



OFFICE OF THE VICE CHANCELLOR FOR ADMINISTRATION
UNIVERSITY OF THE PHILIPPINES LOS BAÑOS

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05 August 2022

MEMORANDUM NO. 28

Series of 2022

TO : All Vice Chancellors, Deans, Directors, and Unit Heads

SUBJECT: Implementation of the increase in the capitalization threshold of semi-expendable property from ₱15,000.00 to below ₱50,000.00 thru the issuance of Inventory Custodian Slip (ICS)

In compliance with Section 23 of the General Provisions of RA No. 11639 (FY 2022 GAA), and COA Circular No. 2022-004 dated May 31, 2022, all Semi-Expendable property acquired through purchase or donation, including those constructed by administration and found at station with capitalization below ₱50,000.00 shall be supported by the issuance of the Inventory Custodian Slip (ICS) to establish accountability of the end-user. The new capitalization threshold shall be applied for all tangible items acquired in July 2022 onwards. The existing Property Acknowledgement Receipts (PARs) issued prior to July 2022 shall serve as the ICS until their accountabilities for such items are extinguished and need not be replaced with new ICS.

Please be advised that the following shall apply to the issuance of the ICS:

1. The processing of the ICS for semi-expendable property shall be segregated into two categories based on the unit cost:
 - a. **Low-valued items (₱5,000.00 and below)**

Accountability for low-valued items shall be extinguished upon expiration of the estimated useful life, or upon return of the property before the end of its useful life, whether serviceable or non-serviceable, to the Supply and Property Management Office (SPMO). Another/ New semi-expendable property of the same nature or use shall not be issued, unless justifiable, before the expiration of the estimated life or cancellation of the ICS previously issued to the end-user. Should the end-user decide to retain the item, the property custodian shall exercise due diligence of a good father of the family and shall be expressed in writing for approval of the Vice Chancellor for Administration (Sec 104 PD 1445).

b. High-valued items (more than ₱5,000.00 but less than ₱50,000.00)

Accountability for high-valued items shall only be extinguished upon return of the items to the SPMO or in case of loss, upon approval of the request for relief from property accountability, regardless of the expiration of the estimated useful life.

2. The University shall continue to use the estimated useful life previously issued by COA in [Annex A](#) of COA Circulars No. 2005-002 and 2003-007.

This is also to remind the renewal and updating of Property Acknowledgment Receipt (PAR) and Inventory Custodian Slip (ICS) every three (3) years or every time there is a change of custodianship/user of the property due to transfer/resignation/retirement, etc. to facilitate clearances on property accountabilities of accountable officers. Please refer to [Annex B](#) of COA Circular No. 2022-004 for the procedures on the Transfer, Return, Re-issue of Semi-expendable Property. The templates and forms can be downloaded from the SPMO Website: <https://www.spmo.uplb.edu.ph/>.

For inquiries, you may contact Ms. Gercy Juanillas of SPMO at tel. no. 536-2282 or email at spmouplb@up.edu.ph.

For strict compliance.


ROLANDO T. BELLO
Vice Chancellor

ANNEX A

**LIST OF TANGIBLE ASSETS THAT MAY BE CONSIDERED AS
INVENTORIES**

Description		Economic Useful Life (in years)
A. Office Supplies		
1	Black board/White board	5
2	Copy Holder, clamp type with adjustable arm	5
3	Cutter	5
4	Desk tray	3
5	Eraser - blackboard	3
6	Mechanical Pencil	2
7	Mini Calculators	3
8	Pen	2
9	Pencil Sharpener	3
10	Puncher	5
11	Ruler	3
12	Scissors	3
13	Sharpener	3
14	Staple wire remover	2
15	Stapler	2
16	Tape Dispenser	3
B. Animal/Zoological Supplies		
17	Cage	3
18	Chopping Board	2
19	Cooking Pot	3
20	Feeders	3
21	Kitchen Knife	3
22	Net	2
23	Padlock	3
24	Plastic Pails	2
25	Waterer	3
26	Water Jug	2
27	Water Hose	2
C. Medical, Dental, and Laboratory Supplies		
28	Ambo Bag	3
29	Baking Pan	5
30	Basin (kidney, et al)	3
31	Bed Sheets	1
32	Blade Holder	3
33	Chart Holder	3

	Description	Economic Useful Life (in years)
34	Clamp, towel	5
35	Depressor, tongue	3
36	Dressing Jar	3
37	Elevator, Langeback, Pereosteal	5
38	Enema Can	5
39	Flashlight	3
40	Footstool	5
41	Forceps	5
42	Gowns (Laboratory)	3
43	Kerosene Lamp	2
44	Kettle	3
45	Knife	3
46	Needle Holder	5
47	Obstetrical Set	5
48	Scissors	3
49	Steam Inhalator	5
50	Tong	3
51	Tracheotomy Tube	3
52	Tray	3
53	Tackle Box	5
54	Utility Cart	5
55	Utility Stand	5
56	Vice Grip	5
57	Waste Basket	3
58	Water Jug	1
59	Weighing Scale	5
60	White Board	5
61	Amalgam Carrier	5
62	Bone Chisel	5
63	Bone File	3
64	Dental Straight Stout Elevator	5
65	Dental Syringe	3
66	Excavator, Dental double end	5
67	Explorer, Dental periosteal	5
68	Mouth Mirror	3
69	Mortar and Pestle	5
70	Plastic Instruments for Gum Separator	3
71	Plugger, Amalgam	3
72	Scaler	5
73	Screen Protector	5
74	Surgical Mallet	3

Description		Economic Useful Life (in years)
D. Textbook and Instructional Materials		
75	Textbooks	5
76	Instructional Materials	2
E. Military and Police Supplies		
77	Ammo Magazine	3
78	Anti-Riots Helmets	5
79	Badge	3
80	Bayonet	3
81	Beret	3
82	Blanket	3
83	Boots	3
84	Bullet Proof Vest	5
85	Collapsible Barracks	5
86	Combat Shoes	3
87	Compass	3
88	Flashlight	3
89	Gun Holster	5
90	Handcuffs	5
91	Hunting Knife	5
92	Jungle Bolos	5
93	Medical Aidman Kit	3
94	Mosquito Net	3
95	Night Vision Goggle	3
96	Pillow and Pillow Case	3
97	Pistol Belt	3
98	Probaton	3
99	Protective Shields (CDM)	3
100	Radio Battery Pack	3
101	Raincoats	3
102	Steel Helmet	5
103	Sword	5
104	Telescope	5
105	Tent	3
106	Truncheons	5
107	Water Canteen	3
F. Other Supplies		
Computer Peripherals		
108	Computer cover	2
109	Computer Screen	5

Description		Economic Useful Life (in years)
110	Diskette Storage	2
111	Mouse	2
112	Mouse Pad	2
113	Printer Cable	5
114	Printer Head	5
115	Printer sharing device	5
116	Surge Protector	5
Common Janitorial Supplies		
117	Dust pan	2
118	Mop handle	2
119	Pail	2
120	Trash Can	5
121	Wastebasket	5
Other Inventory Items		
122	Tea Set	3
123	Cups and Saucers	3
124	Desk Tray	3
125	Dinner plates	3
126	Emergency light	3
127	Rugs, carpets and mats	5
128	Spoon and forks	5
129	Stool	5
130	Pitcher and Glass Confectionary	3
Hardware and Construction Supplies		
131	Hammer	5
132	Saw	5
133	Plane	5
134	Paint roller	1
135	Paint brush	1
136	Chisel	5
137	Long nose pliers	5
Electrical Supplies		
138	Extension Cord	2
G. School Chairs, Desks and Tables (Wood)		
139	Chairs	5
140	Desks	5
141	Tables	5

Description		Economic Useful Life (in years)
H. Monobloc Furniture		
142	Chairs	5
143	Tables	5

**TABLE OF ESTIMATED USEFUL LIFE OF
PROPERTY, PLANT AND EQUIPMENT**




Property, Plant and Equipment	Estimated Useful Life (in years)
• Land Improvements	
▪ Land Improvements	10
▪ Runways/taxiways	20
▪ Railways	40
▪ Electrification, Power and Energy Structures	10
• Buildings – those that are predominantly	
▪ Wood	10
▪ Mixed	20
▪ Concrete	30
• Leasehold Improvements (Note 1)	
▪ Land	10
▪ Building	
♦ Wood	10
♦ Mixed	20
♦ Concrete	30
• Office, Equipment, Furniture and Fixtures	
▪ Office Equipment	5
▪ Furniture and Fixtures	10
▪ IT Equipment - Hardware	5
▪ Library Books	5
• Machineries and Equipment	
▪ Machineries	10
▪ Agricultural, Fishery and Forestry	10
▪ Airport Equipment	10
▪ Communication Equipment	10
▪ Construction and Heavy Equipment	10
▪ Firefighting Equipment and Accessories	7
▪ Hospital Equipment	10
▪ Medical, Dental and Laboratory Equipment	10
▪ Military and Police Equipment	10

Property, Plant and Equipment	Estimated Useful Life (in years)
▪ Sports Equipment	10
▪ Technical and Scientific Equipment	10
▪ Other Machineries and Equipment	10
• Transportation Equipment	
▪ Motor Vehicles	7
▪ Trains	10
▪ Aircraft and Aircraft Ground Equipment	10
▪ Watercrafts	10
▪ Other Transportation Equipment	10
• Other Property, Plant and Equipment	5

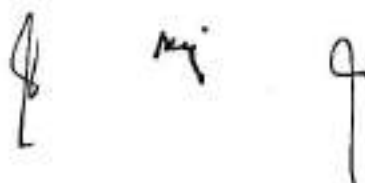
Note 1 - The estimated useful life shall depend on the length of the lease. It shall be the period of the lease or the estimated useful life of the assets, as given, whichever is shorter.

I. Procedures in the Receipt, Inspection, Acceptance and Recording of Deliveries of Semi-expendable Property

Area of Responsibility	Seq. No.	Activity
<u><i>Delivery of Semi-expendable Property</i></u>		
Property and/or Supply Division/Unit		1 Signs "Received" portion of the original and Copy 2 of the Delivery Receipt (DR). Files the original and returns Copy 2 of the DR to the Supplier/Procurement Service.
Property and/or Supply Custodian		2 Prepares Inspection and Acceptance Report (IAR) in four (4) copies. Forwards Copies 1-4 of IAR, original of DR, and Copy 2 of approved Purchase Order (PO) to the Inspection Officer/Committee for inspection of deliveries.
Inspection Officer/Committee		3 Inspects and verifies semi-expendable items as to quantity and conformity to specifications based on the DR and approved PO.
		If delivery is not in conformity to the specifications or delivery is incomplete, indicates notation on the IAR that the delivery is not in conformity to specifications and/or terms agreed under the approved PO and returns the Copies 1-4 of IAR, original of DR, and Copy 2 of approved PO to the Property and/or Supply Division/Unit.
		If delivery is in order, indicates the date of inspection, places check "✓" mark in the box for " <i>Inspected, verified and found in order as to quantity and specifications</i> ", and signs the "Inspection" portion of the IAR. Retains Copy 2 of IAR and forwards Copies 1, 3 and 4 of IAR, original of DR and Copy 2 of PO to the Property and/or Supply Custodian for acceptance of goods delivered.
Property and/or Supply Division/Unit		4 For deliveries not conforming to specification and/or terms of the PO, receives Copies 1-4 of IAR, original of DR and Copy 2 of PO. Returns the items to the supplier and requires the latter to comply with the agreed specifications and/or terms of the PO.
Property and/or Supply Custodian		For deliveries in order, indicates the date of acceptance, places check "✓" mark in the box for " <i>Complete as to quantity and specifications</i> " or " <i>Partial (please specify quantity)</i> ", and signs the "Acceptance" portion of the IAR. Stores the items delivered for issue to the Requisitioning Office.

Area of Responsibility	Seq. No.	Activity
	5	Forwards Copy 3 of IAR and photocopy of PO and DR to the Accounting Division/Unit for recording the received/accepted goods and posting to the Semi-expendable Property Ledger Card (SPLC), and Copy 4 of IAR and copy 2 of PO to the Stock Card Keeper for recording in the Semi-expendable Property Card (SPC).
		<i>Note 1</i> – Distribution of the IAR shall be as follows:
		<p><i>Original</i> – Property and/or Supply Division/Unit (to be attached to the Disbursement Voucher (DV), together with the original DR)</p> <p><i>Copy 2</i> – Inspection Officer/Committee</p> <p><i>Copy 3</i> – Accounting Division/Unit (to be attached to the JEV in setting up of payables)</p> <p><i>Copy 4</i> – Property and/or Supply Division/Unit file</p>
Accounting Division/Unit Receiving/Releasing Staff	6	Records in the logbook the receipt of Copy 3 of IAR and photocopy of PO and DR and forwards to the Accounting Staff concerned for the preparation of Journal Entry Voucher (JEV).
Accounting Staff	7	Based on Copy 3 of the IAR and photocopy of PO and DR, prepares JEV to recognize the receipt of semi-expendable property in the books of accounts. Signs the "Prepared by" portion of the JEV and forwards the JEV and supporting documents to the Chief Accountant/Head of the Accounting Division/Unit for approval.
Chief Accountant/ Head of Accounting Division/Unit	8	Reviews correctness of the journal entries and signs on "Certified Correct by" portion of the JEV. Forwards JEV and other supporting documents to designated staff for recording in the General Journal (GJ).
Property and/or Supply Division/Unit Property and/or Supply Custodian	9	Prepares DV. Attaches the original IAR, Copy 2 of DR, Original copy of PO, photocopy of PR and/or Agency Procurement Request (APR) and other supporting documents. Forwards documents to the Accounting Division/Unit for the processing of DV.



Area of Responsibility	Seq. No.	Activity
		<p><i>Note 2</i> – For the preparation of DV and processing of payment for delivered semi-expendable property items and equipment, refer to Chapter 3-Budget Execution, Monitoring, and Reporting; and Chapter 6-Disbursements of the GAM for NGAs Volume I.</p> <p><i>Note 3</i> – For purchases made through the Procurement Service (PS), the DV shall be prepared on the basis of the approved APR and/or other required supporting documents. The payment shall be made directly to the PS.</p> <p><u>Maintenance of SPLC</u></p>
Accounting Division/Unit SPLC Keeper	10	Records receipt of delivered/accepted item/s and posts necessary information to the SPLC based on the Copy 3 of IAR, copy of PO and DR.





II. Procedures in the Requisition and Issue of Semi-expendable Property

Area of Responsibility	Seq. No.	Activity
Requisitioning Unit Requesting Personnel	1	Prepares Requisition and Issue Slip (RIS) in three (3) copies.
		<p><i>Note 1</i> – The RIS shall be distributed as follows:</p> <p style="margin-left: 40px;"><i>Original</i> – Accounting Division/Unit <i>Copy 2</i> – Requisitioning Unit <i>Copy 3</i> – Property and/or Supply Division/Unit</p>
	2	Fills out all the necessary information except for the 'Issue' column. Initials in the "Requested by" portion and forwards the RIS to authorized official for review.
Head/Authorized Official	3	Determines the reasonableness of the quantity and nature of item/s being requested and ensures that the same does not exceed the planned usage for the period. Signs the "Approved by" portion of the RIS.
Requesting Personnel	4	Receives signed RIS and forwards to the Property and/or Supply Division/Unit for determination of availability of stocks and/or withdrawal of semi-expendable property requested.
Property and/or Supply Division/Unit		
Property and/or Supply Custodian	5	Receives RIS from Requesting Personnel. Reviews and verifies the completeness of information. Indicates a check "✓" mark in the "Stock Available? Yes" column, if item/s being requisitioned is/are available on stock, or "X" in the "Stock Available? No" column if not available. If item/s requisitioned is/are available, issues the item/s requisitioned, indicates the quantity issued in the "Issued-Quantity" column and any remarks in the "Issued-Remarks" column, and signs the "Issued by" portion. If item/s requisitioned is/are not available, returns the RIS to the Requisitioning Unit for the preparation of the PR.

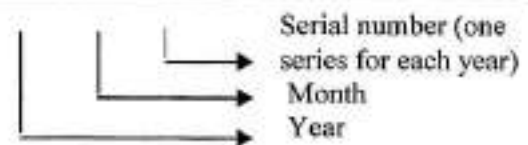
Note 2 – For the issue of semi-expendable property, the Property and/or Supply Custodian shall prepare ICS. Separate ICS control number shall be assigned for low-valued and high-valued semi-expendable property. The numbering structure for ICS shall be as follows:

For low-valued semi-expendable property:

SPLV-0000-00-0000

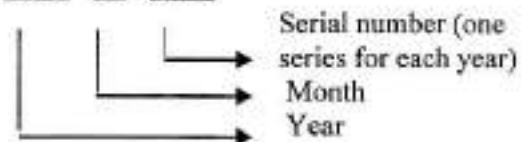
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Area of Responsibility	Seq. No.	Activity
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For high-valued semi-expendable property:

SPHV-0000-00-0000



For the preparation of the ICS, refer to *Appendix 59* of the GAM for NGAs Volume II. Also, the 'Issue' column of the Registry of Semi-expendable Property Issued (RegSPI) shall be updated upon issue of semi-expendable property.

Note 3 – Copy of the ICS and Summary of ICS issued and cancelled shall be submitted to the Resident Auditor, upon request for monitoring and audit purposes.

Requisitioning Unit
Requesting Personnel

- 6 Receives supplies requested and signs in the "Received by" portion of the RIS or ICS as the case may be.

Note 4 – For items not available on stock, prepares the Purchase Request (PR) in accordance with the instructions provided at the back of the form.

Property and/or Supply
Division/Unit
Property and/or Supply
Custodian

- 7 Files permanently in numerical order Copy 3 of RIS and temporarily the originals of RIS and ICS for the preparation of Report of Semi-expendable Property Issued (RSPI).
- 8 Retrieves the original copies of RIS and ICS from temporary file, ensures the completeness of the RIS and ICS and prepares the RSPI in two (2) copies at the end of the day.
- 9 Signs the "Certified by" portion of the RSPI.

Stock Card Keeper

- 10 Receives signed RSPI and forwards to the Accounting Division/Unit the original copy of RSPI together with original copy of all RIS and Copy 3 of all ICS covered by the RSPI. Files Copy 2 of RSPI. Records the issued semi-expendable property in the SPC based on the supporting documents.

Accounting Division/Unit
Accounting Staff


- 11 Receives the original copies of RSPI together with original copy of all RIS and Copy 3 of all ICS covered by the RSPI.

Area of Responsibility	Seq. No.	Activity
		Checks and verifies the completeness of information. Retrieves SPLC from file and fills out the "To be filled out in the Accounting Division/Unit" portion of RSPI. Records the RSPI in the SPLC and signs in the "Posted by/date" portion.
	12	Prepares JEV in two (2) copies based on the RSPI to recognize the issue of SP.
	13	Signs the "Prepared by" portion of the JEV and forwards JEV and supporting documents to the Chief Accountant/Head of the Accounting Division/Unit for review and approval.
Chief Accountant/Head of Accounting Division/Unit	14	Reviews correctness of the accounting entry and completeness of supporting documents. If in order, signs the "Certified Correct by" portion of the JEV and forwards Copies 1 and 2 of JEV to the Bookkeeper. If not in order, returns the JEV and supporting documents to the Accounting Staff concerned for correction.
Accounting Staff	15	Receives JEV and supporting documents for the correction of accounting entry. Returns the JEV and supporting documents to the Chief Accountant/Head of the Accounting Division/Unit for approval.
Bookkeeper	16	Receives signed JEV supported with the RSPI and RIS/ICS and records JEV in the GJ. Files copy 2 of JEV.

Note 5 – For succeeding activities, refer to policy on the Preparation and Submission of Trial Balances, Financial Statements and Other Reports in Chapter 19-Financial Reporting of the GAM for NGAs Volume I.

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III. Procedures on the Transfer, Return, Re-issue and Disposal of Semi-expendable Property

Area of Responsibility	Seq. No.	Activity
<u><i>Transfer of Semi-expendable Property to another Accountable Officer/Agency/Fund Cluster</i></u>		
Property and/or Supply Division/Unit Property and/or Supply Custodian	1	<p>For the transfer of semi-expendable property to another Accountable Officer/Fund Cluster, prepares Inventory Transfer Report (ITR) in four (4) copies and forwards them together with other supporting documents to the Head of the Property and/or Supply Division/Unit/ Immediate Supervisor for approval.</p> <p>For the transfer of semi-expendable property to another Agency, forwards the ITR and its supporting documents to the Head of Agency for approval.</p>
Head of the Property and/or Supply Unit/Immediate Supervisor	2	<p>Reviews, approves, and signs the ITR for the release or issue to another Accountable Officer/Fund Cluster.</p> <p>Forwards the approved ITR to the releasing officer of the Property and/or Supply Division/Unit</p>
Releasing Officer	3	<p>Signs the 'Released/Issued by' portion of the ITR and affix the date of release.</p> <p>Forwards the ITR to the new accountable officer for the receipt of the ITR, together with semi-expendable property transferred.</p>
New Accountable Officer	4	<p>Receives the transferred semi-expendable property and signs in the 'Received by' portion of the ITR.</p> <p>Keeps the Copy 2 of the ITR for file. Returns the Original Copy and Copies 3 and 4 to the Property and/or Supply Division/Unit.</p>
<p><i>Note 1 – The completed ITR shall be distributed as follows:</i></p>		
<p><i>Original</i> – Chief Accountant or Head of Accounting Division/Unit</p> <p><i>Copy 2</i> – Recipient or user of the semi-expendable property</p> <p><i>Copy 3</i> – Transferring agency/entity or user/officer</p> <p><i>Copy 4</i> – Property and/or Supply Division/Unit file</p>		
Property and/or Supply Division/Unit		

Area of Responsibility	Seq. No.	Activity
Property and/or Supply Custodian	5	<p>Receives the Original Copy and Copies 3 and 4 of the ITR.</p> <p>For semi-expendable property on hand, forwards the Original Copy to the Accounting Division/Unit for the preparation of the JEV, and Copy 3 to transferring accountable officer, if different from the Property and/or Supply Custodian. Keeps the Copy 4 of the ITR for file.</p>
Accounting Division/Unit		
Receiving/Releasing Staff	6	Records in the logbook the receipt of Original Copy of the ITR and other supporting documents and forwards to the Accounting Staff concerned for the preparation of JEV for semi-expendable property on hand.
Accounting Staff	7	Based on Original Copy of the ITR and other supporting documents, prepares JEV to recognize the transfer of semi-expendable property in the books of accounts. Signs the "Prepared by" portion of the JEV and forwards the JEV and supporting documents to the Chief Accountant/Head of the Accounting Division/Unit for approval.
Chief Accountant/ Head of Accounting Division/Unit	8	Reviews correctness of the journal entries and signs on "Certified Correct by" portion of the JEV. Forwards JEV and other supporting documents to Designated Staff for recording in the General Journal (GJ).
Designated Staff	9	Records the transfer in the GJ based on the JEV prepared.
		<p><i>Note 2</i> – For succeeding activities, refer to the policy on the Preparation and Submission of Trial Balances, Financial Statements and Other Reports in Chapter 19-Financial Reporting of the GAM for NGAs Volume I.</p>
		<p><u>Return of issued Semi-expendable Property</u></p>
Requisitioning Unit Requesting Personnel	10	<p>Prepares the Receipt of Returned Semi-expendable Property (RRSP) for the returned semi-expendable property whether deemed serviceable or unserviceable. Forwards the RRSP with the semi-expendable property to the Property and/or Supply Division/Unit</p>
		<p><i>Note 3</i> – The RRSP shall be distributed as follows:</p> <p><i>Original</i> – Accountable Officer</p> <p><i>Copy 2</i> – Property and/or Supply Custodian's file</p> <p><i>Copy 3</i> – COA Auditor</p>





Area of Responsibility	Seq. No.	Activity
Property and/or Supply Division/Unit		
Property and/or Supply Custodian	11	Receives the three (3) copies of RRSP and the semi-expendable property returned by the accountable officer.
	12	Signs the 'Received by' portion of the RRSP. Returns the Original Copy of RRSP to the Accountable Officer from the Requisitioning Unit and forwards Copy 3 to COA Auditor concerned.
	13	Records the return of semi-expendable property in the 'Returned' column of the RegSPL.
	14	Cancels immediately the corresponding issued ICS for the returned semi-expendable property.
	15	Evaluates the returned semi-expendable property whether it can be reissued to another accountable officer or for disposal.
		<u>Re-issue of Semi-expendable Property</u>
Property and/or Supply Division/Unit		
Property and/or Supply Custodian	16	If found serviceable, prepares ICS for the re-issue to the new end-user. The procedures for the issue of semi-expendable property provided in Part II of Annex B shall be applied. The 'Re-issue' column of the RegSPL shall also be updated upon re-issue.
		Forwards the re-issued semi-expendable property and the original copy of the new ICS to the new end-user/accountable officer.
New Requisitioning Unit		
New Requesting Personnel	17	Receives the re-issued semi-expendable property and the original copy of the new ICS.
		<u>Disposal of Semi-expendable Property</u>
Property and/or Supply Division/Unit		
Property and/or Supply Custodian	18	If found to be for unserviceable and for disposal, prepare the Inventory and Inspection Report of Unserviceable Semi-expendable Property (IIRUSP) for the actual disposal of the unserviceable semi-expendable property.
	19	Forwards a copy of IIRUSP to the Accounting Unit for the derecognition of unissued semi-expendable property disposed

Area of Responsibility	Seq. No.	Activity
		and recognition of cash proceeds if the mode of disposal is through sale/public auction.
		<i>Note 5</i> – The IIRUSP shall be distributed as follows: <ul style="list-style-type: none"> <i>Original</i> – Accounting Division/Unit <i>Copy 2</i> – Property and/or Supply Custodian's file <i>Copy 3</i> – COA, TSO, for inspection of semi-expendable property that requires evaluation by experts
Accounting Division/Unit Receiving/Releasing Staff	20	Records in the logbook the receipt of Original Copy of the IIRUSP and other supporting documents and forwards to the Accounting Staff concerned for the preparation of JEV for the derecognition of unissued semi-expendable property disposed and recognition of cash proceeds if the mode of disposal of unserviceable semi-expendable is through sale/public auction.
Accounting Staff	21	Based on IIRUSP and other supporting documents, prepares JEV for the derecognition of unissued semi-expendable property disposed and to recognize the cash proceeds if the mode of disposal of unserviceable semi-expendable is through sale/public auction. Signs the "Prepared by" portion of the JEV and forwards the JEV and supporting documents to the Chief Accountant/Head of the Accounting Division/Unit for approval.
Chief Accountant/ Head of Accounting Division/Unit	22	Reviews correctness of the journal entries and signs on "Certified Correct by" portion of the JEV. Forwards JEV and other supporting documents to designated staff for recording in the GJ.
Designated Staff	23	Records the disposed unissued semi-expendable property, and cash proceeds from sale of the unserviceable semi-expendable property, in the GJ based on the JEV prepared.
		<i>Note 6</i> – For succeeding activities, refer to policy on the Preparation and Submission of Trial Balances, Financial Statements and Other Reports in Chapter 19-Financial Reporting of the GAM for NGAs Volume I.
		<u>Maintenance of SPLC</u>
Accounting Division/Unit SPLC Keeper	24	Records the disposal and posts necessary information to the SPLC based on appropriate source documents.



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City



CIRCULAR

No. : 2022-004
Date : MAY 31 2022

- TO** : All Heads of the National Government Agencies (NGAs) and Government Corporations (GCs); Local Chief Executives; Heads of Finance/Comptrollership/Financial Management Services; Chief Accountants/Heads of Accounting Units; Budget Officers/Heads of Budget Units; Heads of Property and/or Supply Division/Unit; Commission on Audit (COA) Assistant Commissioners, Directors, Auditors; and All Others Concerned
- SUBJECT** : Guidelines on the Implementation of Section 23 of the General Provisions of Republic Act (RA) No. 11639 also known as the General Appropriations Act (GAA) for Fiscal Year (FY) 2022 relative to the increase in the capitalization threshold from P15,000.00 to P50,000.00

1.0 RATIONALE

1.1 Section 23¹ of the General Provisions of RA No. 11639 or the FY 2022 GAA provides that tangible items below P50,000.00 shall be accounted as semi-expendable property. The increase in the capitalization threshold was envisioned to lead to a more efficient utilization of funds in the procurement of goods. However, as stated in the President's Veto Message, the implementation of the provision for the increase in the capitalization threshold from below P15,000.00 to below P50,000.00 shall be subject to the issuance by COA of appropriate accounting and auditing rules and regulations.² Pending the issuance from COA, the agencies/entities shall still apply the existing accounting and auditing rules and regulations.

1.2 In view of the abovementioned developments and in consonance with the rule-making function of this Commission as provided under Section 2(2)³ of Article

¹ Semi-expendable Property. Tangible items below Fifty Thousand Pesos (P50,000.00) shall be accounted as semi-expendable property. (CONDITIONAL IMPLEMENTATION - President's Veto Message, December 30, 2021, Volume I-B, page 819, Republic Act (RA) No. 11639)

² RA No. 11639 or the General Appropriations Act (GAA) FY 2022. President's Veto Message.

³ The Commission shall have exclusive authority, subject to the limitations in this Article, to define the scope of its audit and examination, establish the techniques and methods required therefor, and promulgate accounting and auditing rules and regulations, including those for the prevention and disallowance of irregular,

IX-D of the 1987 Philippine Constitution and Section 25(4),⁴ Chapter 2, Title I of Presidential Decree (PD) No. 1445 or the Government Auditing Code of the Philippines, this Circular is issued to prescribe the guidelines on the implementation of Section 23 of the General Provision of FY 2022 GAA.

2.0 COVERAGE

This Circular shall be implemented by all NGAs, Local Government Units (LGUs), and GCs.

3.0 DEFINITION OF TERMS

For the purpose of this Circular, the following terms shall be construed to mean as follows:

- 3.1 Semi-expendable property – tangible items which meet the definition and recognition criteria of Property, Plant and Equipment (PPE), but below the capitalization threshold of P50,000.00.
- 3.2 Capitalization threshold – refers to the monetary value at which an entity elects to capitalize tangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.
- 3.3 Current Replacement Cost – is the cost the entity would incur to acquire the asset on the reporting date.⁵
- 3.4 Tangible Assets/Items – are identifiable non-monetary assets with physical substance.

4.0 IMPLEMENTING GUIDELINES

- 4.1. Tangible items which meet the definition and recognition criteria of PPE but cost is below Fifty Thousand Pesos (P50,000.00) shall be accounted in the books of accounts of the agencies as semi-expendable property. This shall be supported by the issuance of the Inventory Custodian Slip (ICS) to establish accountability of the end-user. ICS shall be issued to the end-user and shall be renewed every three years or every time there is a change in custodianship/user of the property. The threshold shall be applied on an individual asset or per item basis. Each item within the bulk acquisition such as library books, small equipment, computer

unnecessary, excessive, extravagant, or unconscionable expenditures or uses of government funds and properties.

⁴ To promulgate auditing and accounting rules and regulations so as to facilitate the keeping, and enhance the information value, of the accounts of the government.

⁵ Par. 9, International Public Sector Accounting Standards (IPSAS) 12-*Inventories* (2019 version).



peripherals, work animals, and the like, will need to meet the amount of below P50,000.00 to be recognized as semi-expendable property.

- 4.2. The increase in the capitalization threshold from P15,000.00 to P50,000.00 shall be considered as a change in accounting policy and shall be applied retrospectively. It means that the new capitalization threshold of P50,000.00 shall be applied for all tangible items purchased in calendar year (CY) 2022 onwards and in the prior years.
- 4.3. For issued tangible items acquired prior to CY 2022 with amounts from P15,000.00 to below P50,000.00 previously classified as PPE:
 - a. The carrying amount shall be expensed/charged to the following accounts, as applicable:
 - i. Accumulated Surplus/(Deficit) for NGAs and GCs classified as Non-Commercial Public Sector Entities;
 - ii. Retained Earnings/(Deficit) for GCs classified as Commercial Public Sector Entities; or
 - iii. Prior Period Adjustment and Government Equity for LGUs.
 - b. The corresponding accumulated depreciation and accumulated impairment loss shall be closed in the books of accounts.
 - c. The existing Property Acknowledgment Receipts (PARs) for these items may be retained by the end-users and shall serve as the ICS until their accountabilities for such items are extinguished. Thus, the existing PARs need not be replaced with new ICSs.
 - d. For additional control and safeguard, please refer to paragraphs 4.8.b. and 4.9.b of this Circular.
- 4.4. For tangible items acquired prior to CY 2022 with amounts from P15,000.00 to below P50,000.00 previously classified as PPE which are still in the custody of the Supply and/or Property Division/Unit:
 - a. These items shall be reclassified to the appropriate semi-expendable property account.
 - b. The Property Cards being maintained by the Supply and/or Property Division/Unit for these items shall serve as Semi-Expendable Property Card (SPCs) until these items are issued.



- c. The Property, Plant and Equipment Ledger Cards being maintained by the Accounting Division/Unit for these items shall serve as Semi-Expendable Property Ledger Cards (SPLCs) until these items are issued.
- 4.5. For tangible items acquired prior to CY 2022 with amounts below P15,000.00 which are already classified as semi-expendable property and are still in the custody of the Supply and/or Property Division/Unit:
- a. The Stock Cards being maintained by the Supply and/or Property Division/Unit for these items shall serve as SPCs until these items are issued.
 - b. The Supplies Ledger Cards being maintained by the Accounting Division/Unit for these items shall serve as SPLCs until these items are issued.
- 4.6. A change in accounting policy requires retrospective application. The entity shall adjust the opening balance of each affected component of net assets/equity for the earliest period presented, and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.⁶ It means that the entity shall restate the amounts for prior period/s in the comparative financial statements to reflect the change in accounting policy.
- 4.7. To strengthen controls over the semi-expendable property, the following forms, registry, and reports are prescribed as annexes:
- 4.7.1. Annex A.1 – Semi-Expendable Property Card (SPC)
- This form shall be maintained in the Supply and/or Property Division/Unit for each class of semi-expendable property to record promptly the acquisition (based on the Inspection and Acceptance Report and other supporting documents), issue/transfer/disposal and the description/ information about the asset.
- 4.7.2. Annex A.2 – Semi-Expendable Property Ledger Card (SPLC)
- This form shall be kept in the Accounting Division/Unit to record promptly the acquisition, description, custody, impairment, issue/transfer/disposal, repair history, and other information about the property.

⁶ Third paragraph of Section 38, Chapter 19-Financial Reporting, Volume I of the Government Accounting Manual for National Government Agencies.

4.7.3. Annex A.3 – Inventory Custodian Slip (ICS)

This form is used by the Property and/or Supply Division/Unit to issue tangible items amounting to less than P50,000.00 to end-user to establish accountability over them.

4.7.4. Annex A.4 – Registry of Semi-Expendable Property Issued (RegSPI)

This registry shall be maintained in the Property and/or Supply Division/Unit for each class of issued semi-expendable property. The Property and/or Supply Custodian shall record promptly the issue, return, reissue, disposal, and other information about the property if returned and the description/information about the asset. It shall be maintained by fund. ICS shall be maintained continuously and recorded in sequential manner to keep track of any missing ICS. *(Note: This functions similarly to SPC, however only a registry is recommended to be maintained since issued semi-expendable property are already derecognized in the books of accounts.)*

4.7.5. Annex A.5 – Inventory Transfer Report (ITR)

The report shall be used every time there is a transfer of inventory such as donation, reassignment, relocation, and the like, from an outgoing officer to his successor or from one accountable officer/employee to another of the same or another entity, or from one entity/agency to another entity/agency.

4.7.6. Annex A.6 – Receipt of Returned Semi-Expendable Property (RRSP)

This form shall be prepared by the Accountable Officer for returned semi-expendable property whether serviceable or unserviceable.

4.7.7. Annex A.7 – Report of Semi-Expendable Property Issued (RSPI)

This report shall be prepared by the Property and/or Supply Division/Unit to report/summarize all issued semi-expendable property (by semi-expendable property number) at least weekly. It shall be prepared by the Property and/or Supply Custodian based on the ICS and shall be used by the Accounting Division/Unit as basis in preparing the journal entry voucher to recognize the semi-expendable property issued.

In this form, the ICS No. is indicated and the agency can check anytime if there are missing ICS at hand since ICS is the only accountability form for the issuance of semi-expendable property. Proper keeping and monitoring of the ICS by the Property/Supply Officer is recommended.



The Property/Supply Officer shall conduct periodic monitoring of all ICS issued to ensure that the accountability of concerned employees is checked.

4.7.8. Annex A.8 – Report on the Physical Count of Semi-Expendable Property (RPCSP)

This form shall be used to report the physical count of semi-expendable property, which are owned by the agency/entity, by type of property still in the custody of the Property and/or Supply Division/Unit as at a given date. It shows the balance of semi-expendable items per card and per count and shortage/overage, if any. It shall be prepared annually and by fund by the Inventory Committee.

4.7.9. Annex A.9 – Report of Lost, Stolen, Damaged or Destroyed Semi-Expendable Property (RLSDDSP)

This report shall be used by the accountable officer/employee to report or notify within 30 days the officials concerned of the loss, theft, damage or destruction of the semi-expendable property whether issued or unissued. The RLSDDSP shall support the subsequent request for relief from property accountability.

4.7.10. Annex A.10 – Inventory and Inspection Report of Unserviceable Semi-Expendable Property (IIRUSP)

This report shall be used to account for all unserviceable semi-expendable property of an entity which is subject to disposal. It shall be prepared by the Property and/or Supply Division/Unit.

4.8. For additional control and to safeguard the semi-expendable property considering that more valuable items shall be covered by the new capitalization threshold, the semi-expendable property shall be classified into two categories:

- a. Low-valued items – cost of each item is P5,000.00 or less; and
- b. High-valued items – cost of each item is more than P5,000.00 but less than P50,000.00.

4.9. The accountability for semi-expendable property shall also be segregated based on a categorization, as follows:

- a. Low-valued items – accountability shall be extinguished upon expiration of the estimated useful life, or upon return of the property before the end of its useful life, whether serviceable or non-serviceable, to the Property and/or Supply Division/Unit; and

- b. High-valued items – accountability shall only be extinguished upon return of the item to the Property and/or Supply Division/Unit or in case of loss, upon approval of the request for relief from property accountability, regardless of the expiration of the estimated useful life.
- 4.10. Upon expiration of the estimated useful life for low-valued semi-expendable property, the issued ICS to end-user shall be automatically cancelled. The end of its useful life means the end of the accountability of the end-user. However, if the low-valued semi-expendable property is deemed unserviceable before the end of its useful life, it shall be returned to the Property and/or Supply Division/Unit for cancellation of the ICS and proper disposal. The return of low-valued items by the end-user shall be recorded in the IIRUSP. Another/New semi-expendable property of the same nature or use shall not be issued, unless justifiable, before the expiration of the estimated useful life or cancellation of the ICS previously issued to the end-user.
- 4.11. For issued high-valued semi-expendable property which have become unserviceable, these shall be reported by the Property/Supply Officer in the IIRUSP upon return by the end-user.
- 4.12. The agency shall determine/provide the estimated useful life of each semi-expendable property, subject to post-audit of the COA auditors concerned. The agency is in the best position to estimate the useful life of their semi-expendable property. The agency shall also issue an updated policy/memorandum determining/providing the estimated useful life, as necessary.
- 4.13. To serve as a guide, a range of estimated useful life per class is provided, as follows:
- Semi-Expendable Machinery and Equipment - 5 to 15 years
 - Semi-Expendable Furniture, Fixtures and Books - 2 to 15 years
- The above life span of semi-expendable property may be used unless a more appropriate estimated useful life of semi-expendable property is determined by the agency based on the nature of its operation and mission, among others.
- Based on the above life spans, the entity shall prepare the specific estimated useful life for each semi-expendable property based on its experience on the life of its asset, and copy furnished the COA auditors.
- 4.14. For proper maintenance of ICS, the Property and/or Supply Division/Unit shall assign separate ICS control number for low-valued items and high-valued items. Segregation of ICS for semi-expendable property will ensure proper monitoring of accountability particularly for high-valued items which accountability only



expires after the return of the item or in case of loss, upon approval of the request for relief from property accountability.

- 4.15. The acquisition of a semi-expendable property shall comply with the prevailing procurement policies and procedures prescribed in RA No. 9184⁷ and its Revised Implementing Rules and Regulations.
- 4.16. Semi-expendable property shall be covered by the policies of International Public Sector Accounting Standard (IPSAS) 12–*Inventories*. Hence, they are not subject to depreciation but subject to impairment.
- 4.17. When high-valued semi-expendable property is lost by the end-user, the accountable officer shall apply the existing policies and guidelines for request for relief from property accountability of lost government property.
- 4.18. In case of loss of unissued semi-expendable property, the Property/Supply Officer shall notify the Accounting Department thru the RLSDDSP, which serves as the Notice of Loss, as basis for the derecognition in the books of account. The loss shall be charged to account “Loss of Assets” at its carrying amount and credited to the appropriate inventory account – semi-expendable. Should the Property/ Supply Officer fail to file pursuant to Section 73 of the PD No. 1445 and Section 5 of the 2009 Revised Rules of Procedure of the COA a request for relief from accountability within 30 days from date of submission of RLSDDSP, the Chief Accountant shall record a debit to “Due from Officers and Employees” account and a credit to “Other Deferred Credits” account the amount of the loss. Once the request for relief from property accountability is granted, the latter accounting entry shall be reversed.
- 4.19. When a semi-expendable property is lost before the end of its useful life in the possession of the official/employee to whom it is issued, the loss shall be recorded by the Chief Accountant upon the receipt of RLSDDSP as debit to “Due from Officers and Employees” and a credit to the account “Other Deferred Credits” at its Current Replacement Cost with the same condition and specifications of the lost semi-expendable property at the time of loss.
- 4.20. Annex B of this Circular enumerates the procedures to be followed in the Receipt, Inspection, Acceptance and Recording of Deliveries of Semi-Expendable Property; Procedures in the Requisition and Issue of Semi-Expendable Property; and Procedures on the Transfer, Return, Re-issue and Disposal of Semi-Expendable Property.

⁷ Government Procurement Reform Act.

5.0 SAVING CLAUSE

Any clarification or request for assistance on the implementation of this Circular or cases not covered herein shall be referred to this Commission through the Government Accountancy Sector.

6.0 REPEALING CLAUSE

All circulars, memoranda, and other issuances or any parts thereof inconsistent with the provisions of this Circular are hereby amended, modified, or revoked accordingly.

7.0 EFFECTIVITY

This Circular shall take effect 15 days after its publication in a newspaper of general circulation.



Rizalino
RIZALINA NOVAL JUSTOL
Chairperson

Roland
ROLAND CAFÉ PONDOC
Commissioner

Mario
MARIO GONZALES LIPANA
Commissioner