



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
NATIONAL GOVERNMENT AUDIT SECTOR
CLUSTER 8 – AGRICULTURE AND ENVIRONMENT
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
CENTRAL OFFICE – FOREIGN ASSISTED PROJECTS
Integrated Natural Resources and Environmental Management Project

SUMMARY OF AUDIT OBSERVATIONS AND RECOMMENDATIONS

No.	Observation	Recommendation	Management's comment	Auditor's Rejoinder
1.	Accounting errors/omissions and deficiencies amounting to ₱1,965,403.30 and ₱1,297,068.18, respectively, which did not exceed the materiality level of ₱7,155,449.84.	We recommended and Management agreed to require the respective Chief Accountants of FMB - NPCO, CAR and PENROs Apayao, Ifugao, and Kalinga, to effect the necessary adjustments on the corrections on the accounting errors/omissions and deficiencies observed with the corresponding supporting documents.	<p>1. A letter addressed to the COA's Government Accountancy Sector (GAS) asking for guidelines on how to properly derecognize the inventories in the books of accounts pertaining to prior years with no available supporting documents is already prepared for transmittal to the COA GAS.</p> <p>Furthermore, the Bureau will strictly observe the proper turn-over of work-related documents before issuance of Office Clearance of personnel and ensure that inventory issuances are supported with RSMI pursuant to GAM for NGAs.</p> <p>2. The Intangible Assets of the Project were already derecognized from the books of the project in view of the Project's completion under JEV No. 2023-01-000010 dated January 31, 2023. Moving forward, the Accounting Unit will ensure to record all transactions and other events when</p>	The audit team of FMB-NPCO will validate the compliance of the Management, including the adjustment of the accounting errors/omissions committed on the Inventory and other affected accounts in CY 2023.



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			<p>they occur or to the period to which they relate.</p> <p>3. The Property Section of CAR committed to present the two ICT equipment on or before April 15, 2023.</p>	
2.	<p>CAR's physical assets amounting to ₱109,500.00 were not insured against fire or theft with the General Insurance Fund (GIF) of GSIS, thus, the agency is at risk of not being indemnified in case of damage or loss of property. Further, FMB-NPCO over-insured physical assets costing ₱6,769,958.88 due to non-reconciliation of PIF submitted to the GSIS with the Report on the Physical Count of Property, Plant and Equipment (RPCPPE).</p>	<p>We recommended and Management of CAR agreed that the Administrative Division promptly process the insurance of the above property with the General Insurance Fund of the GSIS.</p> <p>We recommended and Management of FMB-NPCO agreed to direct the OIC, Property Unit to correctly identify and count the insurable assets to avoid overpayment of insurance premium.</p>	<p>FMB-NPCO commented that they already instructed the OIC Property Unit to strictly ensure that the PIF submitted to the GSIS for insurance is reconciled with Report of Physical Count on Property, Plant and Equipment (RPCPPE) to avoid the over-insurance of physical assets and waste funds.</p>	
3.	<p>Copies of government contracts totaling 9 of FMB-NPCO with corresponding amount of ₱1,888,509.00 were not submitted within the prescribed period, with delays ranging from 18 to 21 days as of year-end, inconsistent with Item</p>	<p>We recommended and Management agreed to instruct the concerned officer/employee to strictly adhere to the prescribed deadlines under COA Circular No. 2009-001 in the submission of government contracts and ensure that newly designated employees are fully oriented on their functions,</p>	<p>The Management of FMB already instructed the Property and Accounting Units, and the concerned Division/Offices, to strictly comply and observe protocol in all contracts and purchase orders and a memorandum will be issued to concerned staff/employees and strictly implement the prescribed</p>	



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	3.1.1 of COA Circular No. 2009-001 dated February 12, 2009.	particularly on the reportorial requirements to COA.	deadlines/period under COA Circular No. 2009-01 dated February 12, 2009, in submission of contract and purchase orders.	
4.	<p>The DENR - Foreign Assisted and Special Projects Service (FASPS) did not comply with the provision on the submission of the Completion Report as stated in the General Conditions for Agricultural Development Financing as amended in September 2010 due to frequent turn-over of Project staff with no proper turn-over of work documents needed for the report, thus, precluded the Audit Team to assess and evaluate the physical and financial accomplishment of the Project.</p> <p>Likewise, the non-reversion of the unutilized loan amount caused the government commitment fees of ₱269,239.14 in CY 2022 due to delayed action of the DENR to cancel the undisbursed loan amount with the ADB upon completion of the project, which is disadvantageous to the government.</p>	<p>We recommended that Management direct the Head of FASPS to:</p> <p>a) fast track the finalization of the Completion Report for proper assessment and evaluation of both the Audit Team and the ADB;</p> <p>b) monitor the cancellation of the unused loan to avoid continuous charging of commitment fees; and</p> <p>c) henceforth, ensure that project work-related reports and documents are properly turned over by the outgoing project staff to a permanent employee of FASPS.</p>		



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5.	In PENRO Mountain Province, machineries and equipment amounting to ₱1,025,000.00 which were provided to three POs remained unproductive because the Site Working Group (SWG) formed to provide technical assistance to the POs were inoperative. Further, no new INREMP Community Development Officer was assigned for the Bontoc and Sadanga SWG. As such, the objective of the LES to provide additional income to the POs was not attained.	We recommended and Management of PENRO Mountain Province agreed to evaluate the functionality of the LES funded machineries and equipment that were issued to the three POs, determine whether the POs are still capable of pursuing the project, and coordinate with the LGUs for possible support.		