of physical count of PPE is necessary to ascertain:

1. whether the items recorded as PPE still exists;
2. if so, the condition thereof; and
3. whether all items of PPE is recorded in the books.

The RPCPPE (Appendix 73) is the form used to report on the physical count of PPE by type such as land, land improvements, infrastructure, building and other structures, machinery and equipment, transportation equipment, furniture, fixtures and books, etc. which are owned by the agency. It shall be prepared annually and shall be certified correct by the Inventory Committee Chair and Members, approved by the Head of Agency, and verified by the COA Representative.

Physical inventory-taking being an indispensable procedure for checking the integrity of property custodianship has to be regularly enforced (COA Circular no. 80-124). Failure to conduct physical count of PPE casts doubt to the correctness and existence of the PPE recorded in the agency's books of account, thereby also affecting the fairness of presentation of accounts on the financial statements.

Failure on the part of the officials concerned to submit the inventory reports mentioned herein shall automatically cause the suspension of payment of their salaries

until they shall have complied with the requirements pursuant to Sec. 122 of PD 1445 (COA Circular no. 80-124). It specifically provides:

*"Section 122. Submission of reports. Whenever deemed necessary in the exigencies of the service, the Commission may under regulations issued by it require the agency heads, chief accountants, budget officers, cashiers, disbursing officers, administrative or personnel officers, and other responsible officials of the various agencies to submit trial balances, physical inventory reports, current plantilla of personnel, and such other reports as may be necessary for the exercise of its functions. (Underlining supplied)*

*(2) Failure on the part of the officials concerned to submit the documents and reports mentioned herein shall automatically cause the suspension of payment of their salaries until they shall have complied with the requirements of the Commission.*

*(3) No appropriation authorized in the General Appropriations Act shall be available to pay the salary or any official or employee who violates the provisions of this section, without prejudice to any disciplinary action that may be instituted against such official or employee."*



Section 102 of PD 1445 also outlines who has the primary and secondary responsibility towards public properties. Specifically, it states:


*"1. The head of any agency of the government is immediately and primarily responsible for all government funds and property pertaining to his agency.*

*2. Persons entrusted with the possession or custody of the funds or property under the agency head shall be immediately responsible to him, without prejudice to the liability of either party to the government."*

**We recommend that management immediately create an Inventory Committee to conduct a physical count of PPE, which shall be done annually, prepare RPCPPE as at December 31 of each year, reconcile the same with the records of the accounting unit and furnish the Auditor a copy of the RPCPPE not later than January 31 of the following year in accordance with Section 38 of the GAM for NGAs, Vol. I.**

May we have your comments on the following Audit Observation within fifteen (15) calendar days from receipt hereof.

  
**VERONICA G. AMAR**  
State Auditor III  
OIC – Audit Team Leader 

  
**BENEDICTA B. PAGUNSAN**  
State Auditor IV  
OIC- Regional Supervising Auditor

Proof of receipt of AOM:

Date: \_\_\_\_\_

Date: \_\_\_\_\_