



Republic of the Philippines  
**Department of Environment and Natural Resources**  
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## MEMORANDUM

TO : All Regional Executive Directors

FROM : The Undersecretary for Field Operations and Environment

SUBJECT : **CY 2020 COA AUDIT OBSERVATION ON CONFISCATED PROPERTIES/ASSETS**

DATE : **DEC 2 2 2021**

This has reference to the audit observation of the Commission on Audit (COA) on confiscated properties/assets in the Consolidated Annual Audit Report (CAAR) for CY 2020 issued on June 30, 2021.

Accordingly, an amount of P46.563 million and undetermined losses to the government was accounted due to the absence of a clear cut policy on the management of Confiscated/Abandoned/Seized Goods Inventory (CAGSI) on confiscated forest products, tools, equipment and conveyances.

Please be informed that there are existing guidelines in placed starting from the conduct of Administrative and Adjudication Proceedings (AAP) until the disposition of confiscated forest products and conveyances covered with Certificate of Finality. Hereunder are the laws and guidelines governing administrative confiscation proceeding and disposition of undocumented forest products:

1. **Executive Order No. 277 dated 25 July 1987.** This law amended Section 68 of Presidential Decree No. 705, otherwise known as the Revised Forestry Code of the Philippines, for the purpose of penalizing mere possession of undocumented forest products, and authorizing the administrative confiscation of illegally cut, gathered, removed, possessed or abandoned forest products including all conveyances.
2. **DAO No. 97-32 (Rules for the Administrative Adjudication of Illegal Forest Products and the Machinery, Equipment, Tools and Conveyances Used in Connection Therewith).** This guidelines governs that an Administrative and Adjudication Proceedings (AAP) must be conducted immediately on each apprehended and seized undocumented forest products including tools, equipment and conveyances, with or without claimant, in order to become government properties. Upon determination of guilt in the APP, the Regional Executive Director will issue a Confiscation Order. Once the decision has become final and executory and a Certificate of Finality has been issued, said forest products including tools, equipment and conveyances that are confiscated in favor of the government should be administratively disposed pursuant to



Section 12 of DAO No. 1997-32 and DAO No. 2016-17 (*DENR Manual of Authorities for Technical Matters*).

3. **DAO No. 2016-17 (*DENR Manual of Authorities for Technical Matters*)**. On page 36 and 37, the levels of authority in APP and administrative disposition of confiscated forest products including tools, equipment and conveyances with Certificate of Finality has been provided. The said guidelines stipulates that the approving authority for the disposition of confiscated equipment/s or apprehended vehicle/s is the DENR Secretary and the approving authority for the disposition of confiscated forest products for public infrastructure thru donation is the DENR Secretary or his authorized representative, depending on the volume of the confiscated forest products.
4. **Executive Order No. 23 dated 1 February 2011 (*Declaring a Moratorium on the Cutting and Harvesting of Timber in the Natural and Residual Forests and Creating the Anti-illegal Logging Task Force*)**. Under sub-section 2.7, the confiscated forest products should be turned over to the Department of Education (DepEd). The said EO provides that the priority recipient of "all confiscated logs" is the DepEd.
5. **Memorandum Order No. 284 dated 5 June 1995 of the Office of the President**. This Memorandum Order amended Section 4 of Memorandum Order No. 162 dated 19 August 1993 (*Guidelines for the Disposition of Confiscated logs, lumber and other forest products for public infrastructure projects and other purposes*) and provides the guidelines on the prioritization of recipients for the disposition of confiscated logs, lumber and other forest products for public infrastructure projects upon the approval of the DENR Secretary or his authorized representative pursuant to DAO No. 2016-07. The priority recipients under said Memorandum Order are as follows: Department of Social Welfare and Development (DSWD), Department of Public Works and Highways (DPWH), DepEd formerly Department of Education, Culture and Sports (DECS), Department of National Defense (DND), Department of Health (DOH), Local Government Units (LGUs), Philippine National Police (PNP), and National Housing Authority (NHA).

In this regard, the Field Offices are being reminded to fully implement the laws and guidelines on the administrative confiscation proceeding and disposition of confiscated forest products including tools, equipment and conveyances in order to save the economic value and use of such government properties.

FOR YOUR INFORMATION AND GUIDANCE, PLEASE.

  
ATTY. JUAN MIGUEL T. CUNA, CESO I