



Republic of the Philippines
Department of Environment and Natural Resources
PENRO Marinduque



September 23, 2022

MEMORANDUM

TO : **GEMMA P. DELOS REYES**
Planning Officer III/In-Charge, Management Services Division

ATTENTION : **Eden P. Palacios**
Administrative Officer IV / Chief, Administrative Section


Nilo L. Alcober
Administrative Officer I/ Chief, GSU

FROM : **OIC, PENR Officer**

SUBJECT : **SUBMISSION OF REPORT OF SUPPLIES AND MATERIALS ISSUED (RSMI) TOGETHER WITH THE ORIGINAL REQUISITION AND ISSUE SLIP (RIS) PERTAINING TO THE ISSUANCE OF INVENTORY ITEMS FOR CY 2021**

As per agreement during the meeting with Assistant Secretary Nonita S. Caguioa re: Consolidated Annual Audit Report for CY 2021, you are hereby instructed to **submit Report of Supplies and Materials Issued (RSMI) together with the original Requisition and Issue Slip (RIS) pertaining to the issuance of inventory items for CY 2021 to the Accounting Unit on or before September 28, 2022** for proper adjustment to Accumulated Surplus or Deficit in the books of accounts. Attached is COA Audit Observation Memorandum (AOM) No. 2022-06 dated March 31, 2022 for reference. Failure to comply with this instruction, kindly submit written justification.

For strict compliance.


IMELDA M. DIAZ

cc: ~~Finance Division, Regional Office~~
~~Financial and Management Service, Central Office~~



Republic of the Philippines
COMMISSION ON AUDIT

Regional Office No. IV-B

NGS Cluster 8 – Agriculture and Environment

Office of the Auditor - Team No. R4B-34

Provincial Environment and Natural Resources Office

Boac, Marinduque

AOM No.: 2022-06

March 31, 2022

AUDIT OBSERVATION MEMORANDUM (AOM)

For: Ms. Imelda M. Diaz

OIC-Provincial Environment and Natural Resources (PENR) Officer
PENRO-Boac, Marinduque

Attention: Ms. Lorelyn P. Saet
Accountant III

Mr. Nilo L. Alcober
Supply Officer I

In the audit of the accounts, the following observation was noted:

Items under Inventory Held for Consumption and Semi-expendables account totaling P635,527.50 and P2,297,600.38, respectively, were not recognized as expense upon issuance to end-users, due to the absence of Report of Supplies and Materials Issued (RSMI) supported with Requisition Issue Slips (RIS), inconsistent with Chapter 8, Section 7 of Government Accounting Manual (GAM) for the National Government Agencies (NGAS), Volume I, the thus resulting in an overstatement of affected Inventory accounts and Accumulated Surplus or Deficit by P2,935,127.88.

Section 7, Chapter 8 of GAM for NGAs Volume I provides that *when inventories are sold, exchanged, or distributed, their carrying amount shall be recognized as an expense in the period in which the related revenue is recognized.* xxx

Section 17 (g), Chapter 8 of GAM for NGAs Volume I states that *Report of Supplies and Materials Issued (RSMI) (Appendix 64)* – shall be prepared by the Property and/or Supply Custodian based on the RIS and shall be used by the Accounting Division/Unit as basis in preparing the JEV to record the supplies and materials issued.

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March 31, 2022

As shown in the table below, comparison of the balances of Inventories per financial statement and the Report of Physical Count of Inventory (RPCI) resulted to difference in the Inventory Held for Consumption account totaling ₱637,527.50, and Semi-Expendable accounts totalling ₱2,297,600.38.

Account Title	FS Balance as at December 31, 2021	RPCI Balance as at December 31, 2021	Difference
<i>Inventory Held for Consumption:</i>			
Office Supplies Inventory	420,132.05	144,407.55	275,724.50
Other Supplies and Materials Inventory	361,803.00	-	361,803.00
<i>Total</i>	<i>781,935.05</i>	<i>144,407.55</i>	<i>637,527.50</i>
<i>Semi Expendable:</i>			
Semi Expendable Office Equipment	44,810.00	-	44,810.00
Semi Expendable ICT Equipment	113,207.20	-	113,207.20
Semi Expendable Technical and Scientific Equipment	415,406.00	-	415,406.00
Semi Expendable Other Machinery and Equipment	493,107.18	-	493,107.18
Semi Expendable Furniture & Fixtures	212,200.00	-	212,200.00
<i>Total</i>	<i>2,297,600.38</i>	<i>-</i>	<i>2,297,600.38</i>
Grand Total	3,079,535.43	144,407.55	2,935,127.88

On the other hand, the Report of Physical Count of Inventory (RPCI) as of December 31, 2021 reflected no inventory items except for office supplies amounting to ₱144,407.55.

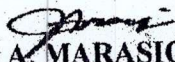
Inquiry with the Supply Officer revealed that all inventory items were already issued to end-users and that only the items reflected in the Stock Cards and RPCI are on stock. The Accountant further stated that the Supply Unit provided only the partial copies of RIS without the necessary RSMI.


Due to non-recognition of expense upon issuance of inventory items to end-users, the affected inventory accounts and Accumulated Surplus or Deficit were overstated by ₱2,935,127.88.

We recommend the OIC- PENR Officer to instruct the Supply Officer, to prepare and submit the RSMI pertaining to the issuance of subject inventory items together with the original RIS to the Accounting Unit for proper adjustment to Accumulated Surplus or Deficit in the books of accounts.

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March 31, 2022

May we have your comments on the foregoing audit observation within two calendar days from receipt hereof.


JOY A. MARASIGAN
State Auditor III
OIC- Audit Team Leader


CONNIE G. BENEDICTOS
Director II
Regional Supervising Auditor

Proof of Receipt of AOM:

Name	Position/Designation	Received by	Date
Ms. Imelda M. Diaz	OIC-PENR Officer		
Ms. Lorelyn P. Saet	Accountant III		
Mr. NiloL. Alcober	Supply Officer I.		