



Republic of the Philippines
Department of Environment and Natural Resources
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1-2023-110988
ARPMs

MEMORANDUM

TO : **THE REGIONAL EXECUTIVE DIRECTOR**
DENR – Regions MIMAROPA and 5

PROVINCIAL ENVIRONMENT AND NATURAL RESOURCES OFFICER
Oriental Mindoro

FROM : **THE UNDERSECRETARY**
Policy, Planning and International Affairs

SUBJECT : **AUDIT OBSERVATION MEMORANDUM (AOM)**

DATE : **JUN 08 2023**

This has reference to the Audit Observation Memorandum (AOM) No. 2023-015 (2022) dated May 11, 2023 sent by the Commission on Audit on the non-attainment of outcome and output indicators as provided in the General Appropriations Act of 2022.

The following are the AOM of the concerned Offices:

- **Mimaropa** – Post-audit of the payment of Personal Services revealed that out of the PhP6,134,000.00, PhP6,013,832.18 or 98.04% were considered in line with the PAPs while PhP120,167.82 or 1.96% were not utilized for its intended purpose. The amount of PhP120,167.82 was used to pay for the salary differential due to promotion of personnel not assigned in the Conservation and Development Division.

It was also mentioned the agency's sincere efforts to achieve a high fund utilization rate, however, review of documents revealed that out of the total MOOE disbursements of PhP3,842,577.45, PhP1,024,922.48 or 26.67% were considered in line with the PAPs while PhP2,817,654.97 or 73.33% were not utilized for its intended purpose.

- **PENRO Oriental Mindoro** – Of the funds totaling PhP9,878,614.77 inclusive of Personnel Services (PS), MOE, and PhP9,709,653.47 or 98.29% was used for the implementation of various PAPs under NRCDP/PACWDMSPP/PADM of Oriental Mindoro. However, of the total MOOE of PhP3,625,924.87, only PhP1,740,933.79 or 48.01% was exclusively used for intended purpose and duly accounted for while

PhP1,884,991.08 or 51.99% was not exclusively used in line with the PAPs of said program contrary to Section 68, General Programs of GAA FY 2022, pertinent items of DENR Operational Guidelines on the Preparation of WFP for FY 2022 and the agency's approved WFP, thus casting doubt on the regularity and propriety of the expenditures incurred.

- **Region 5** – Funds earmarked for the implementation of the National Greening Program (NGP) totaling PhP772,371.93 were utilized for the payment of security guards assigned at the DENR Regional Office Compound and Land Management Service, contrary to existing rules and regulations.

In this regard, please submit a satisfactory explanation for charging various amounts not intended for the implementation of the PAPs.

For compliance.



ATTY. JONAS R. LEONES



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
NATIONAL GOVERNMENT AUDIT SECTOR
CLUSTER 8- AGRICULTURE AND ENVIRONMENT
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES 1
Visayas Ave., Diliman, Quezon City

Office of the Auditor – Team NCR-01

AOM No.: 2023-015 (2022)

Date: May 11, 2023

AUDIT OBSERVATION MEMORANDUM (AOM)

For: **HON. MARIA ANTONIA YULO LOYZAGA**
Secretary
Department of Environment and Natural Resources
Visayas Ave., Diliman, Quezon City

Attention: **CHERYL LOISE T. LEAL**
OIC Director, Policy and Planning Service

We have evaluated the implementation of the Natural Resources Conservation and Development Program of Department of Environment and Natural Resources (DENR) as of December 31, 2022 and noted the following observations:

Non-attainment of Outcome and Output indicators as provided in the General Appropriation Act of 2022

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.

Moreover, it has utilized the amount of ₱11,193,320,223.77 or 96.60 percent of the total budget/allotment and disbursed the amount of ₱10,270,416,280.72 or 91.75 percent of the total obligations for the said program. Of the disbursed amount, ₱5,595,185.80 or 0.05 percent were not used exclusively for the intended purpose; thus, casting doubt on the regularity and propriety of the expenditures incurred.

Republic Act (RA) No. 11639 dated January 3, 2022 also known as General Appropriation Act (GAA) of Fiscal Year (FY) 2022 provides under Volume II the outcome and output indicators for the Natural Resources Conservation and Development Program (NRCDP) as follows:



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Natural Resources Conservation and Development Program	
Outcome Indicators	Targets
1. Area of terrestrial protected areas (including inland wetlands and caves) under the NIPAS effectively managed increased (in ha.)	Poor – 0 ha. Fair – 5,401.58 ha. Good – 319,994.99 ha. Excellent – 1,330,956.09 ha.
2. Area of marine protected areas under NIPAS effectively managed increased (ha.)	Poor – 0 ha. Fair – 0 ha. Good – 1,439,448.20 ha. Excellent – 1,287,266.08.
3. Ownership of public alienable and disposable lands secured (2011-Present)	By the end of 2022, 360,000 residential and agricultural patents issued
4. Percentage increase in forest cover	By the end of 2022, forest cover increased by 12%
Output Indicators	Targets
1. Number of terrestrial protected areas/ wetlands/ caves established/ conserved	
Inland Wetlands	17
Caves	18
2. Number of Critical habitats established and managed	2 established and 7 managed
3. Number of legislated NIPAS MPAS with Water Quality Assessment Monitoring conducted	31
4. Number of established Marine Protected Areas Network (within NIPAS MPA or with at least one NIPAS MPA component strengthened)	3
5. Number of residential free patents issued	21,268
6. Area of denuded and degraded forestlands/PAs decreased (in ha. cumulative)	45,706 ha.
7. Number of hectares planted area maintained and protected	192,645 ha.
8. Percentage of annual survival rate of seedling planted	85%

Natural Resources Conservation and Development program

This program has 5 sub-programs namely:

1. Protected Areas, Caves and Wetlands Development and Management sub-program
2. Wildlife Resource Conservation sub-program
3. Coastal Marine Ecosystem Rehabilitation sub-program
4. Land Management sub-program; and
5. Forest and Watershed Management sub-program



The following are the brief description of each sub-program to wit:

Protected Areas, Caves and Wetlands Development and Management sub-program

This program covers the main in-situ measures to conserve biodiversity within and adjacent to protected areas. It will ensure that the current NIPAS and e-NIPAS coverage are rationalized by retaining and prioritizing those with high biodiversity values while providing appropriate those with high biodiversity values while providing appropriate governance regime for the protection of Key Biodiversity Areas (KBAs) such as through Local Conservation Areas (LCAs) with the LGU concerned and through Indigenous Community Conserved Areas (ICCAs).

Wildlife Resource Conservation sub-program

This program deals with the preservation, conservation and protection of wildlife, and/or maintenance, restoration, and enhancement of their habitats. Priority activities under this program are the following:

- 1) sustainable wildlife resources use;
- 2) enforcement of wildlife laws, rules and regulations which include the operations/mobilizations of Wildlife Traffic Monitoring Units (WTMUs) as well as the Philippine Operation Group on Ivory (POGI) and Illegal Wildlife Trade and deputation and mobilization of Wildlife Enforcement Officers (WEOs);
- 3) operations and maintenance of Wildlife Rescue Centers (WRCs);
- 4) establishment and management of critical habitats; and
- 5) conservation of threatened wildlife species such as the marine turtle, dugong, tamaraw, Philippine Eagle and other raptors, crocodile, tarsier, cockatoo, and spotted deer.

Coastal Marine Ecosystem Rehabilitation sub-program

The Coastal and Marine Ecosystem Management Program (CMEMP) aims to achieve the effective management of the country's coastal and marine ecosystem thereby increasing their ability to provide ecological goods and services to improve the quality of life of the coastal population particularly ensuring food security, climate change resiliency and disaster risk reduction. Through Biodiversity Friendly Enterprise (BDFE), marine biological resources and their habitats will be conserved and this will encourage the sustainable use of these resources for the present and future generations with maximized returns as economic benefits for the community.

Land Management sub-program

The program is an integration of three major activities of the Land Sector that is land surveys, land disposition and management and land records management. The major activities are interdependent, complementary and cynical.

Land surveys & mapping refers to all activities related to the identification, delineation and mapping of agricultural lands of public domain and all other government lands properties under the jurisdiction of DENR. It embraces cadastral survey, field network survey and all other types of survey undertaken by the sector.



Land disposition and management involves all activities related to the processing, approval and issuance of concessions (homestead for agricultural lands and free patent for agricultural and residential lands) involving public lands in favor of qualified individuals; investigation and resolution of land cases; titling of untitled government properties.

Forest and Watershed Management sub-program

This program deals with the efficient and effective development, management, and conservation of forestlands and watersheds through reforestation especially of the critically denuded/degraded forestlands. Reforestation and rehabilitation activities in order to restore the forestlands involves establishment of plantation areas as safeguard against soil erosion, landslides, floods and other ecological devastation.

Targets vs Output

Review of the actual accomplishments vis-a-vis of the annual targets revealed that out of the four outcome indicators, the DENR was able to attain only one and out of the eight output indicators, seven were attained as shown in the table below:

Natural Resources Conservation and Development Program			
Outcome Indicators	Targets	Accomplishments	Status
1. Area of terrestrial protected areas (including inland wetlands and caves) under the NIPAS effectively managed increased (in ha.)	Poor – 0 ha. Fair – 5,401.58 ha. Good – 319,994.99 ha. Excellent – 1,330,956.09 ha.	Poor – 0 ha. Fair – 64,168.29 ha. Good – 1,257,049.47 ha. Excellent – 335,134.89 ha.	Not attained
2. Area of marine protected areas under NIPAS effectively managed increased (ha.)	Poor – 0 ha. Fair – 0 ha. Good – 1,439,448.20 ha. Excellent – 1,287,266.08 ha.	Poor – 0 ha. Fair – 453,386.98 ha. Good – 1,044,032.37 ha. Excellent – 1,229,294.93 ha.	Not attained
3. Ownership of public alienable and disposable lands secured (2011-Present)	By the end of 2022, 360,000 residential and agricultural patents issued	1,172,679	Attained
4. Percentage increase in forest cover	By the end of 2022, forest cover increased by 12%	3.03% as of CY2020	Not attained
Output Indicators	Targets	Accomplishments	
1. Number of terrestrial protected areas/ wetlands/ caves established/ conserved			
Inland Wetlands	17	43	Attained
Caves	18	133	
2. Number of Critical habitats established and managed	2 established and 7 managed	13 established and 23 managed	Attained
3. Number of legislated NIPAS MPAS with Water Quality Assessment Monitoring conducted	31	31	Attained
4. Number of established Marine Protected Areas	3	9	Attained



Network (within NIPAS MPA or with at least one NIPAS MPA component strengthened)			
5. Number of residential free patents issued	21,268	24,839	Attained
6. Area of denuded and degraded forestlands/PAs decreased (in ha. cumulative)	45,706 ha.	45,947.44 ha.	Attained
7. Number of hectares planted area maintained and protected	192,645 ha.	191,081.52 ha.	Not attained
8. Percentage of annual survival rate of seedling planted	85%	88.75%	Attained

Fund Utilization/obligation and disbursement

Moreover, in order to effectively attain its objective and implement its various activities for FY 2022 for said programs/activities, the DENR has utilized the amount of ₱11,193,320,223.77 or 96.60 percent of the total budget/allotment including the continuing appropriation and disbursed the amount of ₱10,270,416,280.72 or 91.75 percent of the total obligations. The details are shown as follows:

Expense Class	Allotment	Obligation	Disbursements	Unobligated Allotment	Unpaid Obligations	Utilization Rate (%)	Disbursement Rate (%)
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d=a-b</i>	<i>e=b-c</i>	<i>f=b/a</i>	<i>g=c/b</i>
PS	₱4,340,352,683.01	4,335,280,823.73	4,214,144,286.63	5,071,859.28	₱121,136,537.10	99.88	97.21
MOOE	4,151,844,115.79	3,944,913,698.37	3,482,920,180.71	206,930,417.42	461,993,517.66	95.02	88.29
CO	3,095,682,625.65	2,913,125,701.67	2,573,351,813.38	182,556,923.98	339,773,888.29	94.10	88.34
TOTAL	₱11,587,879,424.45	11,193,320,223.77	10,270,416,280.72	394,559,200.68	₱922,903,943.05	96.60	91.75

Upon inquiry with the Policy and Planning Services, they provided the following information that the concerned office cited as reasons for the non-attainment of the abovementioned indicators as follows:

Outcome Indicators	Justification
Area of terrestrial protected areas (including inland wetlands and caves) under the NIPAS effectively managed increased (in ha.)	<p>During the validation of the Management Effectiveness Tracking Tool (METT) scores of protected areas by the Biodiversity Management Bureau, the following are the recurring challenges that hinder the attainment of effective management of protected areas:</p> <ul style="list-style-type: none"> Protected areas have limited number of staff to implement protected area management programs and enforce protected area rules and regulations. Further, equipment is limited such that some of the protected area personnel were already constrained to use their personal equipment, vehicles and gadgets in the performance of their task.; Due to limited resources, not all activities identified in the Protected Area Management Plans were translated in the Work and Financial Plan; Threats to protected areas remain high; and
Area of marine protected areas under NIPAS effectively managed increased (ha.)	



	<ul style="list-style-type: none"> Peace and order situation in some protected areas (e.g. Siocon Resource Reserve) hinder the implementation of protected area management programs.
Percentage increase in forest cover	<p>The said indicator is based on the thematic geospatial information generated by the National Mapping and Resources Information Authority (NAMRIA) and analyzed by the Forest Management Bureau.</p> <p>The latest land cover for this indicator is the 2020 land cover data. Since the analysis is happening every five years, the next reporting period shall be in CY 2025.</p>
Output Indicators	Justification
Number of hectares planted area maintained and protected	<p>For year 1 maintained and protected</p> <ul style="list-style-type: none"> Region 11 explained that the two contracted People's Organizations failed to maintain and protect the established plantation of 130 hectares on time. Nevertheless, they assured that they shall accomplish the remaining activities with the remaining budget as stipulated in their MOA with DENR. <p>Meanwhile, the requested budget of Region 13 for the 12,904 hectares amounting to ₱43,213,000.00 for the implementation of the Enhanced National Greening Program activities was not accommodated due to unavailability of funds. Hence, from the submitted reprogrammed target of 12,904 hectares, it was reduced to 10,349 hectares, in accordance with the budget under the GAA FY 2022.</p> <p>For year 3 maintained and protected</p> <ul style="list-style-type: none"> Region 1 explicated that the MOA with Mariano Marcos State University (MMSU) for the 3rd year maintained and protected of 463 hectares of Nipa plantation for bioethanol production was not executed due to the pending resolution of the issue on the actual areas established/planted by the proponent. It was found out that the 463 hectares reportedly established in CY2019 included non-plantable areas which is situated at the center portion of the river. Thus, validation and perimeter survey were conducted in all established plantations that was based on the shapefiles submitted by MMSU. Based on the result, of the 463 hectares, only 158 hectares were actually developed for enrichment/establishment of Nipa plantation and about 20 hectares were identified as additional potential areas for enrichment planting. As recommended by the concerned Office, the non-plantable areas covering 305 hectares shall be replaced with other available potential areas for development.

In addition to the overall Program Evaluation, the following observations in the Bureaus, Regional Offices and PENROs were summarized as follows:

Agency	Findings	Issue
Biodiversity Management Bureau (BMB)	The BMB achieved 76 out of its 98 Performance Indicators (PIs) or 78 percent under the program Protected Areas Development and Management, leaving the 22 PIs unattained as of year-end due to the following reasons: (a) review of document by the BMB is dependent on the submission from Regional Office (RO)/Protected Areas (PAs); (b) conduct of meetings with partners/committees is dependent on availability of partners/call for meeting by committees; (c) high workload of the personnel and no available staff to monitor ROs and Pas; (d) non-hiring of support staff for	Non-attainment/ achievement of physical targets



Agency	Findings	Issue
	<p>repair/maintenance/beautification of park grounds and facilities including establishment and maintenance of the NAPWC Arboretum. Also, the delayed/non-hiring of support staff, among others, were due to the (a) absence of Special Presidential Authority (SPA) coming from the President due to national election in May 2022 which was needed in the Memorandum of Understanding (MOU) for the foreign-assisted project of NAPWC; and (b) inability to prepare documentary requirements for posting of vacancy due to other priority activities.</p> <p>Moreover, the Bureau has utilized the amount of ₱52,890,008.97 or 95.91 percent of the total budget/allotment and disbursed amounted to ₱43,491,453.12 or 82.23 of the total obligations for said undertakings.</p>	
Land Management Bureau (LMB)	The LMB achieved 44 out of its 53 Performance Indicators (PIs) or 83 percent under the program Land Management, leaving the 9 PIs unattained as of year-end due to delayed implementation and monitoring of projects, and some indicators are demand driven. Moreover, the Bureau has utilized the amount of ₱70,986,318.11 or 95.02 percent of the total budget/allotment amounting to ₱74,703,366.58 and disbursed amounted to ₱53,520,895.76 or 75.40 percent of the total obligations for said undertakings.	
PENRO Davao del Sur	The PENRO Davao del Sur did not fully meet its commitment to pursue Boundary Demarcation Activities of Mount Apo National Park as of December 31, 2022 due to delayed receipt of the approved Work and Financial Plan, thus the objective of the program was not achieved to the detriment of the intended beneficiaries.	
PENRO Guimaras	The objective of the NRCDP, specifically on the Protected Areas Development and Management, to ensure sustainable management of protected areas was not attained in CY 2022 due to the delayed release of Sub-allotment Advice from DENR Central Office to PENRO – Guimaras, which also caused the program's low fund utilization of 57.43 in CY 2022.	Unutilized appropriations/unobligated allotments
DENR RO 4B	<p>Post-audit of the payment of Personal Services revealed that out of the ₱6,134,000.00, ₱6,013,832.18 or 98.04% were considered in line with the PPAs while ₱120,167.82 or 1.96% were not utilized for its intended purpose. The amount of ₱120,167.82 were used to pay for the salary differential due to promotion of personnel not assigned in the Conservation and Development Division.</p> <p>It is worth to mention the agency's sincere efforts to achieve a high fund utilization rate, however, review of documents revealed that out of the total MOOE disbursements of ₱3,842,577.45, ₱1,024,922.48 or 26.67% were considered in line with the PPAs while ₱2,817,654.97 or 73.33% were not utilized for its intended purpose.</p>	Funds not used exclusively for the intended purpose
PENRO Oriental Mindoro	Of the funds totaling ₱9,878,614.77 inclusive of Personnel Services (PS), MOOE and, ₱9,709,653.47 or 98.29 percent was used for the implementation of various PPAs under NRCDP/ PACWDMSP/PADM of PENRO Oriental Mindoro. However, of the total MOOE of ₱3,625,924.87, ₱1,740,933.79 or 48.01 percent only was exclusively used for the intended purposes and duly accounted for while ₱1,884,991.08 or 51.99 percent was not exclusively used in line with the PPAs of said sub-program contrary to Section 68, GPs of GAA FY 2022, pertinent items of DENR Operational Guidelines on the Preparation of WFP for FY 2022 and the agency's approved WFP, thus casting doubt on the regularity and propriety of the expenditures incurred.	



Agency	Findings	Issue
DENR RO 5	Funds earmarked for the implementation of the National Greening Program (under Forest Development) totaling P772,371.93 were utilized for the payment of security guards assigned at the DENR Regional Office compound and Land Management Services, contrary to existing rules and regulations.	

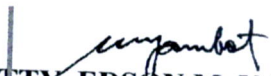
The non-attainment of its outcome and output indicators despite the utilization of funds reflects to the ineffective preparation of the individual work and financial plan of each office under the DENR to address the reasons cited for the non-attainment of its indicators. The individual work and financial plan should ultimately pursue the accomplishments of the indicated outcome and output indicators as prescribed by the GAA.


In effect, the overall implementation of the programs/activities resulted to the non-attainment of its objectives to conserve biodiversity within the area of terrestrial and marine protected areas (including inland wetlands and caves) under the NIPAS, increase in forest cover and number of hectares planted area maintained and protected that deprived the beneficiaries of the possible benefits that can be derived therefrom.

In view of the foregoing, we recommend that Management:

- a) 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;
- b) 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;
- c) direct the DENR Central Office for the early release of SAA intended to cover funding for the particular period to ensure sustainable management of protected areas; and
- d) direct the heads of DENR RO 4B, PENRO Oriental Mindoro and DENR RO 5 to submit satisfactory explanation for charging various amounts not intended for the implementation of the PPAs.

May we have your comments on the foregoing audit observations within five (5) calendar days from receipt hereof.


 COA Signed
 2023-05-11
 17:20:05
ATTY. EDSON M. YAMBOT
 Audit Team Leader


 COA Signed
 2023-05-11
 17:23:16
VIOLA Q. MOLINA
 OIC-Supervising Auditor
 DENR 1 & 2



Proof of Receipt:

Name of Persons Responsible	Position/ Designation	Received by: (Pls. print & sign)	Date
Maria Antonia Yulo Loyzaga	Secretary, DENR		
Cheryl Loise T. Leal	OIC Driector, PPS		

VQM/EMY
AOM-PPA

