

**DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES  
MIMAROPA REGIONAL OFFICE  
Status of Implementation of Prior Years' Audit Recommendations  
As of December 31, 2022**

Of the 24 prior years' audit recommendations, seven were fully implemented while 17 were not implemented as of December 31, 2022. Details are shown below:

Audit Observation	Ref.	Management Action	Status of Implementation	Auditor's Results of Validation
CY 2021				
<p>1. The reported book balances of PPE accounts of DENR MIMAROPA Regional Office amounting to ₱29,981,247.18 as of December 31, 2021 are unreliable in view of the (1) unreconciled difference amounting to ₱20,232,698.42 between the general ledger and Report on the Physical Count of PPE (RPCPPE); (2) failure to update the Property Cards and PPE Ledger Cards; (3) unrecorded impairment loss and disposal of PPE items with book value of ₱337,207.41; (4) unrecorded delivery of PPE amounting to ₱3,038,536.80 from Procurement Service (PS) – Department of Budget and Management (DBM); (5) unrecorded transfer of PPE amounting to ₱2,542,430.80 to Provincial Environment and Natural Resources Offices (PENROs); and (6) unrecorded depreciation of PPE amounting to ₱471,300.70, contrary to Chapter 10, Sections 27, 38, 39, 40.d, 42, and 44 of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I; paragraph C.3, Chapter V of the Manual on Property Custodianship; and the Revised Chart of Accounts (Updated 2019), resulting in the overstatement of Due from NGAs, net overstatement of PPE, net overstatement of Accumulated Depreciation, and overstatement of Accumulated Surplus/(Deficit). Moreover, the transfer of equipment to the PENROs was not supported with Property Transfer Receipt which is not in conformity with Chapter 10, Section 42 of the GAM for NGAs, Volume I,</p>	<p>ML 2021 pages 2 to 11</p>			

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<p>thus the transaction was not properly documented.</p> <p>The Regional Executive Director direct the:</p> <p>a. Chief, Accounting Section and Chairperson, Inventory Committee to ascertain and analyze the breakdown/composition of the unaccounted discrepancy of PPE amounting to ₱20,232,698.42, between the RPCPPE and the recorded balances of the PPE accounts and to reconcile their records as basis for making the necessary adjustments in their respective records;</p> <p>b. Chief, Accounting Section and Supply and Property Custodian to regularly update the PPE Ledger Cards and Property Cards, respectively, for each item of PPE and periodically reconcile the two records;</p> <p>c. Chief, Accounting Section to recognize the impairment loss and accumulated impairment loss based on the IIRUP submitted by the Supply and Property Custodian and to record the disposal of the PPE by derecognizing the PPE, accumulated depreciation, and accumulated impairment loss;</p>		<p>On-going analysis by the Accounting Section and Chairperson, Inventory Committee and reconciliation of PPE items with the Chief, GSS and Chairperson of Inventory Committee.</p> <p>The Property Custodian is still in the process of updating the Property Cards while the Accounting Section could not facilitate the preparation of PPE Ledger Cards.</p> <p>The Accounting Section recorded the CY 2021 disposal of PPE.</p>	<p><b><i>Not Implemented</i></b></p> <p><b><i>Not Implemented</i></b></p> <p><b><i>Not Implemented</i></b></p>	<p>As of December 31, 2022, the remaining unreconciled balance pertaining to the observation was ₱6,954,592.53. Moreover, PPE accounts on an old project under Fund 102 costing ₱43,294,776.37 was recently discovered and included in year-end financial statements. Thus, total discrepancy between accounting and property records amounted to ₱50,249,369.00. Reiterated in paragraph 10.49 of this Management Letter under</p> <p>Both the Property Custodian and Accounting Section did not furnish the Audit Team Property Cards and PPE Ledger Cards, respectively. Reiterated in paragraph 10.57 of this Management Letter</p> <p>Verification of journal entries revealed that Information and Communication Technology (ICT) Equipment have remaining unrecorded CY 2021 disposal costing ₱133,101.00 and with carrying amount of ₱13,310.10. Reiterated in paragraph 10.11 of this Management Letter</p>

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<p>d. Supply and Property Custodian to submit to the Chief, Accounting Section the documents relative to the delivery of the items from PS-DBM for the latter to record the said delivery as debit to the proper asset accounts and credit to Due from NGAs account;</p> <p>e. Supply and Property Custodian to submit to the Chief, Accounting Section the Property Transfer Report duly signed by the Property Officers of the PENROs to facilitate the recording of the transfer of PPE in the accounting books of the Regional Office and furnish the concerned PENRO Accountants with the copy of the journal entry voucher and Property Transfer Report for the latter's reference in recording the equipment in the PENRO accounting books; and</p> <p>f. Chief, Accounting Section to prepare the necessary entry to recognize depreciation of the ICT equipment delivered by the PS-DBM.</p>		<p>The Accounting Section recorded the delivery of the items from PS-DBM.</p> <p>During CY 2022, transfers of ICT Equipment to PENROs were recorded by Property Transfer Reports.</p> <p>The Accounting Section recognized depreciation for the ICT Equipment delivered by the PS-DBM.</p>	<p><b>Fully Implemented</b></p> <p><b>Not Implemented</b></p> <p><b>Fully Implemented</b></p>	<p>The Accounting Section prepared JEV No. 2022-01-0116 to record the delivery of items from PS-DBM.</p> <p>As of December 31, 2022, the unrecorded transfer of ICT Equipment to PENROs amounted to ₱670,912.35. Reiterated in paragraph 10.14 of this Management Letter</p> <p>The Accounting Section prepared JEV No. 2022-03-0936 to record the depreciation of the ICT Equipment.</p>
<p>2. Inventory and Accumulated Surplus/(Deficit) accounts presented in the Statement of Financial Position as of December 31, 2021 were overstated by P2,842,218.14 due to the non-recognition of the corresponding expense accounts when the inventory items were distributed to the end-users, contrary to Chapter 8, Sections 7 and 10 of the GAM for NGAs, Volume I. Moreover, Stock Cards were not maintained and Supplies Ledger Cards were not updated contrary to Chapter 8, (b) and (c) of the same Accounting Manual, thus, there is no proper and adequate monitoring of the flow of inventory items.</p> <p>The Regional Executive Director:</p> <p>a. direct the Supply and Property Custodian to prepare the RSMI for the</p>	<p>ML 2021, pages 11 to 14</p>	<p>The Accounting Section recorded</p>	<p><b>Not Implemented</b></p>	<p>Remaining unrecorded issuances amounting to</p>

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<p>inventories held for consumption and semi-expendable properties that were already distributed to the end-users and submit a copy thereof to the Chief, Accounting Section for the preparation of the journal entry to adjust the inventories and Accumulated Surplus/(Deficit) accounts; and</p> <p>b. provide additional manpower support to the (i) Supply and Property Custodian to enable him to maintain Stock Cards for each kind of supplies and (ii) Chief, Accounting Section to update the Supplies Ledger Cards, in order to properly and adequately monitor the flow of inventory items.</p>		<p>issuances of inventories totaling ₱1,883,972.76.</p>	<p><b>Not Implemented</b></p>	<p>₱958,245.38 remained unrecorded as of December 31, 2022. Reiterated in paragraph 10.19 of this Management Letter</p> <p>The Accounting Section and the General Services Section are still experiencing manpower constraint, thus, Supplies Ledger Cards were not prepared and Stock Cards were not updated. Reiterated in paragraph 10.36 of this Management Letter</p>
<p>3. Deliveries of common-use supplies amounting to ₱314,604.88 from Procurement Service (PS) – Department of Budget and Management (DBM) during CYs 2016, 2019 and 2021 and subsequent issuance thereof to the end-users were not recorded in the books of accounts as of December 31, 2021, contrary to Chapter 8, Section 15 of the GAM for NGAs, Volume I, resulting in the overstatement of Due from NGAs and Accumulated Surplus/(Deficit) accounts by ₱314,604.88.</p> <p>The Regional Executive Director instruct the Supply and Property Custodian to submit to the Chief, Accounting Section the documents relative to the delivery of the supplies from PS-DBM for the recording thereof in the accounting books in order to reflect the correct balance of Due from NGAs and Accumulated Surplus/(Deficit) accounts.</p>		<p>The Accounting Section recorded the delivered supplies from PS-DBM.</p>	<p><b>Fully Implemented</b></p>	<p>The Accounting Section prepared JEV Nos. 2022-01-116, 2022-03-0398 and 2022-03-0376 to record the delivered supplies supported by the documents submitted by the Supply and Property Custodian.</p>
<p>4. DENR MIMAROPA Regional Office's fund utilization rate for CY 2021 was only 78.64 percent of the total allotments amounting to P209,628,322.27 while the utilization rate for the Enhanced National Greening Program (ENGP) was 38.07 percent only, which is not in</p>				

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<p>conformity with Section 62 of Republic Act (RA) No. 11518 or the General Appropriations Act (GAA) for FY 2021, thus the expected benefits from the different activities that were not yet completed or unimplemented were not fully realized as timely and as intended to the disadvantage of the supposed beneficiaries.</p> <p>The Regional Executive Director agreed to cause the full utilization of remaining unobligated allotments for FY 2021 and the current allotments for FY 2022 through coordination with the division chiefs for the conduct or implementation of the PPAs and through monitoring by the Chief, Monitoring and Evaluation Section so that optimum results and benefits on their completion would be realized as timely as intended and at the same time prevent the eventual reversion of unexpended allotments.</p>		<p>All divisions were instructed to strictly monitor their targets in order to fully utilize last year's unobligated allotments.</p> <p>Moreover, the Chief, Monitoring and Evaluation Section is tasked to check, verify and monitor activities as reflected in the Work and Financial Plan for current and continuing fund this year.</p>	<b>Fully Implemented</b>	<p>For CY 2022, the DENR MIMAROPA Regional Office obligated ₱187,635,251.88 or 93 percent of its total allotments of ₱201,557,399.43 on its current and continuing appropriations.</p>
<p>5. Of the total cash allocations of P207,678,879.42 available as of December 31, 2021 to DENR MIMAROPA Regional Office, the amount of P40,204,352.06 or 19.36 percent was not utilized, which is not in conformity with EO No. 91 dated September 19, 2019 and Sections 2.1 and 2.3 of DBM Circular Letter No. 2019-3 dated January 4, 2019, resulting in the reversion of the lapsed cash allocations to the Bureau of Treasury.</p> <p>The Regional Executive Director to henceforth maximize the utilization of NCAs/NTAs to be released to the Regional Office by:</p> <p>a. closely supervising and monitoring the work of the Divisions charged with the implementation of the various activities</p>		<p>All divisions were reminded constantly during</p>	<b>Not Implemented</b>	<p>As of December 31, 2022, unused cash allocation amounting to</p>

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<p>of the agency; and</p> <p>b. consider the impact of the imposition of travel restrictions to improve the preparation of the Monthly Cash Program to be able to come up with a realistic forecasting of cash requirement.</p>		<p>convocation, management conferences and Finance Division Unit meetings to strictly supervise their targets and accomplishments.</p> <p>Impact of travel restrictions were considered in the preparation of BED No. 3 – Monthly Cash Program for CY 2022.</p>		<p>₱11,289,853.18 lapsed and was reverted to the Bureau of Treasury.</p> <p>Reiterated in paragraph 15.01 of this Management Letter</p>
<p>6. Cash advances amounting to ₱314,500.00 which were granted in Calendar Year (CY) 2020 to various DENR MIMAROPA Regional Office officials and employees for their relocation allowance despite an existing court injunction remained outstanding as of December 31, 2021 contrary to Section 5.7 of COA Circular No. 97-002 dated February 10, 1997 exposing these funds to risk of possible loss and/or misuse. Moreover, erroneous journal entries made mostly in previous years remained unadjusted as of December 31, 2021 resulting in a negative balance of the Advances to Officers and Employees account of ₱5,191.54</p> <p>The Regional Executive Director require the employees with outstanding cash advances for the relocation allowance to immediately refund the same pursuant to Section 5.7 of COA Circular No. 97-002 dated February 10, 1997.</p> <p>Further, the Regional Executive Director direct the Chief, Accounting Section to prepare the necessary adjusting entries to correct the errors made in order to reflect the correct balance of the Advances to Officers and Employees account, as well as other affected accounts.</p>		<p>Demand letters were given and deductions every payroll were made for some employees.</p> <p>The Accounting Section is in the process of checking the documents of the prior year transactions in relation to the</p>	<p><b>Not Implemented</b></p> <p><b>Not Implemented</b></p>	<p>Cash advances for relocation allowances amounting to ₱110,557.00 remained outstanding as of December 31, 2022.</p> <p>Reiterated in paragraph 15.07 of this Management Letter</p> <p>Erroneous prior year's journal entries amounting to ₱2,691.54 remained unadjusted as of December 31, 2022.</p> <p>Reiterated in paragraph 10.25 of this Management Letter</p>

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		erroneous entries.		
CY 2020				
<p>1. The Property, Plant and Equipment of DENR MIMAROPA Region costing ₱48.868 million, as of December 31, 2020, remain uninsured with the Property Insurance Fund (PIF) of the Government Service Insurance System (GSIS) which is not in conformity with Sections 5 and 11 of R.A. No. 656, thus, exposing the government to unnecessary losses in the event of damage to or loss of such insurable assets and properties due to fire, earthquake, storm or other fortuitous events.</p> <p>The Regional Executive Director direct the concerned personnel to cover all insurable properties of the Agency in the application for insurance with the GSIS in faithful compliance with Sections 5 and 11 of Republic Act No. 656.</p>	ML 2020, pages 7 to 9	For CY 2022, Management insured property with book value totaling ₱11,382,473.01	<b><i>Not Implemented</i></b>	The GSIS considered as insurable only those PPE items which are within five years from acquisition or within the useful life, thus insurable property with a total cost of ₱19,009,566.59 were not covered with property insurance for CY 2022. Reiterated in paragraph 29 of this Management Letter
<p>2. DENR MIMAROPA Regional Office awarded contracts, purchase orders, and work orders through the alternative modality and made payments therefor totaling ₱6.943 million during CY 2020 despite the absence of essential documents and non-posting of the awards and contracts, contrary to Appendix A and Section IV(L)(2) of Annex H of the 2016 Revised Implementing Rules and Regulations (RIRR) of Republic Act (R.A.) No. 9184, as amended by Government Procurement Policy Board (GPPB) Resolution No. 21-2017 dated May 30, 2017, and Section 237 of the National Internal Revenue Code (NIRC), as amended by R.A. No. 10963, casting doubt on the propriety and legality of the procurement procedures and on the validity of the payments made by the Agency.</p>	ML 2020, pages 12 to 14			

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The Regional Executive Director submit satisfactory explanation on the abovementioned deficiencies and instruct the RBAC and Chief, Accounting Section to henceforth, faithfully observe the requirements of R.A. No. 9184 and its 2016 RIRR, as amended, and Section 237 of the NIRC, as amended, by ensuring that the disbursement vouchers are completely supported with valid documents, including the proof of posting of the award notice and contract, before processing the claims of suppliers or consultants.		Concerned personnel were instructed to comply with the audit recommendation.	<b><i>Not Implemented</i></b>	For CY 2022, 46 perfected contracts, Purchase Orders and supporting documents totaling ₱3,902,409.06 were not furnished the Auditor within five days from the execution/issuance thereof. Reiterated in paragraph 14 of this Management Letter
<p>3. Acquisition of Information, Education and Communication (IEC) campaign materials in the form of jackets was not in line with the purpose of the Sub-Allotment Advice (SAA) R4B-101-2019-07-682 against which it was charged and the recipients were not the target beneficiaries of the program, <i>Tayo ang Kalikasan</i>, thus, resulting in the improper utilization of funds, and depriving the intended beneficiaries of the program of the benefit due them.</p> <p>The Regional Executive Director submit satisfactory explanation on the observations noted and instruct the:</p> <p>a. Chief, Budget Section to refrain from charging payments which are not in line with the purpose of the fund for which it was allocated;</p> <p>b. Chief, Accounting Section to require from the concerned office or unit the submission of a plan regarding the target or intended recipients of IEC materials or any evidence of their distribution with due consideration to the purpose or objective of the project or program being implemented; and</p> <p>c. OIC Chief, RPAO to consider the objective of the project or program</p>	ML 2020, pages 20 to 22	<p>The Regional Executive Director issued Memorandum to concerned Sections to properly observe their separate duties and functions in order to avoid misallocation of funds and payment thereof.</p>	<p><b><i>Fully Implemented</i></b></p> <p><b><i>Fully Implemented</i></b></p> <p><b><i>Fully Implemented</i></b></p>	<p>Obligations for IEC materials procured during CY 2021 were properly charged against the fund for which they were intended.</p> <p>Transactions pertaining to the procurement of IEC materials during CY 2022 were supported with distribution list.</p> <p>Purchased IEC materials during CY 2021 were in</p>



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being implemented in the distribution of IEC materials or collaterals.				line with the purpose of the activity being conducted.
<p>4. The PhilHealth personal shares of employees for calendar year (CY) 2020 amounting to ₱1.010 million were not remitted on time, while employer's share amounting to ₱1.121 million with delay of 11 to 244 days on both contributions, not in accordance with Republic Act (R.A.) No. 7875, as amended by R.A. No. 9241, known as National Health Insurance Act of 1995 and PhilHealth Circular No. 0001, s. 2014 to the disadvantage of the member-employees.</p> <p>The Regional Executive Director instruct the Accounting Section to effect the timely and accurate remittance of PhilHealth employees' premium contributions and employer's share to the PHIC.</p>	ML 2020, pages 28 to 30	PhilHealth employees' premium contributions and employer's share to the PHIC were remitted on time. The audit recommendation was fully observed by the Accounting Section. A Memorandum was issued to remind the Accounting Section of their obligation to remit on time.	<b>Not Implemented</b>	For CY 2022, the PhilHealth personal shares of employees and employer's share for calendar year (CY) 2022, both amounting to ₱295,886.22 and ₱300,161.94, respectively, were not remitted on time causing a delay between two to 299 days on both contributions. Reiterated in paragraph 25 of this Management Letter
CY 2019				
1. The Accounting Section is not maintaining Subsidiary Ledgers for various accounts of DENR MIMAROPA Regional Office, with debit and credit balances amounting to ₱19.415 million and ₱43.296 million, respectively, as of December 31, 2019, contrary to Presidential Decree (P.D.) No. 1445 and Government Accounting Manual (GAM) for National Government Agencies (NGAs), resulting in the (1) absence of accounting schedules to support the debit and credit balances in the General Ledger controlling accounts amounting	ML 2019, pages 14 to 17			

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<p>to ₱15.670 million and ₱31.245 million, respectively, reflected in the financial statements, and (2) failure to timely detect accounting errors which led to abnormal debit and credit balances amounting to ₱4.443 million and ₱185,695.31, respectively.</p> <p>The Regional Executive Director, thru the Chief, Finance Division, agreed to instruct the Chief, Accounting Section to adjust the abnormal balances of each account and maintain the Subsidiary Ledger for each account per fund cluster to enable them to support the critical account balances of the controlling accounts in the General Ledger with accounting schedules and timely detect accounting errors for prompt and accurate adjustment as necessary.</p>		<p>The Chief, Accounting Section has started maintaining Subsidiary Ledgers for various accounts.</p>	<p><b>Not Implemented</b></p>	<p>The Chief, Accounting Section submitted a Subsidiary Ledger for the Due from NGAs account, which was updated as of November 30, 2022. However, for the rest of the accounts presented in the CY 2022 financial statements, no Subsidiary Ledgers were maintained. Reiterated in paragraph 15.12 of this Management Letter</p>
<p>2. The accuracy and reliability of the reported balance as of December 31, 2019 of the Cash in Bank - Local Currency, Current Account (CIB-LCCA) amounting to ₱8,725,943.91 under Fund 101 - Trust Fund could not be ascertained in view of the discrepancy between the book and bank balances amounting to ₱2.651 million, due to the non-preparation of the Bank Reconciliation Statements (BRS) for calendar year (CY) 2019 and prior years, in contravention to Chapter 21 of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I, hence affecting the fairness of presentation of the said cash account in the Agency's financial statements.</p> <p>The Regional Executive Director require the Chief, Accounting Section to:</p> <p>a. Cause the completion of reconstructing the BRS for LBP Account under Fund 101 - Trust Fund for CYs 2014 and 2015 and prepare immediately the monthly BRS for the said bank account for CYs 2017 to 2019;</p>	<p>ML 2019, pages 26 to 28</p>	<p>The Chief, Accounting Section submit the BRS under Trust Fund for CYs 2017 to 2019.</p>	<p><b>Not Implemented</b></p>	<p>Due to the absence of records, the Chief, Accounting Section explained that it was extremely difficult for them to prepare the BRS for CYs 2014 and 2015.</p>

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<p>b. Submit to the Audit Team the subject BRS, together with the monthly BS, paid checks, original copies of Debit Memoranda (DM)/Credit Memoranda (CM) for verification and prepare a JEV to recognize all identified book reconciling items as warranted; and</p> <p>c. Maintain the preparation and submission of the monthly BRS within twenty (20) days after receipt of the monthly Bank Statements (BS) to the Audit Team for the bank accounts recommended to be closed until the actual closure of the accounts.</p>		<p>The Chief, Accounting Section submitted the BRS under Trust Fund for CYs 2017 to 2019.</p>	<p><i>Not Implemented</i></p> <p><i>Not Implemented</i></p>	<p>Reiterated in paragraph 15.16 of this Management Letter</p> <p>Due to the absence of records, the Chief, Accounting Section explained that it was extremely difficult for them to prepare the BRS for CYs 2014 and 2015. Reiterated in paragraph 15.16 of this Management Letter</p> <p>Due to the series of community quarantines during CY 2020, the preparation and submission of the monthly BRS for this account was not prioritized until the balance was remitted to the Bureau of Treasury and the account was closed in CY 2020. Reiterated in paragraph 15.16 of this Management Letter</p>