



Republic of the Philippines
Department of Environment and Natural Resources
Visayas Avenue, Diliman, Quezon City
Tel Nos. (632) 929-6626 to 29 · (632) 929-6633 to 35
926-7041 to 43; 929-6252; 929-1669
Website: <http://www.denr.gov.ph>/E-mail: web@denrgov.ph

MEMORANDUM

TO : **The Regional Executive Directors**
DENR Regions 1-13, NCR, and CAR

The Bureau Directors
BMB, ERDB, FMB, and LMB

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

SUBJECT : **STATUS OF COMPLIANCE ON THE CY 2021**
CONSOLIDATED ANNUAL AUDIT REPORT (CAAR) –
FINANCIAL AUDIT

DATE : **20 JAN 2023**

This refers to Memorandum No. 2022-882 dated 16 December 2022 issued by the undersigned regarding the Submission of Latest Status of Compliance on the CY 2021 Consolidated Annual Audit Report (CAAR).

Based on your updates last 21 December 2022 on the link previously provided, the status of implementation of the Financial Audit in Observation No. 1 - Accounting Errors/Omissions and Accounting Deficiencies are summarized as follows:

Financial Audit	Balance as of December 31, 2021	Adjustment Jan. 1 to December 21, 2022	Balance as of December 21, 2022
Accounting Errors/ Omissions	4,486,436,379.86	2,909,073,865.71	1,577,362,514.15
Accounting Deficiencies	4,058,211,434.31	2,918,284,636.17	1,139,926,798.14

As shown in **Annex A** with 35% remaining unadjusted balance amounting to P1,577,362,514.15, seventeen (17) offices (14 Regions, 2 Staff Bureaus and Central Office) are included in Accounting Errors/Omissions. Six (6) of these were already fully implemented. At the same time, out of the remaining eleven (11) offices, four (4) regions namely Regions CAR, 2, 3, and 6, have significant amounts equivalent to 90.42% of the total balance as of 21 December 2022. The majority of those significant amounts are related to Reforestation Projects.

On the other hand, as indicated in **Annex B**, sixteen (16) offices consisting of 13 Regions, 2 Staff Bureaus and Central Office were identified with Accounting Deficiencies.

Four (4) Regions and a Staff Bureau have already implemented the audit recommendations. While eleven (11) offices have not yet fully implemented the audit recommendations, four (4) of which have significant amounts combined namely Regions 6, 8, 9, and Central Office which are equivalent to 74.13% of the total balance as of 21 December 2022. The majority of those significant amounts are related to Variances between General Ledger (GL) balances and the Report on the Physical Count of PPE (RPCPPE).

In this regard, if you have any additional adjustments, kindly update the status of Accounting Errors/Omissions and Deficiencies as of 31 December 2022, together with the Means of Verification/s (MOVs) to support the said adjustment using the Google Link <https://bit.ly/3YgLd6p> **not later than 31 January 2023**.

Should you need any clarifications on the matter, please contact Mr. Francis Jan V. Castro of the DENR-CO Accounting Division at telephone number 8928-0254 or VoIP No. 1018.

For information and strict compliance.


ENGR. NONITA S. CAGUIOA

cc: Undersecretary, Finance, Information Systems and Climate Change

Accounting Errors/ Omissions

Region/Bureau	Balance as of December 31, 2021	Adjustment Jan. 1 to December 21, 2022	Remaining Unadjusted Balance as of December 21, 2022	Percentage of Unadjusted Balance
Central Office	71,440,452.92	-	71,440,452.92*	4.53%
BMB	1,713,549.76	-	1,713,549.76	0.11%
FMB	5,860,514.34	5,860,514.34	-	0.00%
CAR	466,501,338.36	268,786,732.04	197,714,606.32	12.53%
Region 1	151,515,916.86	114,472,056.47	37,043,860.39	2.35%
Region 2	1,195,793,523.16	347,203,581.68	848,589,941.48	53.80%
Region 3	249,467,944.31	1,519,403.85	247,948,540.46	15.72%
Region 4A	2,464,346.25	2,464,346.25	-	0.00%
Region 4B	14,999,172.85	14,900,758.72	98,414.13	0.01%
Region 6	446,542,293.76	314,469,638.90	132,072,654.86	8.37%
Region 7	772,945.20	772,945.20	-	0.00%
Region 8	248,364,163.44	248,364,163.44	-	0.00%
Region 9	471,301,521.09	466,172,198.40	5,129,322.69	0.33%
Region 10	13,395,735.20	13,395,735.20	-	0.00%
Region 11	46,492,750.61	43,055,509.55	3,437,241.06	0.22%
Region 12	56,779,835.58	25,138,903.50	31,640,932.08	2.01%
Region 13	1,042,497,378.17	1,042,497,378.17	-	0.00%
Unreconciled	532,998.00	-	532,998.00	0.03%
Grand Total	4,486,436,379.86	2,909,073,865.71	1,577,362,514.15	100.00%
Percentage	100%	65%	35%	

*Referred to Undersecretary for Policy, Planning and International Affairs (UPPIA) in a memorandum dated 28 March 2022 signed by Usec Analiza Rebueta-Teh. A meeting was held on 5 April 2022 for the proposed conduct of the validation activities as indicated in Memorandum dated 25 April 2022 of the Director, Forest Management Bureau (FMB).

The Accounting Errors/ Omissions are grouped into two namely Reforestation Projects and Non-Reforestation Projects and details of which are as follows:

Particulars	Balance as of December 31, 2021	Percentage	Adjustment Jan. 1 to December 21, 2022	Adjusted Balance as of December 21, 2022	Percentage of Adjusted Balance
Reforestation Projects	4,341,591,740.69	97%	2,802,315,072.77	1,539,276,667.92	96%
Non-Reforestation Projects	144,844,639.17	3%	106,758,792.94	38,085,846.23	4%
Total	4,486,436,379.86	100%	2,909,073,865.71	1,577,362,514.15	100%
		100%	65%	35%	

Accounting Deficiencies

Region/Bureau	Balance as of December 31, 2021	Adjustment Jan. 1 to December 21, 2022	Adjusted Balance as of December 21, 2022	Percentage of Adjusted Balance
Central Office	572,829,171.23	194,333,739.86	378,495,431.37	33.20%
BMB	124,467.75	124,467.75	-	0.00%
LMB	24,394,668.23	1,055,751.11	23,338,917.12	2.05%
CAR	88,962,374.85	72,177,074.51	16,785,300.34	1.47%
Region 2	89,165,017.49	23,798,129.46	65,366,888.03	5.73%
Region 3	253,532,576.39	252,642,485.39	890,091.00	0.08%
Region 4A	5,195,047.79	5,195,047.79	-	0.00%
Region 4B	302,972,236.68	222,407,883.41	80,564,353.27	7.07%
Region 5	269,259,129.59	267,097,472.14	2,161,657.45	0.19%
Region 6	606,520,553.59	468,044,165.72	138,476,387.87	12.15%
Region 8	1,197,642,565.71	1,007,932,809.16	189,709,756.55	16.64%
Region 9	191,324,844.55	52,964,373.12	138,360,471.43	12.14%
Region 10	3,205,033.88	3,205,033.88	-	0.00%
Region 11	120,949,887.86	25,084,296.40	95,865,591.46	8.41%
Region 12	274,475,438.27	274,475,438.27	-	0.00%
Region 13	47,746,468.20	47,746,468.20	-	0.00%
Unreconciled	9,911,952.25	-	9,911,952.25	0.87%
Grand Total	4,058,211,434.31	2,918,284,636.17	1,139,926,798.14	100.00%
Percentage	100%	72%	28%	



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 : Bureau Directors
 BMB, ERDB, FMB and LMB

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

FROM : Assistant Secretary
 Finance, Information Systems and Mining Concerns

SUBJECT : SUBMISSION OF LATEST STATUS OF COMPLIANCE ON THE
 CY 2021 CONSOLIDATED ANNUAL AUDIT REPORT (CAAR)

DATE : DEC 16 2022

This pertains to the Department's status of compliance to Commission on Audit (COA) CY 2021 Consolidated Annual Audit Report (CAAR) as of 31 October 2022, being monitored by the Financial and Management Service (FMS), to fully comply the remaining Not Implemented Audit Recommendations, as follows:

Particulars	No. of Observations	No. of Recommendations	Status of Implementation Not Implemented Recommendations		Breakdown of Not Implemented Recommendations	
			Fully Implemented	Not Implemented	Partially Implemented ¹	Not Implemented
Part II. Current Year's Observations and Recommendations						
• COA	27	63	-	63		63
• DENR	27	63	14 (22.22%)	49 (77.77%)	45 (71.43%)	4 (5.34%)
Part III. Prior Years' Audit Recommendations						
• COA	25	64	37 (57.81%)	27 (42.19%)		27 (42.19%)
• DENR	25	64	38 (59.37%)	26 (40.63%)	26 (40.63%)	0 (0%)

In this regard, you are hereby requested to submit the latest updates using the COA prescribed Agency Action Plan and Status of Implementation (AAPSI)¹ format following the instruction provided herein.

The AAPSI shall indicate the updates by recommendations provided in the CAAR observations. Reports submitted using an incorrect format/content (not using the prescribed template, Audit Observation Memorandum (AOM)/Management Letter (ML) file type, reports with unfilled "Status of Implementation" column) will not be considered.

The reports shall form part of the FY 2022 DENR Strategic Performance Management System as per Memorandum dated 22 March 2022 issued by OIC-Director, Planning and Policy

¹ Sec. 87, Report on Commission on Audit Findings and Recommendation. Within sixty (60) days from receipt of the COA Annual Audit Report, agencies concerned shall submit to the COA, either in printed form or by way of electronic document, a status report on the actions taken on said audit findings and recommendations using the prescribed form under COA Memorandum No. 2014-002 dated March 18, 2014. They shall likewise furnish the DBM, the Speaker of the House of Representatives, the President of the Senate of the Philippines, the House Committee on Appropriations and the Senate Committee on Finance, either in printed form or by way of electronic document, a copy of said reports. R.A. No. 11659 - FY 2022 General Appropriations Act

Service and Performance Based-Bonus (PBB) requirements on the sustained Compliance with Audit Findings as provided under Annex 6 of Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems under Memorandum Circular No. 2022-1 dated March 24, 2022 quoted in full below:

“Sustained Compliance w/ Audit Findings Fully implement 30% of the prior years’ audit recommendations as shown in the Report on Status of Implementation of Prior Years’ Recommendations. These recommendations will exclude the Property, Plant, and Equipment (PPE)-related items of the Annual Audit Report (AAR). Audit findings closed since FY 2020 should also not recur. The objective is to improve the agency’s internal control processes, enhance operational effectiveness, and eliminate, resolve and remedy most, if not all, of the agency audit findings, by the end of 2022.” (emphasis ours)

The details of the status of compliance with link are as follows:

ANNEXES	DESCRIPTION	LINK
A	Status of Implementation Summary Chart	For viewing only – https://bit.ly/3Hx0gTr
B	Status of Implementation per Observation	
C	Status of Implementation by Office	For viewing and updating – https://bit.ly/3YpLd6p
D	Status of Implementation of Financial Audit i) Accounting Errors and Omissions, and ii) Accounting Deficiencies	

The updates shall be submitted not later than 21 December 2022 through email at fms.mgt@denr.gov.ph and shall be closed thereafter for consolidation and finalization.

For clarification on ANNEXES A to C, please contact Ms. Evelyn G. Nillosan, Chief Management Division or Ms. Anna Regina A. Vega at Tel. No. 8926-6998 or VoIP Nos. 1027 and 1028, while for ANNEX D, you may contact Mr. Francis Jan V. Castro of the Accounting Division at Tel. No. 8926-0254 or VoIP No. 1020.

For information and strict compliance.


ENGR. NONITA S. CAGUIOA

Cc: Atty. Analiza Rebuelta-Teh
Undersecretary for Finance, Information Systems
and Climate Change

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
ACCOUNTING ERRORS/OMISSIONS
For the Calendar Year 2021
As of December 21, 2022

No.	Particulars	Offices	Balance as of December 31, 2021	Adjustment Jan. 1 to December 2022	Balance as of December 21, 2022
1	Non existing Cash accounts	<i>Sub-total</i>	12,528,928.77	0.00	12,528,928.77
		R12-Regional Office	12,528,928.77	0.00	12,528,928.77
2	Erroneous entry of fund transfers which is not yet released to ROs and PENROs	<i>Sub-total</i>	3,300,000.00	3,300,000.00	0.00
		FMB	3,300,000.00	3,300,000.00	0.00
3	Unrecorded deliveries of PPE and issued inventories from Procurement Service (PS) –DBM	<i>Sub-total</i>	3,353,141.68	3,353,141.68	0.00
		R4B-Regional Office	3,353,141.68	3,353,141.68	0.00
4	Inventories already issued still recognized in the books	<i>Sub-total</i>	8,458,800.00	8,349,136.77	109,663.23
		R2-Regional Office	105,543.45	105,543.45	0.00
		R2-Cagayan	1,876,619.94	1,876,619.94	0.00
		R4B-Marinduque	2,935,127.88	2,935,127.88	0.00
		R4B-Regional Office	2,842,218.14	2,750,084.11	92,134.03
		R8-Samar	681,761.39	681,761.39	0.00
		Unreconciled	17,529.20	0.00	17,529.20
5	Non-reclassification of Completed reforestation projects to Land Improvements (LI)-Reforestation Projects due to absence of supporting documents	<i>Sub-total</i>	924,473,000.00	594,302,995.47	330,170,004.53
		CAR-Abra	179,502,350.85	179,502,350.85	0.00
		CAR-Benguet	262,375,335.81	64,660,729.49	197,714,606.32
		R2-Cagayan	29,784,739.58	29,784,739.58	0.00
		R2-Nueva Vizcaya	19,913,322.63	0.00	19,913,322.63
		R2-Quirino	17,397,260.00	17,397,260.00	0.00
		R6-Aklan	55,602,724.90	55,602,724.90	0.00
		R6-Capiz	323,851,370.48	211,309,294.90	112,542,075.58
6	Non-derecognition of Reforestation projects damaged by force majeure due to absence of relief from property accountability	<i>Sub-total</i>	832,132,767.19	121,643,827.72	710,488,939.47
		R1-Pangasinan	37,043,860.39	0.00	37,043,860.39
		R2-Isabela	650,285,199.60	121,643,827.72	528,641,371.88
		R2-Quirino	21,754,910.13	0.00	21,754,910.13
		R3-Bataan	36,419,193.20	0.00	36,419,193.20
		R3-Zambales	86,629,603.87	0.00	86,629,603.87
		<i>Sub-total</i>	42,191,973.50	42,191,973.50	0.00
7	Reversal of LI- Reforestation Projects to Construction in Progress- LI without supporting documents	R1-La Union	40,882,971.50	40,882,971.50	0.00
		R9-Zamboanga Sibugay	1,309,002.00	1,309,002.00	0.00
		<i>Sub-total</i>	4,829,250.00	4,829,250.00	0.00
8	Unrecorded donation of land from BLGU of Brgy. San Vicente, Banga, South Cotabato and LGU of Buayan, General Santos City	R12-South Cotabato	4,829,250.00	4,829,250.00	0.00
		<i>Sub-total</i>	414,307,000.00	290,677,922.83	123,629,077.17
9	Non-provision of impairment loss on various PPE accounts and burnt/devastated reforestation projects	R1-Pangasinan	37,043,860.39	37,043,860.39	0.00
		R2-Isabela	43,072,446.72	43,072,446.72	0.00
		R2-Nueva Vizcaya	3,391,656.38	3,391,656.38	0.00
		R2-Quirino	1,249,802.12	1,249,802.12	0.00
		R2-Cagayan	50,770,426.12	50,770,426.12	0.00
		R3-Bataan	36,419,193.20	0.00	36,419,193.20
		R3-Zambales	86,629,603.87	0.00	86,629,603.87
		R4B-Regional Office	337,207.41	330,927.31	6,280.10
		R4B-Palawan	4,951,759.87	4,951,759.87	0.00
		R8-Leyte	108,998,938.00	108,998,938.00	0.00
		R8-Biliran	16,208,405.00	16,208,405.00	0.00
		R8-Northern Samar	7,999,844.00	7,999,844.00	0.00
		R9-Regional Office	1,590,889.85	1,590,889.85	0.00
		R9-Zamboanga del Norte	14,263,367.07	14,263,367.07	0.00
		R11 Davao del Norte	1,019,600.00	805,600.00	214,000.00
		R12-Regional Office	360,000.00	0.00	360,000.00
10	Non-derecognition of nonexistent/ demolished PPE	<i>Sub-total</i>	1,713,549.76	0.00	1,713,549.76
		BMB	1,713,549.76	0.00	1,713,549.76
11	Erroneous provision of depreciation	<i>Sub-total</i>	11,227,746.91	11,227,746.91	0.00
		R4B-Regional Office	471,300.70	471,300.70	0.00
		R4B-Oriental Mindoro	108,417.17	108,417.17	0.00
		R8-Regional Office	204,107.86	204,107.86	0.00
		R9-Regional Office	64,253.14	64,253.14	0.00
		R13 - Agusan del Norte	7,468,038.08	7,468,038.08	0.00
		R13 - Surigao del Norte	2,003,305.07	2,003,305.07	0.00
		R13 - Surigao del Sur	682,803.57	682,803.57	0.00
		R13 - Dinagat Island	(1,905,894.55)	(1,905,894.55)	0.00
		R13 - Regional Office	521,132.51	521,132.51	0.00
		R13 - Agusan del Sur	1,610,283.36	1,610,283.36	0.00

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
ACCOUNTING ERRORS/OMISSIONS
For the Calendar Year 2021
As of December 21, 2022

No.	Particulars	Offices	Balance as of December 31, 2021	Adjustment Jan. 1 to December 2022	Balance as of December 21, 2022
12	Misclassification of various accounts	<i>Sub-total</i>	2,128,487,000.00	1,753,498,353.25	374,988,646.75
		Central Office	71,440,452.92	0.00	71,440,452.92
		FMB	2,560,514.34	2,560,514.34	0.00
		CAR-Ifugao	22,967,087.30	22,967,087.30	0.00
		R1-Pangasinan	4,190,232.99	4,190,232.99	0.00
		R2-Quirino	158,495,928.80	72,043,754.47	86,452,174.33
		R2-Nueva Vizcaya	191,828,162.51	0.00	191,828,162.51
		R6-Regional Office	52,987,358.53	46,986,973.65	6,000,384.88
		R8 Leyte	114,271,107.19	114,271,107.19	0.00
		R9-Regional Office	3,353,000.00	3,353,000.00	0.00
		R9-Zamboanga del Norte	437,268,768.00	437,268,768.00	0.00
		R-11 Davao de Oro	1,629,022.82	1,629,022.82	0.00
		R12 Sarangani	30,048,210.15	11,296,206.84	18,752,003.31
		R13-Regional Office	42,205,728.13	42,205,728.13	0.00
		R13-Agusan del Norte	17,529,901.60	17,529,901.60	0.00
		R13-Agusan del Sur	738,443,405.85	738,443,405.85	0.00
		R13-Surigao del Norte	52,414,033.37	52,414,033.37	0.00
		R13-Surigao del Sur	180,096,170.04	180,096,170.04	0.00
		R12-Regional Office	5,288,009.84	5,288,009.84	0.00
		R12-South Cotabato	954,436.82	954,436.82	0.00
Unreconciled	515,468.80	0.00	515,468.80		
13	Unrecorded expenses charged to cash advance	<i>Sub-total</i>	2,771,000.00	2,771,000.00	0.00
		R12-South Cotabato	2,771,000.00	2,771,000.00	0.00
14	Unrecorded confiscated assets	<i>Sub-total</i>	7,894,807.71	7,894,807.71	0.00
		R3-Tarlac	511,851.94	511,851.94	0.00
		R7-Negros Oriental	772,945.20	772,945.20	0.00
		R11-Davao Del Norte	605,080.25	605,080.25	0.00
		R9-Zamboanga del Norte	6,004,930.32	6,004,930.32	0.00
15	Undocumented and nonexistent confiscated properties	<i>Sub-total</i>	50,287,060.42	26,553,355.95	23,733,704.47
		CAR-Abra	1,656,564.40	1,656,564.40	0.00
		R2-Regional Office	112,411.92	112,411.92	0.00
		R2-Cagayan	5,755,093.26	5,755,093.26	0.00
		R3-Bataan	1,007,551.91	1,007,551.91	0.00
		R3-Zambales	64,972.50	0.00	64,972.50
		R3-Nueva Ecija	1,785,973.82	0.00	1,785,973.82
		R4A-Laguna	2,464,346.25	2,464,346.25	0.00
		R6-Iloilo	14,100,839.85	570,645.45	13,530,194.40
		R9-Zamboanga del Sur	5,129,322.69	0.00	5,129,322.69
		R10-Misamis Occidental	13,395,735.20	13,395,735.20	0.00
		R11-Davao del Norte	702,470.28	436,993.36	265,476.92
		R11-Davao de Oro	4,111,778.34	1,154,014.20	2,957,764.14
		16	Non-Reversion of Accounts Payable to Accumulated Surplus/(Deficit)	<i>Sub-total</i>	13,908,689.18
R1-Regional Office	2,663,802.75			2,663,802.75	0.00
R1-Pangasinan	2,711,424.00			2,711,424.00	0.00
R1-Ilocos Norte	6,061,674.41			6,061,674.41	0.00
R1-La Union	153,800.00			153,800.00	0.00
R9-Zamboanga del Norte	2,317,988.02			2,317,988.02	0.00
17	Non-setting up of Accounts Payable resulting in the understatement of various accounts	<i>Sub-total</i>	24,571,664.74	24,571,664.74	0.00
		R1-Ilocos Norte	9,346,265.38	9,346,265.38	0.00
		R1-Ilocos Sur	11,418,025.05	11,418,025.05	0.00
		R11-Davao Oriental	2,378,903.17	2,378,903.17	0.00
		R13-Dinagat Islands	1,428,471.14	1,428,471.14	0.00
		TOTAL	4,486,436,379.86	2,909,073,865.71	1,577,362,514.15

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
ACCOUNTING DEFICIENCIES
For the Calendar Year 2021
As of December 21, 2022

No.	Particulars	Offices	Balance as of December 31, 2021	Adjustment Jan. 1 to December 2022	Balance as of December 21, 2022
1	Variiances between accounting and property records/reports	<i>Sub-total</i>	101,693,484.89	60,514,561.24	41,178,923.65
		LMB	9,325,246.29	1,055,751.11	8,269,495.18
		CAR - Abra	1,676,557.73	0.00	1,676,557.73
		R2 - Regional Office	359,557.58	359,557.58	0.00
		R2 - Isabela	2,168,403.12	2,168,403.12	0.00
		R2 - Cagayan	1,254,100.62	1,254,100.62	0.00
		R3 - Nueva Ecija	2,737,900.04	2,737,900.04	0.00
		R4A - Regional Office	5,195,047.79	5,195,047.79	0.00
		R4B - Romblon	1,599,897.00	1,585,337.00	14,560.00
		R4B - Palawan	9,043,351.03	9,043,351.03	0.00
		R5 - Camarines Sur	2,003,554.43	2,003,554.43	0.00
		R6 - Iloilo- FMP	507,121.50	507,121.50	0.00
		R6 - Iloilo	4,211,569.03	2,530,900.60	1,680,668.43
		R6 - Antique	7,600,499.07	7,600,499.07	0.00
		R6 - Guimaras	2,501,970.11	883,114.74	1,618,855.37
		R8 - Eastern Samar	19,054,673.76	3,860,292.65	15,194,381.11
		R8 - Northern Samar	14,527,585.08	14,527,585.08	0.00
		R9 - Zamboanga del Norte	12,724,405.83	0.00	12,724,405.83
		R10 - Lanao Del Norte	3,205,033.88	3,205,033.88	0.00
R11 - Davao de Oro	1,997,011.00	1,997,011.00	0.00		
2	Variiances between General Ledger (GL) balances and the Report on the Physical Count of PPE (RPCPPE)	<i>Sub-total</i>	3,164,178,000.00	2,154,720,827.60	1,009,457,172.40
		Central Office	562,826,671.49	194,333,739.86	368,492,931.63
		BMB	124,467.75	124,467.75	0.00
		LMB	15,069,421.94	0.00	15,069,421.94
		CAR - Kalinga	64,117,010.41	58,981,978.82	5,135,031.59
		CAR - Apayao	23,168,806.71	13,195,095.69	9,973,711.02
		R2 - Isabela	17,495,275.39	17,495,275.39	0.00
		R2 - Quirino	3,589,394.61	0.00	3,589,394.61
		R2 - Cagayan	63,708,119.10	2,520,792.75	61,187,326.35
		R2 - Nueva Vizcaya	590,167.07	0.00	590,167.07
		R3 - Tarlac	246,269,809.50	246,269,809.50	0.00
		R3 - Nueva Ecija	890,091.00	0.00	890,091.00
		R3 - Bataan	3,634,775.85	3,634,775.85	0.00
		R4B - Regional Office	20,232,698.42	0.00	20,232,698.42
		R4B - Oriental Mindoro	50,785,935.31	33,392,345.97	17,393,589.34
		R4B - Palawan	110,693,967.31	101,321,666.72	9,372,300.59
		R4B - Romblon	109,345,248.85	75,794,043.93	33,551,204.92
		R5 - Regional Office	9,311,185.98	9,311,185.98	0.00
		R5 - Catanduanes	253,772,839.43	253,772,839.43	0.00
		R6 - Iloilo	2,635,245.40	1,312,190.40	1,323,055.00
		R6 - Guimaras	58,246,665.70	3,497,850.93	54,748,814.77
		R6 - Negros Occidental	27,705,158.65	25,726,709.25	1,978,449.40
		R8 - Samar	1,161,297,007.87	986,781,632.43	174,515,375.44
		R9 - Regional Office	149,651,964.92	50,294,562.31	99,357,402.61
		R9 - Zamboanga Sibugay	5,207,328.74	2,669,810.81	2,537,517.93
		R9 - Zamboanga del Norte	23,741,145.06	0.00	23,741,145.06
		R11 - Davao del Norte	1,805,329.00	1,805,329.00	0.00
		R11 - Davao de Oro	114,724,254.08	18,858,662.62	95,865,591.46
		R12 - Regional Office	5,879,594.01	5,879,594.01	0.00
		R13 - Agusan del Norte	28,538,244.81	28,538,244.81	0.00
		R13 - Agusan del Sur	13,046,925.75	13,046,925.75	0.00
		R13 - Surigao del Sur	6,161,297.64	6,161,297.64	0.00
		Unreconciled	9,911,952.25	0.00	9,911,952.25
3	Missing/unaccounted equipment during the actual inventory	<i>Sub-total</i>	19,700,743.53	7,536,586.34	12,164,157.19
		Central Office	10,002,499.74	0.00	10,002,499.74
		R4B - Palawan	1,271,138.76	1,271,138.76	0.00
		R5 - Regional Office	4,171,549.75	2,009,892.30	2,161,657.45
		R6 - Iloilo	1,832,261.50	1,832,261.50	0.00

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
ACCOUNTING DEFICIENCIES
For the Calendar Year 2021
As of December 21, 2022

No.	Particulars	Offices	Balance as of December 31, 2021	Adjustment Jan. 1 to December 2022	Balance as of December 21, 2022
		R11 - Regional Office	2,354,666.53	2,354,666.53	0.00
		R11 - Davao Occidental	51,255.88	51,255.88	0.00
		R11 - Davao del Sur	17,371.37	17,371.37	0.00
4	PPE's carrying amounts without provision of depreciation expense	<i>Sub-total</i>	2,763,299.00	2,763,299.00	0.00
		R8 - Samar	2,763,299.00	2,763,299.00	0.00
5	Variances of the Subsidiary Ledgers (SLs) with the GLs	<i>Sub-total</i>	501,280,062.63	424,153,517.73	77,126,544.90
		R6 - Iloilo	500,205,039.97	423,078,495.07	77,126,544.90
		R6 - Iloilo-FMP	1,075,022.66	1,075,022.66	0.00
6	Non-maintenance of PPE Ledger Cards (LCs) and Property Cards (PCs)	<i>Sub-total</i>	268,595,844.26	268,595,844.26	0.00
		R12 - South Cotabato	268,595,844.26	268,595,844.26	0.00
		TOTAL	4,058,211,434.31	2,918,284,636.17	1,139,926,798.14



Republic of the Philippines
Department of Environment and Natural Resources
Visayas Avenue, Diliman, Quezón City
Tel Nos. 929-6626 to 29; 929-6636 to 35
929-7041 to 43; 929-8252; 929-1869
Website: <http://www.denr.gov.ph> E-mail: web@denr.gov.ph

MEMORANDUM

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

ATTENTION : **THE DIRECTOR**
Policy and Planning Service

FROM : **THE UNDERSECRETARY**
Finance, Information Systems and Climate Change

SUBJECT : **AUDIT OBSERVATION MEMORANDUM (AOM) NO. 2022-002**
(2021) DATED 23 FEBRUARY 2022

DATE : 28 March 2022

This refers to the Audit Observation Memorandum (AOM) No. 2022-002 (2021) dated 23 February 2022, particularly on the non-reclassification of the CIP – Land Improvement accounts to its proper PPE account as of 31 December 2021 due to non-conduct of field validation by the concerned DENR office as a requirement before recording/reclassifying the CIP to its proper asset account.

Your memorandum reply dated 17 December 2020 was noted by COA. However, COA again recommended that Management thru the Undersecretary for Policy, Planning and International Affairs look for other options to validate the BARMM accomplishments on the ground.

May we request for your comments regarding the matter. We would appreciate receiving your comments on or before 31 March 2022.

Analiza Teh
ATTY. ANALIZA REBUELTA – TEH

Co: Office of the Auditor
DENR-COA

NGP Coordinating Office



Republic of the Philippines
Department of Environment and Natural Resources
Visayas Avenue, Diliman, Quezon City
Tel Nos. 929-6626 to 29; 929-6633 to 35
926-7041 to 43; 929-6252; 929-1669
Website: <http://www.denr.gov.ph> / E-mail: web@denrgov.ph

NOTICE OF MEETING

TO : **The Assistant Secretary**
Policy, Planning and Foreign Assisted and Special Projects

The Directors
Forest Management Bureau
Policy and Planning Service, DENR-CO
Financial and Management Service, DENR-CO

The Chief, Program Monitoring and Evaluation Division

FROM : **The Undersecretary**
Policy, Planning and International Affairs

DATE : MAR 31 2022

This is to invite you to a meeting on **April 5, 2022 (Tuesday, 9:30AM)** at the OUPPIA Conference Room, 2/F DENR Main Building to discuss the COA Audit Observation Memorandum (AOM) dated No. 2022-002 (2021) dated 23 February 2022, particularly on the non-reclassification of the CIP-Land Improvement accounts to its proper PPE account as of 31 December 2021 due to non-conduct of field validation by the concerned DENR office as a requirement before recording/reclassifying the CIP to its proper asset account.

The COA is recommending to the Management thru the Undersecretary for Policy, Planning and International Affairs to look for other options to validate the BARMM accomplishments on the ground.

Your attendance is hereby enjoined.


ATTY. JONAS R. LEONES



Republic of the Philippines
 Department of Environment and Natural Resources
FOREST MANAGEMENT BUREAU
 Visayas Avenue, Diliman, 1106 Quezon City
 Tel. No.: (632) 8925-2141 / (632) 8927-4734
 E-mail Address: fmb@denr.gov.ph Website: www.fmb.gov.ph

10710 Annex A
 FOREST MANAGEMENT BUREAU
 RECEIVED
 APR 27 2022
 APR 25 2022
 TIME: 1:20 Sig: [Signature]

MEMORANDUM

FOR : The Undersecretary for Finance, Information Systems and Climate Change
FROM : The Director
SUBJECT : **AUDIT OBSERVATION MEMORANDUM (AOM) NO. 2022-002 (2021) DATED 23 FEBRUARY 2022**
DATE : **APR 25 2022**

This refers to the Memorandum dated 28 March 2022 copy furnished this Office and received on 08 April 2022 regarding the Audit Observation Memorandum (AOM) No. 2022-002 dated 23 February 2022 particularly on the non-reclassification of the Construction in Progress (CIP) – Land Improvement accounts to proper PPE account as of 31 December 2021 due to non-conduct of field validation by the concerned DENR office as a requirement for recording and reclassifying the CIP to proper asset account.

A meeting was conducted last 31 March 2022 participated by different personnel from this Office and Central Office discussing the options and suggestions applicable for these concerns.

In this regard, please be informed that a Technical Staff from the Program Monitoring and Evaluation Division-Policy and Planning Service (PMED-PPS) has already coordinated with our Office regarding our inputs and comments on the proposed Terms of Reference (TOR) and draft Work and Financial Plan (WFP) for the proposed validation activities to be conducted in the provinces of Sulu, Maguindanao and Lanao del Sur. Based on the proposal, funds will be downloaded to the field offices in DENR Regions 9 and 10 which will conduct the validation activities through documents review, actual site assessment and geotagging activities.

Attached is the draft meeting report of For. Cris Angelo Vispo (In-charge, RFRS-FRCD) for your ready reference.

FOR YOUR INFORMATION, PLEASE.


TIRSO P. PARIAN, JR., CESO IV

DRAFT

MEMORANDUM

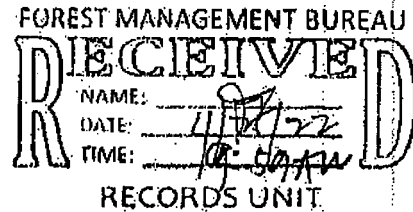
FOR : The Director

THROUGH : The OIC Assistant Director
The Chief
Forest Resources Conservation Division

FROM : The In-Charge
Reforestation and Forest Rehabilitation Section.

SUBJECT : **REPORT ON THE MEETING ON AUDIT OBSERVATION
MEMORANDUM (AOM) NO. 2022-002 (2021) DATED 23
FEBRUARY 2022**

DATE :



BACKGROUND

The undersigned attended the meeting on the above subject pursuant to the Memorandum of the Undersecretary for Policy, Planning and International Affairs (PPIA) dated 31 March 2022. Below are the details of the meeting:

Date and time:	05 April 2022, 09:30 AM
Venue:	Usec. For PPIA Conference Room, 2 nd floor, DENR Central Office.
Attendees:	Usec. Jonas R. Leones (UPPIA)
	Asec. Marcial Amaro, Jr. (ASPPFASP)
	Dir. Angelito V. Fontanilla (FMS)
	OIC Dir. Glenn Marcelo C. Noble (PPS)
	Chief Dina M. Nillosan (Accounting Division)
	Chief Imelda R. dela Cruz (PAMD-FASPS)
	OIC Chief Rita D. Flordeliz (PMED-PPS)
	Representatives (Accounting, FMS, PPS, FMB)

The above-mentioned AOM focuses on the non-reclassification of the Construction in Progress (CIP) – Land Improvement (LI) accounts to its proper PPE account. According to Finding No. 1 of the AOM, the carrying amount of the CIP-LI account amounting to **Php 91,071,581.22** remained unclassified to their appropriate PPE account as of 31 December 2021 due to the non-conduct of field validation. Of this total amount, **Php 71,304,741.29** pertains to the projects implemented by ARMM.

In line with this, the COA recommended for the Management through the Undersecretary for PPIA to look for options in order to validate the accomplishments of ARMM on the ground.

DISCUSSION

As mentioned, the main issue of the meeting is the non-conduct of field validation of the accomplished sites within the jurisdiction of ARMM. During the meeting, it was disclosed that Project Completion Reports (PCRs) were already submitted to the DENR Central Office through the PPS. However, due to the COVID-19 pandemic, the PPS was not able to conduct field validation on the ground.

In order to finally close the books of these projects and to properly record them to the proper PPE account, it was discussed to conduct field validation either by a composite team from the DENR Central Office and the FMB, or to download funds to the concerned Regional Offices in order for the DENR field offices to implement the activity.

However, it was noted that some of the plantations were established wayback in 2011 (Upland Development Program or UDP) and if validated at present, some of these may be non-existent already. Based on the documents received from the Undersecretary for PPIA, as an example, some of the activities that need to be validated pertain to nursery establishment. Considering that it has been more than 10 years since the said activity, it is highly likely that these nurseries are now abandoned, damaged or repurposed for another use.

AGREEMENTS

Issue/Task	Agreement	Responsible Office/s
1. Conduct of field validation	In order to finally record the projects into the proper asset account, the DENR shall validate the sites on the ground. The validation shall either be by: <ol style="list-style-type: none"> 1. Composite team from the DENR Central Office (PPS, Accounting Division, FMB and concerned DENR Regional Office); or 2. Concerned DENR Regional Offices through its PENROs. 	PPS Accounting FMB Regional Offices
<i>Should the Management go for Option 1:</i>		
	A DENR Special Order shall be crafted authorizing the conduct of validation and designating members of the team.	PPS
	The methodology shall be formulated in order to validate 100% of the sites using 100% inventory.	PPS and FMB
<i>Should the Management go for Option 2:</i>		
	Funds shall be downloaded to the concerned Regional Offices for the implementation of the validation activity.	FMS

Issue/Task	Agreement	Responsible Office/s
	Terms of Reference (TOR) shall be formulated in order to have a uniform/standard guideline for the conduct of validation.	PPS and FMB
2. Conduct of meeting with concerned REDs	In order to weigh the two (2) options provided above, a meeting with the concerned REDs shall be tentatively scheduled on 18 April 2022.	

For the formulation of the TOR, the PPS shall coordinate with the FMB. However, the former informed the latter that in order to come up with the methodology and/or TOR, the area (in hectares) must be identified first.

For your information and further instructions, if any.


FOR. CRIS ANGELO N. VISPO