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Department of Environment and Natural Resources
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MEMORANDUM

TO : The Regional Executive Director
Region R4B, Roxas Blvd., Malate, Manila

FROM : The Assistant Secretary
Finance, Information Systems and Mining Concerns

SUBJECT : STATUS OF COMPLIANCE WITH CONSOLIDATED ANNUAL
AUDIT REPORT (CAAR) CY 2021 RECOMMENDATIONS AND
FINANCIAL PERFORMANCE AS OF 30 SEPTEMBER 2022

DATE : 15 DEC 2022

This refers to our meeting/ Focused Group Discussion (FGD) held 03 November 2022 regarding the Financial Performance of Region 4B and the Status of Implementation of CAAR CY 2021 as of 30 September 2022.

The Financial Performance of the Region in relation with the letter issued by the Department of Budget and Management (DBM) dated 18 October 2022¹ as presented and discussed during the meeting, is as follows:

- a. Fund Utilization for FY 2022 as of September 30, 2022:
 - i. Out of P906.381 million allotment for PS, MOOE, and CO, P625.197 million was obligated, leaving a balance of P281.184 million or a budget utilization of 69%. Of the total obligated amount, P529.136 million was disbursed or equivalent to an 85% disbursement rate. The offices concerned were asked for their comments on the **low budget utilization** despite the fact that it was already 3rd quarter and must have **at least 75%** obligation rate. Also, the Region has recorded a lapsed NCA amounting to P15.8 million for the same period.
 - ii. Each PENRO was asked about the specific reasons for the **low fund utilization**. The PENRO said that they need a coaching event for fund utilization. However, ASEC responded that there is no need for coaching since PENRO has been doing the work for a long time. According to the Regional Office (RO), another reason is that the continuing fund was too large for them to utilize, and the bulk of the allotment was allocated to Protected Areas Development and Management, which was beyond the capacity of the RO and/or PENROs to accomplish.
- b. Revenue collection for FY 2022 - The revenue target for FY 2022 was P57.5 million, while P69 million was actually collected or equivalent to a 120% collection rate.

¹ Department of Environment and Natural Resource Agency Performance Review (APR) January to June 2022

Status of Audit Observations and Recommendations under (CAAR CY 2021) - only **one (1)** recommendation was fully implemented, or 4%, out of **twenty-four (24)** total recommendations, leaving **twenty three (23)** unimplemented recommendations or 96%.

The responses of the Regional Office and PENROs in the different audit observations and status of implementation as of 30 September 2022 of the COA audit recommendations are as follows:

1. Financial Audit

- a. **Observation No. 1 - Errors/Omissions.** The Regional Office issued a memorandum to the Administrative Division for the submission of documents to the Chief, Finance Division pertaining to the disposal of PPE. The Administrative Division submitted Inventory and Inspection Report of Unserviceable Property (IIRUP) through issuance of a memorandum dated 7 November 2022.
- b. **Observation No. 1 - Deficiencies.** For PENRO Palawan, the variances between the Accounting and Property records are from the previous year's transactions and still locating the supporting documents. While PENRO Romblon mentioned that the partial inventory report was not accepted by COA. Also, the Property Officer is not compliant with the submission of RPCPPE and no adjustments have been made.

2. Compliance Audit

- a. **Observation No. 6 - Cash Advance.** PENRO Palawan tried contacting the family of the personnel who already died and opted for early retirement. It was recommended to reclassify the balance of the relocation allowance from the Advances to Receivable account.
- b. **Observation No. 10 - Dormant Accounts for write-off.** PENRO Oriental Mindoro did not implement due to a lack of supporting documents such as a Certificate of No Pending Case. It was recommended that a letter to LGU concerned shall be sent, and if no response, request the said certification from the Regional Office in lieu of the certification to be issued by the LGU concerned.
- c. **Observation No. 11 - Non-Insurance of Physical Asset with GSIS.** PENRO Occidental Mindoro was already insured with the GSIS. PENRO Palawan revised the PIF for physical assets due to the classification of properties to semi-expendable items.
- d. **Observation No. 12 - Non-Disposal of Unserviceable Properties.** PENRO Occidental Mindoro did not implement due to the absence of appraisal for the property to be disposed of. No plan was presented to resolve the issue.
- e. **Observation No. 14 - Delayed/Non-submission of Government Contracts and POs.** The total Contracts not submitted by PENROs Marinduque and Romblon to COA are 69 and 33, respectively. While total POs are 109 and 105, respectively. Memorandum will be sent by the Procurement Section to the offices concerned regarding the submission of the Contracts/POs.
- f. **Observation No. 15 - Compliance with GSIS Law.** PENROs Marinduque and Palawan are still working on the balances and will try to remit by the end of December 2022.
- g. **Observation No. 16 - Compliance with National Health Law.** RO, PENROs Marinduque, and Romblon already implemented the recommendations. While PENRO Palawan committed to fully implement by the end of November 2022.
- h. **Observation No. 17 - Compliance with Pag-IBIG Law.** PENRO Marinduque has already complied, while PENROs Romblon and Palawan committed to implement the recommendations by December 15, 2022.

- i. **Observation No. 18 - Compliance with Tax Law and Regulations.** PENRO Palawan committed to fully remit the balance of P47,000 by the end of November 2022.
- j. **Observation No. 20 - GAD Budget, Utilization and Accomplishments.** PENRO Marinduque will inquire to COA regarding this CAAR finding which was not included in their Management Letter (ML). PENRO Palawan has already complied.
- k. **Observation No. 21 - Formulation and implementation of programs/activities for Senior Citizens and Persons with Disability (SCPD).** PENRO Marinduque will inquire to COA regarding this CAAR finding which was not included in their ML. RO, PENROs Palawan and Oriental Mindoro have already complied.
- l. **Observation No. 24 - Audit Suspension, disallowances and settlement.** The Regional Office and PENROs will update the status of implementation.

It was noted that the appointed PENRO Palawan Accountant was not performing his duties for a long time, while an Accountant I from the Regional Office was designated, resulting in a lack of manpower to comply with various audit recommendations in the RO and PENROs.

It was agreed that the Regional Office will provide an update on the status of Financial Performance and Implementation of Current and Prior Years' Audit recommendations using the provided monitoring report (Google Sheet) of the Central Office **not later than November 30, 2022**. However, no response has been received as of this date and therefore the Regional Office is **reminded to comply**. A copy of the agreements during the meeting/focused group discussion is attached as **Annex A** for your reference.

The meeting/focused group discussion with Region 4B was led by RED Lormelyn E. Claudio that started around 9:00 am.

For your information and strict compliance.


ENGR. NONITA S. CAGUIOA

cc: The Undersecretary for Finance, Information Systems and Climate Change

