



Republic of the Philippines  
Department of Environment and Natural Resources  
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## MEMORANDUM

**TO :** **The Regional Executive Directors**  
Regions 1 – 13, CAR and NCR  
**The Provincial Environment and Natural Resources Officers**  
Regions 1 – 13, CAR and NCR  
**The Bureau Directors**  
BMB, ERDB, FMB and LMB

**FROM :** **The Undersecretary**  
Finance, Information Systems and Climate Change

**SUBJECT:** **Submission of Updates on the Compliance on the CY 2020 Consolidated Annual Audit Report and Implementation of the Enhanced National Government Accounting System (eNGAS)**

**DATE :** **SEP 14 2021**

As discussed during the meeting held on August 17, 2021, it was established that the Disclaimer of opinion<sup>1</sup> received by the department was primarily due to the following:

1. Uncorrected misstatements in an aggregate amount of P1,216.924 million (**Annex A**), which exceeded the materiality level of P306.964 million; and
2. Various accounting deficiencies such as:
  - a. Non-maintenance of Subsidiary Ledgers
  - b. Lack of complete accounting records on various FS accounts with an aggregate amount of P13,310.877 million (**Annex B**)

The full implementation of the eNGAS of the Bureaus, Regions and PENROs which discontinued, partially and did not implement the system such as FMB, LMB, and Regions 1, 4A, 4B, 6, 8, 10, 11, and 12 (**Annex C**) was one of the agreements reached during the meeting. This will facilitate the maintenance of subsidiary ledgers of various financial statement accounts and reduce the errors/omissions in the accounting records which are very important reference documents on the desired information that can be relied upon by both the accountants and auditors and other users as well.

In view of the above, all Regional offices, PENROs and Bureaus shall submit the status of implementation as of August 31, 2021 of the audit recommendations, including pertinent supporting documents thereto, **not later than September 30, 2021** and the eNGAS generated financial statements as of September 30, 2021 **not later than October 15, 2021** to the DENR Central Office – Accounting Division through [denrco.compliance@gmail.com](mailto:denrco.compliance@gmail.com).

For your immediate compliance.

  
**ATTY. ANALIZA REBUERTA - TEH**

<sup>1</sup> **Disclaimer of Opinion** – expressed when the auditor is unable to obtain sufficient appropriate audit evidence on which to base an opinion and the auditor concludes that the possible effects on the Financial Statements (FS) of undetected misstatements, if any, could be both material and pervasive.  
- rendered on extremely rare circumstances involving multiple uncertainties, the auditor concludes that, notwithstanding having sufficient appropriate audit evidence regarding each individual uncertainties; it is not possible to form an opinion on the FS due to the potential interaction of the uncertainties and their possible cumulative effect on the FS.

## Annex A

Summary of Breakdown of Accounting Errors/Omissions per Region  
 Total Errors/Omissions - P1,216.924 million

Regions/Bureaus	Particulars	Amount (P)	Remarks
FMB	Unrecorded reconciling items	42,784.29	
FMB	Non-existent/closed bank account still recorded in the books	254,480.95	
FMB	Various unrecorded transactions of the balance of the dollar account	613,891.73	
FMB	Unrecorded liquidation of fund transfers	6,269,976.48	
FMB	Non-recognition of expenses on issued inventory and non-derecognition of semi-expendable items	3,222,048.29	
	<b>Total, FMB</b>	<b>10,403,181.74</b>	
BMB	Non-derecognition of various issued semi-expendable items recorded under PPE Accounts	2,432,167.96	
BMB	Non-recognition of allowance for impairment for unserviceable PPE	2,831,152.43	
BMB	Non-derecognition of damaged/ non-existent/ demolished buildings and other structures due to typhoon and fires	1,903,454.07	
	<b>Total, BMB</b>	<b>7,166,774.46</b>	
ERDB	Unrecognized Expenses at year-end	493,665.54	
	<b>Total, ERDB</b>	<b>493,665.54</b>	
CAR - Benguet	Misclassification of accounts	96,652.35	*per Compliance, Only 96,652.35 were left
CAR - Kalinga	Unrecorded disposition through donation/ sale of confiscated property	144,161.70	
	<b>Total, DENR - CAR</b>	<b>240,814.05</b>	
Region 1 - Pangasinan	Prepaid insurance treated as outright expense	17,711.88	
	<b>Total, DENR - Region 1</b>	<b>17,711.88</b>	
Region 2-Nueva Vizcaya	Unrecorded reconciling items	225,219.52	
Region 2 - Nueva Vizcaya	Unrecorded receipts of various inventory and semi-expendable items	377,561.25	*Unrecorded receipt of Supplies
Region 2 - Nueva Vizcaya	Unrecorded receipts of various inventory and semi-expendable items	274,982.00	*Unrecorded procurement of Semi-Expendable Assets
Region 2 - Cagayan	Unrecorded disposition through donation/ sale of confiscated property	3,171,684.01	
Region 2 - Cagayan	Misclassification of accounts	540,458.37	
Region 2 - Cagayan	Non-recognition of expenses on issued inventory and non-derecognition of semi-expendable items	3,303,182.56	
Region 2 - Cagayan	Non-recognition of allowance for impairment for unserviceable PPE	555,159.97	
Region 2 - Isabela	Unrecorded disposition through donation/ sale of confiscated property	2,632,142.00	

Regions/Bureaus	Particulars	Amount (P)	Remarks
Region 2 - Isabela	Unrecorded receipt of PPE by ROs of transferred PPE from CO	2,932,711.69	
	<b>Total, DENR - Region 2</b>	<b>14,013,101.37</b>	
Region 3 - Bataan	Completed projects not reclassified to proper PPE accounts	28,710,796.86	
Region 3 - Bataan	Unrecorded disposal/ transfer of various PPE	29,657.02	
	<b>Total, DENR - Region 3</b>	<b>28,740,453.88</b>	
Region 4A - Laguna	Completed projects not reclassified to proper PPE accounts	1,783,877.75	
Region 4A - Quezon	Completed projects not reclassified to proper PPE accounts	317,428,619.01	
	<b>Total, DENR - Region 4A</b>	<b>319,212,496.76</b>	
Region 4B - RO	Unrecorded disposal/ transfer of various PPE	434,768.49	
Region 4B - RO	Non-recognition of expenses on issued inventory and non-derecognition of semi-expendable items	2,936,588.87	
Region 4B - Oriental Mindoro	Completed projects not reclassified to proper PPE accounts	10,467,498.00	
	<b>Total, DENR - Region 4B</b>	<b>13,838,855.36</b>	
Region 6 - Iloilo	Misclassification of accounts	916,000.00	*per Compliance, only 916K were left
Region 6 - Antique	Non-recognition of impairment loss for receivables with doubtful collectibility	349,833.34	
Region 6 - Aklan	Completed projects not reclassified to proper PPE accounts	121,426,381.59	
Region 6 - Guimaras	Unrecorded disposition through donation/ sale of confiscated property	90,360.13	
Region 6 - Negros Occidental	Unrecognized accrued income from foreshore lease	11,958,755.62	
Region 6 - Negros Occidental	Misclassification of accounts	52,490.05	
Region 6 - Capiz	Completed projects not reclassified to proper PPE accounts	323,851,370.48	
Region 6 - Capiz	Unrecorded receipt of PPE by ROs of transferred PPE from CO	860,940.00	
	<b>Total, DENR - Region 6</b>	<b>459,506,131.21</b>	
Region 7 - RO	Non-recognition of expenses on issued inventory and non-derecognition of semi-expendable items	1,899,993.69	
Region 7 - RO	Non-derecognition of damaged/ non-existent/ demolished buildings and other structures due to typhoon and fires	1,277,773.50	
Region 7 - Negros Oriental	Non-recognition of expenses on issued inventory and non-derecognition of semi-expendable items	0.20	
	<b>Total, DENR - Region 7</b>	<b>3,177,767.39</b>	
Region 10 - Misamis Oriental	Completed projects not reclassified to proper PPE accounts	9,602,607.07	
	<b>Total, DENR - Region 10</b>	<b>9,602,607.07</b>	
Region 11 - Davao de Oro	Completed projects not reclassified to proper PPE accounts	1,608,527.24	

Regions/Bureaus	Particulars	Amount (P)	Remarks
Region 11 - Davao de Oro	Unrecorded disposal/ transfer of various PPE	204,661.00	
	<b>Total, DENR - Region 11</b>	<b>1,813,188.24</b>	
Region 12 - RO	Unrecorded disposal/ transfer of various PPE	6,167,731.31	
Region 12 - North Cotabato	Misclassification of accounts	1,717,392.00	
Region 12 - South Cotabato	Non-recognition of expenses on issued inventory and non-derecognition of semi-expendable items	2,471,766.02	
Region 12 - Sultan Kudarat	Completed projects not reclassified to proper PPE accounts	331,149,998.22	
	<b>Total, DENR - Region 12</b>	<b>341,506,887.55</b>	
Region 13 - Regional Office	[Undue] Non-derecognition of cancelled Accounts Payable	3,715,490.40	
Region 13 - Surigao del Sur	Unrecognized Expenses at year-end	1,538,986.00	
Region 13 - Dinagat Islands	Unrecognized Expenses at year-end	1,929,838.41	
	<b>Total, DENR - Region 13</b>	<b>7,184,314.81</b>	
For Reconciliation	Non-recognition of allowance for impairment for unserviceable PPE	1,000.00	
	Misclassification of accounts	6,000.00	
	<b>GRAND TOTAL</b>	<b>1,216,924,951.31</b>	

**Summary of Accounting Defficiencies  
CAAR 2020**

<b>Office</b>	<b>Amount (in million)</b>
Central Office	1,132.980
NCR	464.817
BMB	61.426
LMB	7.544
FMB	157.892
CAR	205.706
Region 1	17.584
Region 2	61.749
Region 3	367.066
Region 4A	53.376
Region 4B	800.960
Region 5	139.651
Region 6	1,045.085
Region 7	189.747
Region 8	887.266
Region 9	98.312
Region 10	2,065.520
Region 11	2,219.636
Region 12	468.181
Region 13	2,866.379
<b>Total</b>	<b>13,310.877</b>

**Observations (Accounting Defficiencies):**

- Unreconciled balance between the General Ledger (GL) and the confirmed bank balances
- Non-maintenance of SL and absence of reconciliation of CIB-LCCA and its corresponding trust liabilities
- Unrecorded balances per books and those confirmed by Implementing Agenciess due to various transactions accumulated over the long period of time which are not reflected in the books of either parties.
- Unreconciled balances of GL and RPCI of various inventory accounts.
- Unreconciled balances of GL and RPCPPE of various PPEs.
- Unfound PPE items during the physical count.
- Unverified balance of various reforestation projects recorded under Land Improvements - RF and Construction in Progress - Land Improvements
- Unrecognized impairment losses.
- Non-maintenance of SLs and unavailability of supporting documents of beginning balances of various dormant accounts.
- Various accounts with negative blances.
- Absennce of SLs resulting in discrepancies between FS and FARS / supporting schedules / Notes to FS/GL.

**Department of Environment and Natural Resources**  
**Electronic National Government Accounting System (eNGAS)**  
**Status of Implementation**

<b>Offices</b>	<b>Status of Implementation as of June 30, 2021</b>
<b>1 Central Office - Books accounts</b>	implemented
<b>Pasig River Rehabilitation Commission (Disestablished)</b>	implemented
<b>2 Biodiversity Management Bureau (BMB)</b>	implemented
<b>3 Ecosystems Research and Development Bureau (ERDB)</b>	implemented
<b>4 Forest Management Bureau (FMB)</b>	Not yet implemented
<b>5 Land Management Bureau (LMB)</b>	Not yet implemented
<b>6 NCR</b>	implemented
<b>7 CAR</b>	implemented
<b>8 Region 1</b>	partially implemented
<b>9 Region 2</b>	implemented
<b>10 Region 3</b>	partially implemented
<b>11 Region 4a</b>	4 out of 6 discontinued
<b>12 Region 4b</b>	4 out of 6 not yet implemented
<b>13 Region 5</b>	implemented
<b>14 Region 6</b>	4 out of 7 discontinued
<b>15 Region 7</b>	implemented
<b>16 Region 8</b>	3 out of 7 discontinued
<b>17 Region 9</b>	partially implemented
<b>18 Region 10</b>	2 out of 6 discontinued
<b>19 Region 11</b>	5 out of 6 discontinued
<b>20 Region 12</b>	implemented
<b>21 Region 13</b>	5 out of 5 discontinued

Department of Environment and Natural Resources  
Electronic National Government Accounting System (eNGAS)  
Status of Implementation

(Central Office/Staff Bureaus/Regional and Provincial Offices - 97 Implementing Office)

Offices	Status of Implementation as of Dec 31, 2018	Status of Implementation as of June 30, 2021		Remarks
		Implemented	Discontinued/ Not yet implemented	
<b>Central Office</b> Central Office - Books accounts Pasig River Rehabilitation Commission (Disestablished)	yes	yes yes		
<b>Staff Bureaus</b> Biodiversity Management Bureau (BMB) Ecosystems Research and Development Bureau (ERDB) Forest Management Bureau (FMB) Land Management Bureau (LMB)	yes yes Not yet implemented Not yet implemented	yes yes	Not yet implemented Not yet implemented	no accountant, to restart in FY 2021 no accountant, to restart in FY 2021
<b>REGIONS</b>				
<b>NCR</b>	yes	yes		
<b>CAR</b> CAR Regional Office PENRO Abra PENRO Benguet PENRO Mountain Province PENRO Kalinga PENRO Apayao PENRO Ifugao	yes yes yes yes yes yes yes	yes yes yes yes yes yes yes		
<b>Region 1</b> R1- Regional Office PENRO Ilocos Norte PENRO Ilocos Sur PENRO La Union PENRO Pangasinan	yes yes yes yes yes	yes yes partially partially partially		parrallel with manual parrallel with manual except for Fund Cluster 01, to full implement in FY 2021 except for Fund Cluster 01, to full implement in FY 2021 except for Fund Cluster 01, to full implement in FY 2021
<b>Region 2</b> R2- Regional Office PENRO Batanes PENRO Cagayan PENRO Isabela PENRO Nueva Vizcaya PENRO Quirino	yes discontinued yes yes yes yes	yes yes yes yes yes yes		
<b>Region 3</b> R3- Regional Office PENRO Aurora PENRO Bataan PENRO Bulacan PENRO Nueva Ecija PENRO Pampanga PENRO Tarlac PENRO Zambales	yes yes yes yes yes yes yes yes	yes yes yes yes yes yes yes yes		in parallel with manual in parallel with manual
<b>Region 4a</b> R4a- Regional Office PENRO Batangas PENRO Cavite PENRO Laguna PENRO Quezon PENRO Rizal	yes yes yes yes yes yes	yes yes yes	Discontinued Discontinued Discontinued Discontinued	newly installed network for the new building in CY2020, to be restarted in FY2021 in parallel with manual newly appointed Accountant and Bookkeeper, to be restarted in FY2021 to restart in FY 2021, undergoing for data build up to restart in FY 2021, undergoing for data build up

Department of Environment and Natural Resources  
Electronic National Government Accounting System (eNGAS)  
Status of Implementation

(Central Office/Staff Bureaus/Regional and Provincial Offices - 97 Implementing Office)

Offices	Status of Implementation as of Dec 31, 2018	Status of Implementation as of June 30, 2021		Remarks
		Implemented	Discontinued/ Not yet implemented	
<b>Region 4b</b> R4b- Regional Office PENRO Marinduque PENRO Occidental Mindoro PENRO Oriental Mindoro PENRO Palawan PENRO Romblon	<i>Not yet implemented</i> <i>Not yet implemented</i> <i>Not yet implemented</i> <i>Not yet implemented</i> <i>Not yet implemented</i> <i>Not yet implemented</i>	yes yes	Not yet implemented Not yet implemented Not yet implemented Not yet implemented	<i>in parallel with manual</i>
<b>Region 5</b> R5- Regional Office PENRO Albay PENRO Camarines Norte PENRO Camarines Sur PENRO Catanduanes PENRO Masbate PENRO Sorsogon	yes yes yes yes yes yes yes	yes yes yes yes yes yes yes		
<b>Region 6</b> R6- Regional Office PENRO Aklan PENRO Antique PENRO Capiz PENRO Iloilo PENRO Guimaras PENRO Negros Occidental	yes yes yes Not yet implemented yes yes yes	yes  yes  yes	Discontinued  Not yet implemented Discontinued Discontinued	<i>parallel with manual, damage server due to various errors encountered in previous database, to be restarted for 2021, parallel with manual, damage server</i> <i>newly appointed accountant, to restart in FY 2021 due to various errors encountered in previous database, to be restarted for 2021, still in parallel with manual recording database was damage including server, to be restarted by August 2021</i>
<b>Region 7</b> R7- Regional Office PENRO Cebu PENRO Bohol PENRO Siquijor PENRO Negros Oriental	yes yes yes yes yes	yes yes yes yes yes		
<b>Region 8</b> R8- Regional Office PENRO Samar PENRO Leyte PENRO Biliran PENRO Eastern Samar PENRO Northern Samar PENRO Southern Leyte	yes yes yes yes yes yes yes	yes  yes  yes yes yes	Discontinued Discontinued Discontinued	<i>due to various errors encountered in previous database, to be restarted for 2021, due to various errors encountered in previous database, to be restarted for 2021, due to various errors encountered in previous database, to be restarted for 2021,</i>



Department of Environment and Natural Resources  
 Electronic National Government Accounting System (eNGAS)  
 Status of Implementation

(Central Office/Staff Bureaus/Regional and Provincial Offices - 97 Implementing Office)

Offices	Status of Implementation as of Dec 31, 2018	Status of Implementation as of June 30, 2021		Remarks
		Implemented	Discontinued/ Not yet implemented	
<b>Region 9</b>				
R9- Regional Office	yes	partially		<i>implemented for minor fund except for the regular fund (Fund Cluster 01), to fully implement in FY2021 parallel with manual</i>
PENRO Zamboanga del Sur	yes	yes		
PENRO Zamboanga del Norte	yes	yes		
PENRO Zamboanga Sibugay	yes	yes		
<b>Region 10</b>				
R10- Regional Office	yes	yes		<i>For Fund 101 only, to fully implement in FY2021 system server crash (including the engas database), to restart in FY 2021</i>
PENRO Bukidnon	yes	yes		
PENRO Camiguin	yes		Discontinued	
PENRO Lanao del Norte	yes		Discontinued	
PENRO Misamis Occidental	yes	yes		
PENRO Misamis Oriental	yes	yes		
<b>Region 11</b>				
R11- Regional Office	yes	yes		<i>still in parallel with manual recording to restart in FY 2021</i>
PENRO Davao Oriental	yes		Discontinued	
PENRO Davao del Norte	yes		Discontinued	
PENRO Davao de Oro (Compostela Valley)	yes		Discontinued	
PENRO Davao del Sur	yes		Discontinued	
PENRO Davao Occidental	yes		Discontinued	
<b>Region 12</b>				
R12- Regional Office	yes		Discontinued	<i>due to engas server malfunction and errors encountered, to restart in FY 2021</i>
PENRO South Cotabato	yes		Discontinued	
PENRO Sultan Kudarat	yes		Discontinued	
PENRO Sarangani	yes		Discontinued	
PENRO Cotabato	yes		Discontinued	
<b>Region 13</b>				
R13- Regional Office	yes	yes		
PENRO Agusan del Norte	yes	yes		
PENRO Agusan del Sur	yes	yes		
PENRO Surigao del Norte	yes	yes		
PENRO Surigao del Sur	yes	yes		
PENRO Dinagat Island	yes	yes		
	87	69	29	