

**DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**  
**Summary of Audit Observations and Recommendations**  
**For Calendar Year 2022**  
**(For Discussion Purposes Only)**

Reference No.	Observation	Recommendations	Management Comments	Auditor's Rejoinder																				
Financial Audit																								
CAAR CY 2022 par. 1	<p><b>Accounting Errors/Omissions</b></p> <p>Various accounting errors/omissions with an aggregate amount of ₱1,631.224 million affected the fair presentation of the Financial Statements (FS).</p> <table><thead><tr><th>Error/Omission</th><th>Amount (in million PhP)</th></tr></thead><tbody><tr><td>Unrecorded/delayed recording of bank accounts/ deposits/check disbursements/ refunds/ fund transfers/ reconciling items and other transactions</td><td>0.279</td></tr><tr><td>Non-cancellation of stale checks/unreleased checks not restored to Cash account; signed blank checks; dishonored checks; non-disposal of unused obsolete checks</td><td>0.400</td></tr><tr><td>Erroneous recording of receivables</td><td>24.813</td></tr><tr><td>Unrecorded/unbooked receivables</td><td>38.134</td></tr><tr><td>Improper recognition of Impairment Loss for Receivables-Disallowances/ Charges and Other Receivables</td><td>0.323</td></tr><tr><td>Unrecorded deliveries from PS-DBM</td><td>123.755</td></tr><tr><td>Unrecorded issuances/disposal/loss/ transfer of inventory/semi-expendable property or Report of Materials and Supplies Issued (RSMI)</td><td>5.014</td></tr><tr><td>Erroneous recording of Inventory transactions/misclassification of accounts/abnormal or negative balances</td><td>7.023</td></tr><tr><td>Unrecorded purchases of PPEs</td><td>4.613</td></tr></tbody></table>	Error/Omission	Amount (in million PhP)	Unrecorded/delayed recording of bank accounts/ deposits/check disbursements/ refunds/ fund transfers/ reconciling items and other transactions	0.279	Non-cancellation of stale checks/unreleased checks not restored to Cash account; signed blank checks; dishonored checks; non-disposal of unused obsolete checks	0.400	Erroneous recording of receivables	24.813	Unrecorded/unbooked receivables	38.134	Improper recognition of Impairment Loss for Receivables-Disallowances/ Charges and Other Receivables	0.323	Unrecorded deliveries from PS-DBM	123.755	Unrecorded issuances/disposal/loss/ transfer of inventory/semi-expendable property or Report of Materials and Supplies Issued (RSMI)	5.014	Erroneous recording of Inventory transactions/misclassification of accounts/abnormal or negative balances	7.023	Unrecorded purchases of PPEs	4.613	<p>We reiterated our prior year's recommendation that Management require the:</p> <p>a. Accountants of CO, BMB, ROs III, IV-B, V, VI, VIII, XII and 36 PENROs to effect the necessary adjustment on the errors/omissions to correct the balances of the affected accounts in the FS with supporting documents;</p> <p>b. Accountants and/or Cashier of NCR, LMB, ROs VI, XII and PENRO Leyte to comply with the maintenance of individual SL for each type of fund; prioritize the analysis and reconciliation of the cash account against its corresponding trust liabilities accounts for proper disposition of variances and prepare adjusting entry, when necessary; and make a representation to the Unit in the DENR CO specifically concerned with FAPs, to inquire on the origin of the funds including pertinent documents related to the non-existent and unaccounted cash balances; consider requesting relief from accountability which can no longer accounted for due to loss of money and pertinent records caused by fire;</p> <p>c. Accountants of CO and RO II facilitate the reconciliation of the difference</p>		
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CAAR CY 2022 par. 1	<p><b>Accounting Deficiencies</b></p> <p>Various accounting deficiencies such as non-maintenance of Subsidiary Ledgers (SLs), unreconciled differences among accounting reports, and unreconciled variances between accounting and property records on the five assets and</p>																																					



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	<p>liability accounts with an aggregated amount of ₱8,619.758 million, affected the fair presentation of the FS.</p> <table><tr><th>Deficiencies</th><th>Amount (in million PhP)</th></tr><tr><td>Unreconciled, dormant, unsupported and non-existent cash account balance</td><td>30.359</td></tr><tr><td>Non-maintenance of SLs for each type of fund of cash account</td><td>7.488</td></tr><tr><td>Unreconciled receivables between GL and confirmations</td><td>74.859</td></tr><tr><td>Dormant/long-outstanding/ non-moving receivables</td><td>7.561</td></tr><tr><td>Unsupported receivables; lacking information/details/ breakdown; unadjusted receivables;</td><td>6.128</td></tr><tr><td>Non-recognition of impairment loss for dormant receivables</td><td>135.471</td></tr><tr><td>Non-Current Receivables presented in the FS as Current Receivables</td><td>0.743</td></tr><tr><td>Non- maintenance/updating of Subsidiary Ledger Cards (SLCs) or Stock Cards (SCs) by the Accounting and Property Offices, respectively</td><td>6.371</td></tr><tr><td>Unreconciled with RPCI/ RPCSP</td><td>24.031</td></tr><tr><td>Incomplete/non-conduct of physical count and/or non-preparation of RPCI</td><td>7.728</td></tr><tr><td>Non-adoption of perpetual inventory method</td><td>2.682</td></tr><tr><td>Undocumented/unsupported PPE transactions due to the absence of or failure to update PPELC and SLCs /Schedules supporting the GLs, or any accounting records or certificate of ownership</td><td>2,946.288</td></tr><tr><td>Incomplete/failure to conduct physical inventory of PPEs</td><td>1,374.213</td></tr><tr><td>Unaccounted PPE during physical count</td><td>2.390</td></tr><tr><td>Non-preparation/maintenance/ updating or submission of required</td><td>75.931</td></tr></table>	Deficiencies	Amount (in million PhP)	Unreconciled, dormant, unsupported and non-existent cash account balance	30.359	Non-maintenance of SLs for each type of fund of cash account	7.488	Unreconciled receivables between GL and confirmations	74.859	Dormant/long-outstanding/ non-moving receivables	7.561	Unsupported receivables; lacking information/details/ breakdown; unadjusted receivables;	6.128	Non-recognition of impairment loss for dormant receivables	135.471	Non-Current Receivables presented in the FS as Current Receivables	0.743	Non- maintenance/updating of Subsidiary Ledger Cards (SLCs) or Stock Cards (SCs) by the Accounting and Property Offices, respectively	6.371	Unreconciled with RPCI/ RPCSP	24.031	Incomplete/non-conduct of physical count and/or non-preparation of RPCI	7.728	Non-adoption of perpetual inventory method	2.682	Undocumented/unsupported PPE transactions due to the absence of or failure to update PPELC and SLCs /Schedules supporting the GLs, or any accounting records or certificate of ownership	2,946.288	Incomplete/failure to conduct physical inventory of PPEs	1,374.213	Unaccounted PPE during physical count	2.390	Non-preparation/maintenance/ updating or submission of required	75.931	<p>physical inventory taking to reconcile the variances between the SLC and RPCI for inventory accounts; SPLC and RPCSP for semi-expendable accounts; and PPELC and RPCPPE for PPE accounts;</p> <p>h. Accountants of PENROs Marinduque, Agusan del Norte and Surigao del Sur to observe the Perpetual Inventory Method in recording the purchase and issuance of supplies and materials in accordance with Section 9, Chapter 8 of GAM for NGAs, Volume I;</p> <p>i. Accountants of LMB and 13 PENROs to locate records/supporting documents to substantiate the balances of the affected accounts; reconcile and update the entries in the SLs to determine the causes of the discrepancy between the accounting and concerned divisions records for Intangible and Other Assets accounts; conduct physical count for the Confiscated Property/Assets to establish its existence; and disclose the relevant information in the Notes to FS;</p> <p>j. Accountants of LMB, PENROs Pampanga, Iloilo, Guimaras, Davao de Oro and Davao Oriental to make necessary reversion to the Accumulated Surplus/(Deficit) account the undocumented and without actual and valid claims filed for settlement which has been outstanding for two years or more as prescribed under COA-DBM JC No. 1, series of 2021; file a request to the COA for authority to write-off dormant unliquidated fund transfers from other</p>		
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FMP	Accounting errors/omissions and deficiencies amounting to ₱0.825 million and ₱3.619 million, respectively.	We recommended and Management agreed to require the respective Chief Accountants of FMB - CPMO, CAR and PENROs Ifugao, Quirino, Nueva Vizcaya, and Iloilo to effect the necessary	1. In FMB-CPMO, A letter addressed to the COA's GAS asking for guidelines on how to properly derecognize the inventories in the books of accounts	The audit team of FMB will validate the compliance of the Management, including the adjustment of the accounting errors/ omissions																												



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		adjustments on the corrections on the accounting errors/omissions and deficiencies observed with the corresponding supporting documents.	<p>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. In CAR, the Property Section committed to present the two PPEs on or before April 15, 2023.</p> <p>3. In PENRO Ifugao, the accounting unit adjusted and recorded the unexpired portion of the Insurance premium. Succeeding payments for insurance premium will be properly classified to Prepaid Insurance account and will be expensed at the end of the year.</p> <p>4. In PENRO Nueva Vizcaya, the Management admitted their lapses and advised the Accounting and Supply Units to reconcile PPE accounts on a regular basis.</p> <p>5. In PENRO Quirino, adjusting journal entries for the book reconciling item amounting to ₱0.01 were prepared. Concerning the bank error amounting to ₱194,721.04, Management has</p>	<p>committed on the Inventory and other affected accounts in CY 2023.</p> <p>In addition, the audit team maintains its position with the abovementioned observation. The omission of the ₱46,814.63 that pertains to a delivery from PS-DBM in the derecognition of the amount that was part of the cash sweep is erroneous. Omission of the said amount is similar to non-delivery on the part of PS-DBM which is contrary to the admission of the Management since they acknowledged the fact of delivery. Moreover, they are correct in recording it in JEV No. 2020-11-0099 where the delivery was made, however, in this case, the letter of PS-DBM pertains to remaining balance after the delivery and not the delivery itself.</p>

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			<p>already sent a letter to the manager of LBP Cabarroguis.</p> <p>Further, the Management advised the designated property custodians from PENRO and CENROs to submit the RSMI and ICS to the Accounting Section. They also instructed the Property/Supply and Accounting Units to reconcile their inventory records and reports.</p>	
INREMP	Accounting errors/omissions and deficiencies amounting to ₱1.965 million and ₱1.297 million, respectively, which did not exceed the materiality level of ₱7.155 million.	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</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>all transactions and other events when 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>	
<b>Compliance Audit</b>				
CAAR CY 2022 par. 2	<p><b>Utilization/obligation of fund and disbursement</b></p> <p>Overall, the agency's appropriation/allotment for CY 2022 of ₱20,757.067 million, the amount of ₱20,034.598 million or 96.52 percent was utilized/obligated and ₱18,121.193 million or 90.45 percent was disbursed until December 31, 2022. Moreover, of the total cash allocation of ₱20,865.346 million, 97.76 percent or ₱20,397.149 million was disbursed, leaving a balance of ₱468.225 million, of which ₱455.799 million was reverted back to the BTr, thus projects targeted for implementation during the year were not immediately implemented.</p>	<p>We reiterated our prior year's recommendation that Management:</p> <ol style="list-style-type: none"> <li>maximize the utilization of the allotments in order to avoid reversal of unutilized allotments; and to be able to deliver optimum services to the intended beneficiaries;</li> <li>provide the 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; and</li> <li>ensure the timely execution/implementation of the projects/programs and project to be able to attain its objective in a timely manner and avoid the automatic reversion of program appropriations to the BTr and to deliver optimum services to the intended beneficiaries.</li> </ol>		
CAAR CY 2022 par. 3	<p><b>Unliquidated fund transfers to Implementing Agencies (IAs)</b></p> <p>Fund transfers to Implementing Agencies (IAs) during the year and for prior years for the implementation of</p>	<p>We recommended that Management direct the Accountants of LMB, BMB, ERDB, NCR and ROs I, III, IV-A, VI and 10 PENROs to:</p> <ol style="list-style-type: none"> <li>strictly enforce the period of liquidation as prescribed in COA Circular No. 94-</li> </ol>		

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	<p>projects of 3 Staff Bureaus, 5 ROs and 10 PENROs amounting to ₱155.497 million or 50.01 percent of the total funds transferred of ₱310.937 million were not liquidated as of year-end due to: (a) failure of the IAs to perform its obligation as stipulated in the MOA, (b) suspension of projects, and (c) absence of liquidation reports, thus, the existence of enormous balance of fund transfers.</p>	<p>013 dated December 13, 1994 and adopt mechanisms to avoid long outstanding of unliquidated fund transfers; and</p> <p>b. to continue sending regularly demand letters and make a representation with the heads of the concerned IAs, for the submission of the liquidation documents of fund transfers and the return of the unexpended balances of all completed projects, if any.</p>		
CAAR CY 2022 par. 4	<p><b>Unliquidated cash advances</b></p> <p>Cash advances amounting to ₱11.218 million or 9.87 percent of the total cash advances granted of ₱113.653 million were not liquidated in the LMB, 1 RO and 3 PENROs at year-end due to the non-enforcement of settlement/liquidation of outstanding cash advances within the prescribed period, thus, exposes government funds to possible misuse.</p>	<p>We recommended that Management direct the Accountants of:</p> <p>a. LMB and RO XII to validate the propriety of the long outstanding balances and those records in the books in the lump sum amount and request for write off for those balances existing for over ten years as required in COA Circular No. COA Circular No. 2016-005 dated December 19, 2016 ;</p> <p>b. PENROs Isabela, Palawan and Aklan to enforce strictly the liquidation of cash advances within the prescribed period by requiring the AOs to liquidate immediately their cash advances as soon as the purpose for which it was granted has already been served and the immediate refund/return of any excess amount thereof;</p> <p>c. RO XII to communicate and verify from the nearest of kin of the identified AOs/SDOs with unliquidated cash advances of more than 10 years to ascertain their whereabouts and whether or not there is truth in the claims of their</p>		



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		<p>deaths, as this may support the request for write-off;</p> <p>d. RO XII to refrain from granting clearance of money and property accountabilities for employees who are to retire or to be transferred to other offices, unless they have fully settled or liquidated their money accountabilities; correspond with the personnel who have been transferred or already retired regarding their unliquidated balances; and substantiate the unaccounted Advances to Officers and Employees pertaining to the prior cash advances, and, if unable to do so, submit a certification and justification with proofs as to the circumstances attending the difficulties; and</p> <p>e. PENRO Aklan see to it that proper timeline/cut-off of granting cash advances at year-end is imposed to give ample time for the Accountable Officers to disburse all the cash and liquidate the same, within the period prescribed by rules and regulations, as well as to avoid possible reversion of unobligated cash balance.</p>		
CAAR CY 2022 par. 5	<p><b><i>Receipt and utilization and implementation of FAPs and ODA Funded Projects</i></b></p> <p><b><i>a. Forestland Management Project</i></b></p> <p>In CY 2022, the Project showed an overall utilization rate of 78.94 percent and the overall disbursements rate is only 56.79 percent. Likewise, of the nine</p>	<p>We recommended that Management direct the Project Head of FMP to:</p> <p>a. follow up with JICA on the release of revolving fund for the project disbursement and the issuance of NOL for the procurement of an engineering firm to undertake the construction supervision of the remaining ASF subprojects;</p>	<p>The Management commented that:</p> <p>a. Relative to the Project's request for the release of additional revolving funds, a letter has been submitted to the oversight agencies on March 22, 2023, together with the request of project extension up to July 2024, with a requested amount of JPY 300M. This will facilitate and</p>	<p>The Audit Team concurs with the Management comment since they are in a better position to determine what is the best course of action to implement their own projects; thus, the Audit Team will validate the compliance of the Management on their actions to be undertaken in CY 2023.</p>

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	<p>targeted outputs, two were not completed specifically the Land Tenure Issuance (LTI) and Construction of Agroforestry Support Facilities (ASF) projects due to various reasons, thus, attainment of the overall project's objective/purpose was delayed.</p> <p>Also, of the 149 established enterprises/livelihoods by the partner People's Organizations (POs), only 84 enterprises or 56 percent were operational; thus, the project's objective to strengthen forestland management through community-based management strategies on enterprise development for food security and income were not fully attained.</p>	<ul style="list-style-type: none"> <li>b. continuously coordinate with the NCIP with regards to the conduct of the necessary FPIC process; and</li> <li>c. monitor the implementation of the PO Enterprise Development sustainability plan to ensure that the established enterprises/livelihood projects will be sustained for food security and income of the POs.</li> </ul>	<p>improve the financial performance of the Project vis-à-vis its disbursement projection up to December 2023.</p> <ul style="list-style-type: none"> <li>b. On the procurement of the Engineering Firm, it is no longer feasible to be pursued given that the project is until June 2023 only and the required concurrence from JICA has yet to be issued. In view of this, the engaged Infrastructure Specialist (IS) and Assisting Professionals (APs) for Infrastructure Works will undertake the construction supervision of the Agroforestry Value Chain (AfVC) Facilities such as tramline and processing/storage facilities and the remaining under construction ASF subprojects.</li> <li>c. All FPIC processes for the remaining 48 LTIs in Region VI and CAR were already completed, awaiting for the issuance of the required NCIP clearances as prerequisite for LTI issuance. The PIUs shall continue to its close coordination with the Central/Regional/Provincial NCIPs to facilitate acquisition of said clearances. Issuance of provisional agreements before end of project pursuant to the provisions of DAO 2021-27 is another strategy of the Project in the case that the required NCIP clearances will not be secured within the project life. The Project will also coordinate with JICA for the possible reduction of target considering that 14 POs in Ifugao</li> </ul>	



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			<p>have already been accredited as members of the Indigenous Peoples Organization (IPOs), hence will no longer pursue their respective CBFMA applications, and instead wait for the approval of its Certificate of Ancestral Domain Title (CADT) application.</p> <p>d. Regarding the implementation of 149 livelihood/microenterprises of Peoples Organizations under the Project, continuous monitoring is being conducted to ensure that POs businesses will be operationalized and sustained. Based on the assessment conducted in CY 2021, these enterprises were categorized based on its status whether for upscaling, continuing, or recommended for change/shift to another viable enterprise. Provision of technical assistance based on this categorization was incorporated in the respective Enterprise Sustainability Plans of the POs which serve as guide for the Project on what type of assistance is needed by the POs. Continuing activities such as monitoring, and provision of technical assistance were already considered in the project phase out plan and shall be implemented under the regular activities and program of the DENR.</p>	

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CAAR CY 2022 par. 6	<p><b>b. Integrated Natural Resources and Environmental Management Project</b></p> <p>The DENR - Foreign Assisted and Special Projects Service (FASPS) did not comply with the provision on the submission of the Completion Report for Integrated Natural Resources and Environmental Management Project (INREMP) as stated in the General Conditions for Agricultural Development Financing as amended in September 2010 which 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 of INREMP caused the government commitment fees of ₱0.269 million 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> <ol style="list-style-type: none"> <li>fast track the finalization of the Completion Report for proper assessment and evaluation of both the Audit Team and the ADB;</li> <li>monitor the cancellation of the unused loan to avoid continuous charging of commitment fees; and</li> <li>henceforth, ensure that project work-related reports and documents are properly turned over by the outgoing project staff to a permanent employee of FASPS.</li> </ol>		
CAAR CY 2022 par. 8	<p><b>Non-Compliance with Republic Act (RA) No. 9184 and its Revised IRR on the procurement activities and pursuant to COA Circular Nos. 2009-001 and 2012-001</b></p> <p>Procurement activities from the DENR-CO, 15 PENROs, 3 ROs, and 2 FAPS-FMP amounting to ₱88.828 million were associated with various deficiencies required by the aforementioned law,</p>	<p>We recommended that Management instruct the BAC of CO, ROs I, IV-B and V, PENROs Abra, Kalinga, Pangasinan, Nueva Vizcaya, Quirino, Leyte, Eastern Samar, Davao Oriental, Davao De Oro, Agusan Del Norte, Agusan Del Sur, Surigao Del Norte, Surigao Del Sur and Dinagat Islands and FAPs-FMP to ensure that procurement activities are in accordance with RA No. 9184 and its Revised Implementing Rules and Regulations (RIRR) and to submit the lacking supporting documents for audit.</p>		



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	rules and regulations, thus the validity and propriety of the transactions could not be established and the price most advantageous to the government may not be obtained.			
FMP	In PENROs Nueva Vizcaya and Quirino, disbursements on catering services amounting to ₱0.945 million and ₱0.541 million, respectively, were inadequately supported with the required documents casting doubt on the propriety and validity of the transactions.	<p>We recommended that Management of PENROs Nueva Vizcaya and Quirino to:</p> <p>a) require the Accountant to ensure that prior to the processing of DVs, these are substantiated with the complete documentary requirements and that the approval of approving/authorized officials is obtained pursuant to Sections 4(5) and 4(6) of PD 1445; and</p> <p>b) advise the Cash Unit to always demand/monitor the issuance of Official Receipt (OR) or its equivalent from creditors/payees in accordance with Section 53 of GAM for NGAs, Volume I.</p>	The Management has taken measures to implement the necessary processes to cover the gaps identified in the AOM. Both PENROs assured that they will comply with the audit recommendations for the complete documentary requirements.	
CAAR CY 2022 par. 9	<p><b><i>Non-submission of copies of contracts within set timeline</i></b></p> <p>Out of 8,948 copies of government contracts and 4,007 Purchase Orders (POs) amounting to ₱1,561.133 million and ₱286.974 million, respectively, only 6,009 contracts and 2,059 POs amounting to ₱999.085 million and ₱151.669 million were submitted on time. The DENR CO, 2 staff bureaus, 4 ROs, 16 PENROs and FAPS-FMP of Iloilo failed to submit 2,887 contracts and 1,877 POs amounting to ₱560.925</p>	<p>We reiterated our prior year's recommendation that Management direct the Heads of the DENR CO, BMB, FMB, NCR, ROs IV-A, V, VI, 16 PENROs and FAPS-FMP of Iloilo to:</p> <p>a. maintain an updated monitoring system on the submission of contracts/PO, and check periodically the status of such submission;</p> <p>b. properly endorse the task of submission of contracts to the alternate staff in case of unavailability of the person-in-charge; and</p>		

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	million and ₱134.528 million, respectively, within the prescribed period, with delays ranging from 1 to 725 days, while 52 contracts and 71 POs amounting to ₱1.123 million and ₱0.776 million, respectively, were not submitted; thus, precluding the audit teams of timely review and evaluation and the detection of any deficiency that could be rectified immediately.	c. submit copies of perfected contracts/purchase orders within the prescribed timeline.		
FMP	Copies of 19 government contracts and PO and their supporting documents of FMB-CPMO amounting to ₱3.816 million, and PENRO Iloilo's 11 contracts with undetermined amount, were not submitted to COA for review within five days from perfection thereof but were attached to the Disbursement Vouchers (DVs) for post-audit; thus, precluded the Audit Teams from conducting timely review and evaluation and hindered the immediate determination and communication of deficiencies that may need Management's corrective actions.	We recommended and the Management of FMB – CPMO and PENRO Iloilo agreed to require the concerned officers/staff to strictly adhere to the prescribed deadlines/period under COA Circular No. 2009-01 in the submission of contracts and purchase orders.	The Management of FMB-CPMO commented that they 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 also be issued to concerned staff/employees and strictly implement the prescribed deadlines/period under COA circular No. 2009-01 dated February 12, 2009 in submission of contract and purchase orders.	The Audit Team of FMB FAPs will validate the compliance of the Management for CY 2023 on the above-mentioned audit recommendation.
INREMP	Copies of government contracts totaling 9 of FMB-NPCO with corresponding amount of ₱1.889 million were not submitted within the prescribed period, with delays ranging from 18 to 21 days as of year-end, inconsistent with Item 3.1.1 of COA Circular No. 2009-001 dated February 12, 2009.	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, particularly on the reportorial requirements to COA.	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 deadlines/period under COA Circular No. 2009-01 dated February 12, 2009, in submission of contract and purchase orders.	



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CAAR CY 2022 par. 13	<p><b><i>Unsettled suspensions, disallowances and charges at year-end</i></b></p> <p>Total settlement of suspensions, disallowances and charges during the year amounted to ₱24.061 million or 7.51 percent out of the total audit suspensions, disallowances and charges of ₱320.245 million, leaving unsettled suspensions, disallowance and charges of ₱45.457 million, ₱177.697 million and ₱73.030 million, respectively, as at year-end.</p>	<p>We reiterated our previous years' recommendation that Management direct all DENR Offices to:</p> <ol style="list-style-type: none"> <li>ensure compliance with laws, rules and regulations to avoid audit suspensions, disallowances and charges;</li> <li>adhere to the provisions of the RRSA as prescribed under COA Circular No. 2009-006 dated September 15, 2009, requiring the settlement of suspensions, disallowances and charges within the prescribed period to prevent accumulation of unsettled NSs, NDs and NCs; and</li> <li>send demand letters to all persons responsible/liable for audit disallowances/charges with issued NFDs and COEs and enforce the immediate full settlement pursuant to the RRSA thru the Accountants of concerned DENR offices.</li> </ol>		
CAAR CY 2022 par. 14	<p><b><i>Non-compliance with BIR provisions</i></b></p> <p>Taxes withheld by LMB, RO VI and four PENROs were not remitted properly during the year resulting to over-remittance of ₱0.280 million and under-remittance amounting to ₱2.086 million due to inability of the respective Accountants to monitor and reconcile fully the amount withheld, thus exposing the Department and payees/suppliers/contractors to risks of penalty imposition.</p>	<p>We recommended that the Management require:</p> <ol style="list-style-type: none"> <li>The Accountants of LMB, RO VI, and the four PENROs to: <ol style="list-style-type: none"> <li>Prioritize and expedite the reconciliation of the account "Due to BIR" and make a monthly report on the reconciliation made, copy furnished to the Office of the Auditor;</li> <li>See to it that reconciliation of taxes withheld and remitted are made monthly and taxes withheld are remitted intact within the prescribed</li> </ol> </li> </ol>		

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		<p>period by properly monitoring the persons in charge.</p> <p>b. The Accountants of RO VI and PENROs Romblon and Iloilo to remit the under-remitted taxes once the reconciliation is done in order to avoid further penalties.</p>		
FMP	In PENRO Iloilo, non-reconciliation and lack of monitoring of the "Due to BIR" account amounting to ₱1.481 million as of December 31, 2022, deprived both the government and the payees/suppliers/contractors of the productive use of the funds.	<p>We recommended and the Management agreed to require the Accountant of PENRO Iloilo to:</p> <p>a) prioritize and expedite the reconciliation of the account "Due to BIR" and make a monthly report on the reconciliation made, copy furnished to the Office of the Auditor;</p> <p>b) remit immediately the unremitted balance and shoulder the penalties and interest in her personal capacity, and refund to the respective payees/suppliers/contractors the amount of over withholding, if any; and</p> <p>c) henceforth, see to it that reconciliation of taxes withheld and remitted are made monthly and taxes withheld are remitted intact within the prescribed period by properly monitoring the persons-in-charge.</p>		
CAAR CY 2022 par. 15	<p><b><i>Non-compliance with the provisions of GSIS Law</i></b></p> <p>GSIS employees' shares and loan amortizations of LMB, RO VI and four PENROs were not remitted properly resulting in over-remittance of ₱0.058 million and under-remittance of ₱0.200 million due to non-reconciliation of the amounts withheld and remitted, thus exposing the Department to penalty</p>	<p>We recommended that Management require the Accountant of:</p> <p>a. LMB, RO VI and the four PENROs to ensure that monthly Pag-IBIG contributions and loan amortizations withheld are reconciled so that these are remitted intact and without delay;</p> <p>b. RO VI, PENROs Abra, Romblon and Marinduque immediately the unremitted balances and shoulder the penalties and</p>		



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	impositions and the employees to deprivation of full use of service/benefits of GSIS. Further, prior year's balance of RO VI amounting to ₱0.407 million remained unremitted as of year-end.	interest in their personal capacities and refund to the respective employees the amount of over-withholding, if any; and c. RO VI to prioritize the analysis and reconciliation of the prior years' balances of Due to GSIS account for proper disposition.		
CAAR CY 2022 par. 16	<b><i>Non-compliance with the provisions of Pag-IBIG Law</i></b>  The Pag-IBIG Employees' shares and loan amortizations of LMB, RO VI and two PENROs were not remitted properly resulting to over-remittance amounting to ₱0.078 million and unremitted balances of ₱0.013 million as at year-end which are subject to reconciliation. Further, prior years' balances of RO VI and PENRO Abra amounting to ₱0.119 million and ₱0.035 million, respectively, remained unremitted as of year-end. Thus the delay of remittances may result to imposition of penalties and timely processing of employees' claims and possible forfeiture of benefits.	We recommended that Management require the Accountant of:  a. LMB, RO VI and PENROs Romblon and Iloilo to ensure that monthly Pag-IBIG contributions and loan amortizations withheld are reconciled so that these are remitted intact and without delay; b. RO VI and PENROs Romblon and Iloilo to remit immediately the unremitted balances and shoulder the penalties and interest in their personal capacities and refund to the respective employees the amount of over-withholding, if any; and c. RO VI and PENRO Abra to prioritize the analysis and reconciliation of the prior years' balances of Due to Pag-IBIG account for proper disposition.		
CAAR CY 2022 par. 18	<b><i>Gender and Development (GAD)</i></b>  Although DENR allocated ₱1,676.807 million or 6.63 percent of the total appropriations of ₱25,295.589 million for GAD programs and activities, deficiencies were noted in 1 RO and 3 PENROs such as (i) non-submission of individual GAD Plan and Budget (GPB) and GAD Accomplishment Reports (ARs), (ii) overstatement of GPB and	We recommended that Management direct the GAD Focal Person of:  a. RO II and PENRO Cagayan to participate in orientations on GAD-related laws and commitments, if necessary, for better understanding of the preparation and implementation of the individual GAD Plan and Budget as well as its corresponding GAD Accomplishment Report;		

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	GAD AR, (iii) non-submission of GPB to Central Office for review and endorsement, and (iv) failure to comply on prescribed format of GAD AR with fund utilization of only ₱1,130.878 million of the allocated funds, due to various reasons, thus the extent of the gender-responsiveness of the agency's policies, programs, and projects as well as the reliability of the information presented in the GPB could not be ascertained.	<ul style="list-style-type: none"> <li>b. PENRO Oriental Mindoro: <ul style="list-style-type: none"> <li>• to refrain from using estimates in filling-up the actual expenditures in the GAD AR and henceforth, coordinate with the Accounting Unit for the actual disbursements made;</li> <li>• use the HGDG assessment scores as basis in the determination of the allowed amount of budget and actual expenditures that may be attributed to GPB and GAD AR;</li> </ul> </li> <li>c. PENRO Eastern Samar to create a GAD Focal Point System and such can only be achieved through enjoining the unit heads to attend seminars and trainings related thereto;</li> <li>d. RO II, PENROs Cagayan and Eastern Samar to use the prescribed format of Annual GAD GPB and Annual GAD AR of PCW-NEDA-DBM Joint Circular 2012-1; and</li> <li>e. RO II to assume greater responsibility in record keeping, monitoring and evaluation of all PAPs included in the GAD Plan and Budget to properly consolidate and to cause prompt submission of reports.</li> </ul>		
CAAR CY 2022 par. 19	<p><b><i>Non-compliance with provisions of the GAA for Senior Citizens and Persons with Disability (SCPD)</i></b></p> <p>Two PENROs did not allocate budget nor formulate any plans, projects and programs intended for the benefit of SCPD for CY 2022.</p>	We recommended that Management instruct the Heads of PENROs Leyte and Samar to formulate and implement plans, projects and programs for the elderly and differently-abled persons.		



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CAAR CY 2022 par. 21	<p><b><i>Non-Compliance with COA Circular No. 92-390 on the Inventory of Physical Assets, Insurance and Bonding of Risks with the General Insurance Fund of the GSIS</i></b></p> <p>Physical assets of CO, ROs CAR, IV-B, XII and 6 PENROs in the total amount of ₱535.496 million were not insured against fire or theft with the General Insurance Fund (GIF) of the GSIS, thus, said Offices are risk of not being indemnified in case of damage or loss of the assets.</p>	<p>We recommended that Management direct the Property and Supply Officers of:</p> <ol style="list-style-type: none"> <li>CO to stop the practice of basing the PIF submitted to GSIS on the individual PIFs per office and extract the PIF based on the preceding RPCPPE instead, taking into consideration the additions/procurements made during the period and excluding lost/missing and impaired properties for disposal in order to properly identify all the insurable assets;</li> <li>CO to conduct capacity building/trainings on the proper process of preparation of PIF which serves as the basis for insurance of the physical assets with the GSIS as the foregoing audit observations had been a perineal issue in the DENR-CO which results in both overpayment of insurance premiums for several PPE items and failure to insure several PPE items which are disadvantageous to the Department;</li> <li>CAR and CAR-INREMP to promptly process the insurance of the properties with the GIF of the GSIS;</li> <li>CO, ROs IV-B, XII, PENROs Abra, Iloilo, Iloilo-FMP, Negros Occidental and Sarangani to update the PIF once the RPCPPE for the period covered is available and ensure that all insurable properties are insured with the GSIS; and</li> <li>PENROs Benguet and Eastern Samar to provide the necessary budget for the insurance premium sufficient to cover all insurable assets and cause the</li> </ol>		

Reference No.	Observation	Recommendations	Management Comments	Auditor's Rejoinder
		application for insurance thereof in faithful compliance with Section 5 of RA No. 656.		
INREMP	CAR's physical assets amounting to ₱0.110 million 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 ₱6.770 million due to non-reconciliation of PIF submitted to the GSIS with the Report on the Physical Count of Property, Plant and Equipment (RPCPPE).	<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>	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.	
FMP	The FMB-CPMO and PENRO Iloilo's physical assets amounting to ₱1.091 million 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.	<p>We recommended and the Management of FMB-CPMO and PENRO Iloilo agreed to direct the designated Property Officers to be diligent in maintaining a monitoring system to ensure that all insurable physical assets of the Agency are insured annually with the GSIS.</p> <p>We also recommended and Management of FMB-CPMO agreed to direct the OIC, Property Unit to ensure that the PIF submitted to the GSIS for insurance is reconciled with RPCPPE to avoid the non-/over-insurance of physical assets and waste of FMP-CPMO's funds.</p>	FMB-CPMO commented that they already instructed the OIC Property Unit to strictly ensure that the PIF submitted to the GSIS for insurance is reconciled with RPCPPE to avoid the non-/over-insurance of physical assets and waste of funds.	The Audit Team of FMB-CPMO will validate the compliance of the Management for CY 2023 on the above-mentioned audit recommendation.
CAAR CY 2022 par. 22	<p><b><i>Dormant/unutilized funds or unauthorized bank accounts/deposits unreverted to the BTr or unreturned to Source Agencies</i></b></p> <p>PENRO Aklan failed to revert to the General Fund its unused cash amounting</p>	We recommended that Management direct the Heads of RO XIII and PENROs Aklan and Samar to require the Accountants to close the unauthorized bank accounts and remit/revert its balances together with the dormant cash and unnecessary funds to the General Fund/the project partner. Moreover, we recommended that		



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	to ₱7.304 million as of year-end, thus, the government was deprived of the available funds that could be used in its priority programs and projects. Further, Region XIII and PENRO Northern Samar continue to maintain unauthorized bank accounts with balances amounting to ₱0.113 million and ₱0.015 million, respectively, thereby, exposing the fund to the risk of being misused. Lastly, PENRO Albay continue to maintain a bank account with balance amounting to ₱0.156 million which has been dormant since 2015.	Management direct the Accountant of PENRO Albay to conduct a thorough analysis of the composition of the bank account to evaluate whether its continued existence is still necessary or not, and if not, consider the reversion of the same pursuant to Executive Order No. 431 by following the guidelines set forth under COA Circular No. 2015-001.		
	<p><b><i>Non-enforcement of regulations on the use of foreshore lands</i></b></p> <p>Lapses in monitoring and collection of rental from foreshore property/cottages, and foreshore lands resulted in the accumulation of uncollected revenue in the total estimated amount of ₱180.213 million in 11 PENROs and undetermined amount in 1 PENRO, which could have been used to finance other priority programs/projects of the government.</p>	<p>We recommended that Management direct the Regional Executive Directors and PNR Officers concerned to:</p> <ol style="list-style-type: none"> <li>All PENROs concerned, intensify strategies to optimize collection of revenues by invoking pertinent Sections of LGC No. 58 and DAO 2004-24;</li> <li>PENRO Bataan, Negros Occidental, Davao del Norte, Samar, Leyte and Aurora to send demand letters to lessees/occupants with delinquencies and specify in the letter that failure to pay their arrearages is a ground for cancelation of their Lease Contracts;</li> <li>PENRO Pampanga to coordinate with the Municipal Government of Arayat, for the renewal of the</li> </ol>		

Reference No.	Observation	Recommendations	Management Comments	Auditor's Rejoinder
		<p>Memorandum of Agreement, pending the approval of SAPA, to outline the new guidelines, especially on the percentage share of all tickets sold at the gate during its operation and guaranteed yearly user's fee;</p> <p>d. PENRO Capiz, to fast-track the report of inventory of all foreshore areas in the City of Roxas and six coastal municipalities in the Province of Capiz with all the essential information needed for the establishment of complete, accurate and updated database.</p> <p>e. PENRO Negros Occidental, to closely monitor collections from foreshore and forestal lease, SIFMA and IFMA fees by sending monthly billings and demand letters; and initiate the revocation of lease agreements and permits of those lessees who intentionally violated the provisions of the lease agreements;</p> <p>f. PENRO Bataan, Davao de Oro, Davao del Sur, Davao Oriental and Aklan, to expeditiously process and intensify the monitoring of all pending foreshore lease application in accordance with the relevant guidelines to fast-track its approval;</p>		



Reference No.	Observation	Recommendations	Management Comments	Auditor's Rejoinder
		g. PENRO Aklan to follow-up the letters issued to FLAg applicants demanding compliance of the requirements set forth under DAO 2004-59 within a prescribed deadline; and require the illegal occupants to file immediately the application for FLAg and pay the application fees.		
<b>Program, Project, Activity Evaluation</b>				
CAAR CY 2022 par. 23	<p><b><i>Deficiencies in the implementation of the Natural Resources Conservation and Development Program, hence, benefits were not maximized or the objectives were not attained</i></b></p> <p>The DENR achieved only one outcome indicator out of the four or 25 percent and seven out of eight or 87.5 percent of the output indicators under the Natural Resources Conservation and Development Program as of year-end due to ineffective preparation of the individual work and financial plan of each office under the DENR to address various recurring causes/issues identified and other deficiencies in the implementation of the PPAs, depriving the intended beneficiaries of the immediate benefits that will be derived therefrom.</p> <p>Moreover, it has utilized the amount of ₱11,193.320 million or 96.60 percent of</p>	<p>We recommended that Management:</p> <ol style="list-style-type: none"> <li>direct the head of the Policy and Planning Service to revisit the individual targets of each office under the DENR and ensure that all targets will ultimately lead to the accomplishments of the outcome and output indicator pursuant to the GAA prescribed targets;</li> <li>direct the heads of BMB, LMB, and PENRO Davao del Sur to revisit the annual targets and conduct proper planning of activities to ensure accomplishment of the targets on a timely manner;</li> <li>direct the DENR CO for the early release of SAA intended to cover funding for the particular period to ensure sustainable management of protected areas; and</li> <li>direct the heads of DENR RO IV-B, PENRO Oriental Mindoro and RO V to submit satisfactory explanation for charging various amounts not intended for the implementation of the PPAs</li> </ol>		

Reference No.	Observation	Recommendations	Management Comments	Auditor's Rejoinder
	the total budget/allotment and disbursed the amount of ₱10,270.416 million or 91.75 percent of the total obligations for the said program. Of the disbursed amount, ₱5.595 million or 0.05 percent were not used exclusively for the intended purpose; thus, casting doubt on the regularity and propriety of the expenditures incurred.			