



Republic of the Philippines
Department of Environment and Natural Resources
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MEMORANDUM

FOR **THE REGIONAL EXECUTIVE DIRECTOR**
Region IV-B (MIMAROPA)

FROM **THE OIC DIRECTOR**
Internal Audit Service

SUBJECT **AUDIT NOTIFICATION FOR THE CONDUCT OF
OPERATIONS AUDIT ON TENURIAL INSTRUMENTS IN
REGION IV-B (MIMAROPA)**

DATE 28 SEPTEMBER 2023

In reference to the audit engagement of the Operations Audit Division (OAD) particularly the Operations Audit on Tenurial Instruments, attached is the Audit Notification to be issued to key personnel and auditees in DENR Region 4B. The focus of the audit engagement is on the following:

1. Foreshore/Miscellaneous Lease Agreement (FLA/MLA)
2. Forest Land Use Agreement (FLAg)
3. Forest Land Use Agreement for Tourism Purpose (FLAgT)
4. Special Land Use Permit (SLUP)
5. Special Use Agreement in Protected Areas (SAPA)

Relative to this, we would like to invite you and the other concerned offices/personnel to an Entry Conference on 12 October 2023 (10:00 am) at the DENR Regional Office 4B. The agenda of the activity are as follows:



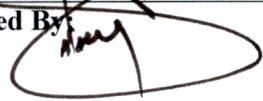
1. Overview of the internal audit engagement; and
2. Audit requirements/arrangements.

For coordination, questions and further clarifications, your staff may contact Ms. Maria Lucille C. Castañas of the Operations Audit Division at 09175004682; or email us at ias_oad@denr.gov.ph.

For information and appropriate action, please.

VICENTE B. TUDDAO, JR., *Ph.D., CESO IV*

*Cc: The Chief of Staff and Supervising Undersecretary for Strategic Communications
Undersecretary for Field Operations - Luzon, Visayas and Environment
Region 4B - MIMAROPA Internal Audit Focal Persons*

	Republic of the Philippines Department of Environment and Natural Resources Internal Audit Service			
	OFFICE: CO-IAS.FO.004	QMS DOCUMENT ID: AN.CO-IAS-OAD.2023.004	CONTROL NO: AN.CO-IAS-OAD.2023.004	DATE APPROVED: SEP 29 2023
	AUDIT NOTIFICATION ON OPERATIONS AUDIT ON TENURIAL INSTRUMENTS – REGION IV-B (MIMAROPA)			
Submitted By:  MABEL F. COLOMA OIC Chief, Operations Audit Division		Approved By:  VICENTE B. TUDDAO, JR., Ph.D., CESO IV OIC Director, Internal Audit Service		

A. AUDIT TEAM

The Audit Team is composed of the following Internal Auditors of the Operations Audit Division (OAD) and Guest Auditor under the direct supervision of the Director, Internal Audit Service:

NAME	POSITION	OFFICE
Supervising Director		
Vicente B. Tuddao, Jr.	OIC Director	Internal Audit Service (IAS) Office of the Director
Lead Auditor		
Mabel F. Coloma	OIC Division Chief/ Internal Auditor IV	Operations Audit Division (OAD), IAS
Members		
A. Team 1		
1. Thom Cedrick Q. Fernando	Internal Auditor II	OAD, IAS
2. Maria Lucille C. Castañas	Records Management Assistant (CoS)	OAD, IAS
B. Team 2		
1. Enielbert E. Estefanio	Information System Analyst III and former Bureau Internal Audit Focal Person (BIAFP)	Network Infrastructure Management Division, Knowledge and Information Systems Service
2. Laurence D. Papina	Administrative Assistant (CoS)	OAD, IAS

Note: Additional members from other Division/Offices in Central Office, Bureaus or Regional Offices may be included in the Audit Team depending on the specialized area to be covered and/or augmentation of Team needed.

B. AUDIT OBJECTIVE

The general objective of the engagement is anchored on the fifth objective of management control which is to determine whether operations are economical, ethical, effective, and efficient (4 Es), through evaluation of outcomes, outputs, processes and inputs. Accordingly, the specific audit objectives are as follows:

1. To assess the effectiveness of operational controls and procedures on the issuance of tenurial instruments, monitoring and collection.

2. To determine the propriety of collection of revenues on tenurial instruments including detection of possible fraud.
3. To assess the performance relative to the attainment of appraisal of tenurial instrument vis-à-vis Work and Financial Plan (WFP).

C. AUDIT SCOPE

The audit will focus into the 4Es of operation particularly the processes on lease application, appraisal and re-appraisal, re-evaluation, database management, inventory, monitoring, collection of income/revenues and documentation.

The audit will be undertaken in Regional Office, PENROs, CENROs, and Protected Area Management Office (PAMO) depending on the existing number of tenurial instruments.

C.1 AUDIT AREAS

The audit engagement of the Operations Audit Division (OAD) particularly the Operations Audit on Tenurial Instruments will focus on the following:

1. Foreshore/Miscellaneous Lease Agreement (FLA/MLA)
2. Forest Land Use Agreement (FLAg)
3. Forest Land Use Agreement for Tourism Purpose (FLAgT)
4. Special Land Use Permit (SLUP)
5. Special Use Agreement in Protected Areas (SAPA)

C.2 AUDITEES

The Regional Office, PENROs Palawan, and CENROs Taytay, Coron and Puerto Princesa in Region IV-B will be appraised regarding respective operational controls, processes, policies and procedures that are implemented, and the corresponding reports/records submitted by the process owners.

The concerned personnel of the above-mentioned Offices should be available during the Entry Conference and actual conduct of audit, specifically during interview:

- Regional Office IV-B
 - Regional Executive Director
 - Assistant Regional Director
 - Chief, Finance Division
 - Chief, Licenses, Patents and Deeds Division
 - Chief, Administrative Division
 - Chief, Planning and Management Division
 - Representative of FLAg Committee
- PENRO Palawan
 - PENR Officers
 - Chief, Technical Services Division
 - Chief, Management Services Division
 - Chief, Regulation and Permitting Section
 - Chief, Administrative and Finance Section
 - Representative of FLAg Committee
- CENROs Taytay, Coron and Puerto Princesa
 - CENR Officers
 - Chief, Regulation and Permitting Section

- Collection Officer
- Representative of FLAg Committee

➤ PAMO Representative

(Other personnel may be interviewed for validation of audit findings.)

D. AUDIT METHODOLOGY

Audit tools such as the Interview Questionnaire (IQ), Internal Control Questionnaire (ICQ), and Checklist of Reports/Records will be distributed to concerned employees/process owners. All responses will be validated through test procedures of interviewing/probing, focused group discussions, ocular inspection, vouching, tracing, reconciliation and scanning.

E. AUDIT OUTPUTS

From the test procedures conducted, the requisite audit evidence (documentary, analytical, testimonial, and physical) will be sufficiently obtained.

F. SIGNIFICANT DATES – SCHEDULE OF ACTIVITIES

Activity	Date	Methodology
Entry Conference	12 October 2023	Meeting at the DENR Regional Office IV-B and officers (face to face) including PENROs and CENROs (via zoom)
Conduct of Audit Proper in Regional Office, PENROs, CENROs and PAMO a. Gathering of needed documents b. Gathering of accomplished IQs/ICQs c. Interview with the concerned personnel d. Review of documents e. Walkthrough and ocular inspection f. Plenary Discussion g. Preparation of Audit Findings	Cenro Coron (08 -14 November 2023) Penro Palawan, CENROs Taytay and Puerto Princesa (28 November - 11 December 2023)	Face to Face
Exit Conference	<i>to be announced later</i>	

G. DOCUMENTS NEEDED IN THE CONDUCT OF THE AUDIT

The following documents and/or proof/evidence pertaining to tenurial instruments such as FLA/MLA, SAPA, FLAg, FLAgT and SLUP. Income/revenue collection on tenurial instruments, financial reports and receipt are requested to be prepared for validation during the actual audit:

- Process Flow Charts
- Relevant Internal Policies and Guidelines
- Development/Management Plans
- Special Orders on the creation of Committees/Composite Teams
- List/inventory of lessees/holders per tenurial instruments
- List/inventory of ongoing applications per tenurial instrument
- List/inventory of occupants with or without permits
- Contract agreements
- Appraisal/Re-appraisal Reports
- Monitoring Reports
- List of delinquent lessee/holder
- Account control cards
- Report of collections and deposits
- Official Receipts
- Demand letters
- Work and Financial Plan
- Other documents deemed necessary during the conduct of audit



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Sender: Tuddao, Vicente B.

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Visayas Avenue, Diliman Quezon City

Subject: MEMO DTD 09/29/2023 AUDIT NOTIFICATION FOR THE CONDUCT OF OPERATIONS AUDIT ON TENURIAL INSTRUMENTS IN REGION IV-B (MIMAROPA)

Addressee(s): REGIONAL EXECUTIVE DIRECTOR - DENR IV-B

CC Addressee(s):

Date/Time Received: 09/29/2023 10:09:00 AM

ROUTING AND ACTION INFORMATION				
FROM	DATE/TIME RECEIVED	FOR/TO	DATE/TIME RELEASED	ACCEPTANCE REMARKS/ACTION REQUIRED/TAKEN REMARKS/STATUS
	09/29/2023 10:14:22 AM	DENRCO - ODIAS		Date: 09/29/2023 10:15:07 AM To: From: Alferos, Claire R. Message: MAM, FOR MAIL (JRS) TO DENR R4B. THANK YOU. OD IAS
DENRCO - ODIAS		DENRCO - AS RMD	09/29/2023 10:15:51 AM	
DENRCO - ODIAS		DENRCO - OSEC	09/29/2023 10:16:59 AM	
DENRCO - ODIAS		OUFOE	09/29/2023 10:18:00 AM	