



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

TO : The Regional Executive Director  
DENR MIMAROPA  
Roxas Blvd., Manila

FROM : The Officer-in-Charge  
Office of the Undersecretary for Finance, Information  
Systems and Climate Change

SUBJECT : FINANCIAL PERFORMANCE FOR FYs 2021 AND 2022

DATE : 22 September 2022

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Based on the Financial Monitoring Report (FMR) submitted by DENR MIMAROPA, the Summary of Financial Performance as of 31 August 2022, is as follows:

(in thousand pesos)

Fund Source	Allotment (1)	Obligations Incurred (2)	Disbursements (3)	Unobligated Balance (4)	Obligation Rate (%) (5=2/1)	Disbursement Rate (%) (6=3/2)
FY 2021 Continuing Appropriations	35,998	16,095	11,635	19,903	44.71%	72.29%
Current Year	869,733	518,543	439,149	351,190	59.62%	84.69%
<b>Total</b>	<b>905,731</b>	<b>534,638</b>	<b>450,784</b>	<b>371,093</b>	<b>59.03%</b>	<b>84.32%</b>

**Allotment** - For the past eight (8) months, as shown above, DENR MIMAROPA registered a **low** obligation of only **59.03%** equivalent to **₱534.638 Million** while the disbursement represents **84.32%** equivalent to **₱450.784 Million** against its obligation. The fund utilization of FY 2021 Continuing Appropriations for Enhanced Biodiversity Conservation is **very slow** considering the length of time (more than twenty (20) months) provided for the project and activities that are being implemented. With this financial performance, it is doubtful that the remaining amount will be fully utilized at the end of this year based on the Cash-based Budgeting System (CBS).

Please be reminded of our **oversight agencies'** observations to our financial operations and corresponding recommendations as follows:

**A. Commission on Audit (COA)**

In a letter dated 19 July 2022, Dir. Melissa Grace B. Martinez, Director IV, Cluster 8 of the National Government Audit Sector (NGAS) transmitted the Department's CY 2021 Consolidated Annual Audit Report (CAAR) with observations highlighted as follows:

- i. **Allotment** – the obligation rate was **96.38%** equivalent to **₱20,065.734 Million**;
- ii. **Disbursement** – the disbursement rate was **89.68%** equivalent to **₱17,994.138 Million**; and
- iii. **Cash Allocation** – the cash utilization rate (disbursements over Notice of Cash Allocation) was **98.00%** equivalent to **₱20,975.998 Million**, leaving a balance of **₱428.494 Million**, of which **₱358.898 Million** was reverted back to the Bureau of the Treasury (BTr).

Further, COA recommended therein to prepare a detailed **remedial action plan** to reflect the specific measures to be undertaken to **resolve** the identified issues to ensure attainment of physical and financial targets.

**B. Department of Budget and Management (DBM) - FY 2021 Agency Performance Review (APR)**

In a letter of Undersecretary Tina Rose Marie L. Canda, and Officer-in-Charge of the DBM dated 01 April 2022 informed the Department on their assessment and result of the FY 2021 APR and recommended, among others, the following:

- i. To revisit and reassess the performance indicators, **applying the SMART** (Specific, Measurable, Attainable, Realistic and Time Bound) principle, to reflect key indicators of major programs that have a significant impact on the DENR's stakeholders/beneficiaries;
- ii. To ensure a **tighter linkage** between strategic and operational planning and budgeting to meet the agency's physical and financial targets for the period; and
- iii. To adopt sound procurement strategy incorporating **time-bound** concepts for the execution, in accordance with the procurement procedures of the Government Procurement Act (R.A. 9184), and the Government Procurement Policy Board-issued policies and guidelines. Strictly enforce procurement rules and regulations.

**C. Congressional Committee on Appropriations Budget Hearing**

During the deliberation of the FY 2023 DENR Proposed Budget last 02 September 2022, the Honorable Congresswoman Bernadette Herrera-Dy (Bagong Henerasyon Partylist) clarified the **unused appropriations** of the Department in the amount of **₱1.4 Billion** for FY 2021 and **₱1.2 Billion** for FY 2020. She then requested the submission of list of Programs, Activities and Projects (P/A/Ps) which were then affected due to non-utilization. The Secretary replied that one of the priorities of the current administration is to conduct evaluation of the Department's processes in order to ensure that there is sufficient use of resources.

In line with the above, kindly submit the following through email at [budget@denr.gov.ph](mailto:budget@denr.gov.ph) **not later than 26 September 2022:**

- 1) Action/catch-up plan in coordination with Policy and Planning Service and justification/explanation for the low budget and cash utilization by Key Programs and other activities. (see attached *Annex B*);
- 2) Special Order on the creation of Full-time Delivery Unit (FDU) pursuant to Section 4 of the Administrative Order (AO) No. 46, FY 2015; and
- 3) Copy of the minutes of the latest FDU meeting.

For information and immediate compliance.

  
**NONITA S. CAGUIOA**

Cc:

**The Undersecretary**  
Policy, Planning and International Affairs

**The Undersecretary**  
Field Operations – Luzon, Visayas and Environment



**Department of Environment and Natural Resources**

Justification on Low Budget Utilization

As of 31 August 2022

Office : **DENR MIMAROPA Region****FY 2021 Continuing Appropriations**

Key Programs	Unobligated Balance (in thousand pesos)	Unpaid Obligation (in thousand pesos)	Justification/Explanation	
			Unobligated Balance	Unpaid Obligation
<b>TOTAL</b>	<b>19,903</b>	<b>8,753</b>		
Enhanced National Greening Program	335	203		
Intensified Forest Protection and Anti-illegal Logging Program	1,536	425		
Enhance Biodiversity Conservation	5,248	780		
Scaling Up of Coastal and Marine Ecosystem	801	11		
Improved Land Administration and Management	1,789	381		
Other Activities (details by P/A/P)	10,194	6,773		

**FY 2022 Current Appropriations**

Key Programs	Unobligated Balance (in thousand pesos)	Unpaid Obligation (in thousand pesos)	Justification/Explanation	
			Unobligated Balance	Unpaid Obligation
<b>TOTAL</b>	<b>351,190</b>	<b>79,394</b>		
Enhanced National Greening Program	14,661	28,190		
Intensified Forest Protection and Anti-illegal Logging Program	3,542	6,941		
Enhance Biodiversity Conservation	44,214	12,196		
Scaling Up of Coastal and Marine Ecosystem	9,060	2,987		
Improved Land Administration and Management	10,141	4,316		
Other Activities (details by P/A/P)	269,572	24,764		

Prepared by:

**Budget/Finance Officer**

Noted by:

**Regional Executive Director**