



Republic of the Philippines
Department of Environment and Natural Resources
Visayas Avenue, Diliman, 1106 Quezon City
(632) 929-6626 to 29; 929-6252; 929-6633 to 35; 929-7041 to 43
E-mail: web@denr.gov.ph; Website: www.denr.gov.ph

MEMORANDUM

TO : **The Staff Bureau Directors**
(BMB, ERDB, FMB and LMB)

The Regional Executive Directors
(Regions 1-13, NCR and CAR)

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

SUBJECT : **CREATION OF AUDIT COMPLIANCE COMMITTEE IN THE BUREAUS AND REGIONAL OFFICES**

DATE : **MAR 13 2023**

A memorandum dated 21 July 2017 (**Annex A**) was issued by the Undersecretary Atty. Ernesto D. Adobo, Jr. **designating all Assistant Regional Directors (ARDs) for Management Services** as focal officials who shall be responsible for the compliance of all audit recommendations in the Regional Offices and the PENROs under its jurisdiction and accountable for the timely submission of updates on the status of compliance.

Another memorandum was issued by the Undersecretary for Policy, Planning and International Affairs and OIC-DENR, Atty. Jonas R. Leones, dated 23 September 2022 (**Annex B**) to the Service Directors, Bureau Directors and all Regional Executive Directors (REDs) to **create an Audit Compliance Committee** to monitor regularly the compliance of the audit recommendations covered by the Audit Observation Memoranda (AOM), Management Letters (MLs) and Consolidated Annual Audit Reports (CAARs), among others.

In addition, Operational Guidelines on the Preparation of Work and Financial Plans (WFP) for FY 2022 was approved by Secretary Roy A. Cimatu (**Annex C**), to **create an Audit Compliance Committee** in the Bureaus and Regional Offices to be headed by the Assistant Bureau Director and ARDs for Management or Technical Services to be assigned by REDs, that shall be responsible for the compliance of all Commission on Audit (COA) audit findings and recommendations.

In view of the above, kindly submit your report with supporting documents as MoVs **not later than 16 March 2023** which was discussed in our meetings last 27 February 2023 and 09 March 2023.

For information and strict compliance.


ENGR. NONITA S. CAGUIOA

Cc: Undersecretary
Finance, Information Systems and Climate Change

MEMO NO. 2023 - 217



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MEMORANDUM

TO : All Regional Directors

FROM : The Undersecretary

SUBJECT : **MONITORING OF COMPLIANCE TO AUDIT FINDINGS
AT THE REGIONAL OFFICES**

DATE : **JUL 21 2017**

The DENR-Central Office observes that submission of requirements in the monitoring of the Region's compliance to audit recommendations based on Commission on Audit's (COA) findings relies heavily on the Finance Division. This practice results to unresolved issues due to non-implementation of recommendations and delays in the Department's submission of requirements to COA. Therefore, this Office is reminding all Assistant Regional Directors for Management Service to act as the focal officials in the said activity since these are within their core functions.

Consequently, they shall be responsible for the following: 1) compliance of all audit recommendations not only of the Regional Office but also of PENROs under its jurisdiction; and 2) accountable for the timely submission of updates on the status of compliance.

For strict compliance.


ATTY. ERNESTO D. ADOBO, JR., CESO I



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MEMORANDUM

TO : **The Service Directors**
 Administrative Service
 Foreign-Assisted and Special Projects Service

The Bureau Directors
 Forest Management Bureau (FMB)
 Land Management Bureau (LMB)
 Biodiversity Management Bureau (BMB)
 Ecosystems Research and Development Bureau (ERDB)

All Regional Executive Directors
 DENR-Regions 1-13, NCR and CAR

FROM : The Undersecretary, Policy, Planning and International Affairs
 and Officer-In-Charge, DENR

SUBJECT : **COMPLIANCE WITH THE COMMISSION ON AUDIT'S CY
 2021 CONSOLIDATED ANNUAL AUDIT REPORT (CAAR)
 OBSERVATIONS AND RECOMMENDATIONS**

DATE : September 23, 2022

This has reference to the letter for the DENR Secretary Maria Antonia Yulo Loyzaga from COA Director Melissa B. Martinez dated July 19, 2022 transmitting the DENR CAAR for CY 2021.

It was requested in the said letter that status report on the actions taken on the recommendations be submitted within sixty (60) days from the date of receipt of the report pursuant to Section 91 of the General Provision of the General Appropriations Act of FY 2021 (Republic Act No. 11518). Related to this, a Memorandum dated July 25, 2022 was issued by the Undersecretary for Finance, Information Systems and Climate Change, Atty. Analiza Rebuelta-Teh, directing the submission of the Agency Action Plan and Status of Implementation (AAPSI) on or before July 29, 2022. The following table shows the status of implementation based on the report submitted:

Particulars	No. of Observations	No. of Recommendations	Status of Implementation		
			Fully Implemented	Partially Implemented	Not Implemented
Part II. Current Year's Observations and Recommendations	27	63	12 (19.05%)	47 (74.60%)	4 (6.35%)
Part III. Prior Years' Audit Recommendations	25	64	38 (59.38%)	26 (40.63%)	0 (0%)

In this regard, you are reminded to **ensure full compliance** with the audit observations and recommendations in your area of jurisdiction. Please note that the COA issued an **Adverse Audit Opinion**¹ due to various unadjusted accounting **errors** and **omissions** amounting to **P4,486.436 million** which exceeded the materiality level of P324,410 million and various accounting **deficiencies** such as non-maintenance of Subsidiary Ledgers and unreconciled variances between accounting and property records on three Asset accounts with an aggregate amount of **P4,058.211 million** as discussed in Part II of the CAAR (pages 139-145). Similarly, we have to address the audit observations and recommendations under the Compliance Audit (pages 145-207) and the prior years' audit recommendations under Part III (208-265).

Attached are the Details of the Accounting Errors and Omissions (**Annex A**) and Accounting Deficiencies (**Annex B**) as provided in the FY 2021 CAAR. Of the total accounting errors and omissions amounting to P4,486.436 million, 91.70% equivalent to total aggregate amount of P4,114.114 million is **reforestation project** concerns.

As agreed during the meeting held today (23 September 2022), the AAPSI of the Staff Bureaus and the Regional Offices (ROs) must be updated immediately. The Google links will be provided by the Management Division for the action/s to be taken/status of implementation (Observation Nos. 2-27) under B. Compliance with Other Legal and Regulatory Requirements (pages 145-207) while the Accounting Division is in charge for accounting errors/omissions and deficiencies (Observation No. 1) under A. Financial Audit (pages 139-145) supported by Annex B of CAAR. Thereafter, a consolidated report including the Status of Implementation of Prior Years' Audit Recommendations (pages 208-265) shall be prepared for compliance of the applicable rules and regulations.

The Bureaus and ROs may create an Audit Compliance Committee to monitor regularly the compliance of the audit recommendations covered by the Audit Observation Memoranda, Management Letters and CAARs, among others.

The contact persons in the Central Office are as follows:

- Management Division – Mario Bernabe J. Contreras (Tel No. 02-8926-6998)
- Accounting Division – Francis Jan V. Castro (Tel No. 02-8928-0254)

For information and strict compliance.


ATTY. JONAS R. LEONES

Copy furnished:

Undersecretary for Finance, Information Systems and Climate Change
Undersecretary for Field Operations for Luzon, Visayas and Environment
Undersecretary for Field Operations - Mindanao

¹ **Adverse opinion** – when the auditor, having obtained sufficient and appropriate audit evidence, concludes that misstatements, whether individually or in aggregate, are both material and pervasive

ANNEX C



Republic of the Philippines
Department of Environment and Natural Resources
Visayas Avenue, Diliman, Quezon City

**OPERATIONAL GUIDELINES ON THE
PREPARATION OF
WORK AND FINANCIAL PLANS (WFP) FOR
FISCAL YEAR (FY) 2022**

Management Division (PSMD) at email address denrcoprocurement2020@gmail.com and/or fax no. 926-2675 at least three (3) calendar days from the deadline set by GPPB-TSO and DBM-PS.

The Administrative Service-PSMD shall monitor compliance of the Regional Offices and shall submit a report to the PMED at least five (5) calendar days from the deadline of submission by the Regional Offices.

- 17.5 Failure to submit all the required documents on the set deadlines shall be considered as a demerit to the head of office and shall be considered as a severe negligence of duty: this may be meted a penalty under the One-Strike Policy in measuring performance of the concerned official.**

18.0 Responsibility

- 18.1** The Planning Officers, Finance Officers and Budget Officers of the Staff/Line Bureaus, Regions and attached agencies of the DENR shall prepare and submit their respective WFPs and other required budgetary documents to Planning and Programming Division (PPD) and Budget Division (BD) of DENR. The heads of these offices shall sign as "Recommending Approval" in the document to be submitted.
- 18.2** At the DENR Central Office, preparation and submission of the WFP shall be done by service/office/unit. The heads of these offices shall also sign as "Recommending Approval" in the document to be submitted. The document shall also be submitted to PPD and BD.
- 18.3** The USEC for Policy and Planning and USEC for Finance are hereby authorized to:
- Provide the over-all direction and coordination of the WFP preparation; and
 - Approve the final WFPs of the ROs, Staff Bureaus and Central Office Services and Coordinating Offices.
- 18.4** At the Regional Offices, the CY 2022 Planning Guidelines shall also be disseminated to the Field Offices including PASu Offices to facilitate better planning and budgeting processes.
- 18.5** The Bureau Directors and Regional Executive Directors shall see to it that the Audit recommendations under the CY 2021 Consolidated Annual Audit Report (CAAR) which includes the prior years' audit recommendations are complied/implemented. At least fifty percent (50%) compliance to the fully implemented audit recommendation is required. The USec for Finance, Information Systems and Climate Change is authorized to issue Memorandum to audit recommendations which were not implemented.

To ensure compliance, the Audit Compliance Committee will be created in the Bureaus and Regional Offices to be headed by the Assistant Bureau Director and ARDs for Management or Technical Services to be assigned by Regional Executive Director (RED), that shall be responsible for the compliance of all COA

audit findings and recommendations. The CAAR shall be part of the FY 2022 WFP and OPCR of the Bureaus, Regional Offices, and the PENROs.

The Management Division of FMS shall monitor the compliance and submit semestral report to the USEC for Finance, Information Systems and Climate Change through the Assistant Secretary for Finance, Information Systems and Mining Concerns.

19.0 Review Mechanism

19.1 The review and evaluation of the submitted WFPs should be done jointly by the **Central Office Planning, Central Office Budget and Bureau Planning Officers (except EMB, MGB and attached Agencies)**. EMB, MGB and attached agencies must furnish a copy of their approved Work and Financial Plan to Policy, Planning and Programming Service thru PPD and PMED on or before **October 29, 2021** for reference and monitoring purposes.

- Review of each Regional and Central Office WFPs by PPD shall be within fifteen days upon submission of the Region and shall be endorsed for approval to the Undersecretaries.

19.2 In case of revision of targets and modifications in the allotment

- Modification of allotment shall be in accordance with the budgeting rules and regulations as may be issued by the DBM
- Head of Agencies for:
 - a. reallocation of an object of expenditure within an allotment class, and
 - b. project modifications authorized in the special provisions in this Act
- The DBM for:
 - a. for payment of Magna Carta benefits;
 - b. from one allotment class to another;
 - c. from one operating unit to another;
 - d. within special purpose fund;
- The President of the Philippines for the payment of Intelligence funds within the Executive Branch
- For the DENR OSEC, the modification of allotment within MOOE and Capital Outlay and within PAP shall be undertaken as follows:
 - For the Central Office, approval of modification shall follow the DENR Manual of Authority upon the recommendation/request of the Head of Offices/Service/Coordinating Office
 - For Staff Bureaus, the Director shall be responsible for the approval upon the recommendation of the Chief Planning Officer and the Budget Unit head.
 - For the Regional Field Offices (ROs and PENROs), the Regional Executive Directors through the ARD for Management Services shall

EMB/MGB/NAMRIA/NWRB/PCSDS shall submit these reports directly to the concerned oversight agencies office and copy furnish the Central Office (Budget and Accounting Division).

21.0 Cash Budgeting System

Based on the National Expenditure Program FY 2022 General Provisions on the Release and Use of Funds Section 61. All appropriations authorized in this Act, including budgetary support to GOCCs, shall be available for release and disbursement for the purpose specified, and under the same general and special provisions applicable thereto, until December 31, 2022. While the amount appropriated herein as financial assistance to LGUs released during the fiscal year shall be available for disbursement for the purpose specified until December 31, 2023. On the other hand, appropriations for the statutory shares of LGUs shall be available for obligation and disbursement until fully expended.


After the end of validity period, all unreleased appropriations shall lapse, while unexpended or undisbursed funds shall revert to the unappropriated surplus of the General Fund in accordance with Section 28, Chapter 4, Book VI of E.O. No. 292 and shall not thereafter be available for expenditure except by subsequent legislative enactment. Department, bureaus and offices of the National Government, including constitutional offices enjoying fiscal autonomy, SUCs and GOCCs, shall strictly observe the validity of appropriations and the reversion of funds.

For the FY 2022, the appropriations for infrastructure capital outlays, including those subsidy releases to GOCCs for infrastructure projects, shall be valid for obligation until December 31, 2022, while the completion of construction, inspection, and payment shall be made not later than June 30, 2023. On the other hand, appropriations for MOOE and other capital outlays item shall likewise be valid for obligation until December 31, 2022, while the delivery, inspection and payment shall be made not later than March 31, 2023.

22.0 General Appropriations Act (GAA)

Upon approval of the GAA of the budget year, and in case there are changes made by Congress from the NEP, i.e. increase, decrease or other modifications for existing programs and projects or introduction of new items, the corresponding Work and Financial Plans shall be adjusted in accordance with the GAA and shall be approved by the authorized official. A supplemental guidelines shall be issued upon the approval of GAA to be signed by Undersecretary for Finance and Undersecretary for Planning.

APPROVED:


ROY A. CIMATU
DENR Secretary