

EXECUTIVE SUMMARY

A. Introduction

The Department of Environment and Natural Resources (DENR) was formerly known as the Department of Agriculture and Natural Resources (DANR). In May 1974, under Presidential Decree (PD) No. 461, the DANR was reorganized into the Department of Agriculture (DA) and Department of Natural Resources (DNR). In 1978, a shift to the parliamentary form of government led to the renaming of the DNR to the Ministry of Natural Resources (MNR). Executive Order (EO) No. 131 was issued on January 30, 1987 creating the Department of Energy, Environment and Natural Resources (DEENR), taking over the powers of the MNR. The DEENR was reorganized on June 10, 1987 under EO No. 192, renaming it as the Department of Environment and Natural Resources (DENR) while transferring energy matters to the Office of the President.

The Department is mandated to conserve, manage, develop, and ensure proper use of the country's environment and natural resources, specifically forest and grazing lands, mineral resources, including those in reservations and watershed areas, and lands of the public domain, as well as the licensing and regulation of all natural resources, as may be provided for by law, for equitable sharing of the benefits derived therefrom for the welfare of the present and future generations of Filipinos.

The DENR has the following strategic objectives that serve as basis for policy formulation:

- a. Assure the availability and sustainability of the country's natural resources through judicious use and systematic restoration or replacement, whenever possible;
- b. Increase the productivity of natural resources in order to meet the demands for forest, mineral and land resources of a growing population;
- c. Enhance the contribution of natural resources for achieving national economic and social development;
- d. Promote equitable access to natural resources by the different sectors of the population; and
- e. Conserve specific terrestrial and marine areas representative of the Philippine natural and cultural heritage for present and future generations.

The Department is also tasked to formulate and implement policies, guidelines, rules and regulations relating to environmental management and pollution and control. It formulates, implements and supervises the government's policies, plans and programs pertaining to the management, conservation, development, use and replenishment of the country's natural resources and ecological diversity. DENR also promulgates and implements rules and regulations governing the exploration, development, extraction, disposition, and use of forests, lands, minerals, wildlife and other natural resources.

It is headed by a Secretary and assisted by nine Undersecretaries and seven Assistant Secretaries. The DENR-Office of the Secretary (DENR-OSEC) consists of a

Central Office (CO), 16 Regional Offices (ROs), 77 Provincial Environment and Natural Resources Offices (PENROs), 156 Community Environment and Natural Resources Offices (CENROs) and 4 Staff Bureaus (Forest Management Bureau, Land Management Bureau, Biodiversity Management Bureau and Ecosystems Research Development Bureau).

Pasig River Coordination and Management Office (PRCMO)

In 2019, E.O. No. 90 was issued amending E.O. No. 54 (s. 1999) transferring the Chairmanship of the Pasig River Rehabilitation Commission from the Office of the President to the DENR, and for other purposes.

By virtue of EO No. 93 dated November 8, 2019, the then Pasig River Rehabilitation Commission (PRRC) was disestablished and the Pasig River Coordination and Management Office (PRCMO) was created, as one of the Offices of the DENR. However, the Functions of PRRC, including all necessary and incidental powers thereof, pursuant to EO No. 54, as amended, were not fully transferred to the DENR but also to the following agencies and offices: The Manila Bay Task Force, Department of Human Settlement and Urban Development (DHSUD), Metro Manila Development Authority (MMDA) and the Department of Public Works and Highways (DPWH).

The PRCMO implements the defunct PRRC's mandated functions.

Foreign-assisted projects implemented by the DENR

The Forestland Management Project (FMP) and Integrated Natural Resources and Environmental Management Project (INREMP) are the two foreign-assisted projects managed by the Foreign-Assisted and Special Projects Services (FASPS) of the DENR.

The FMP aims to strengthen forestland management in three critical river basins through the implementation of collaborative and comprehensive Community-Based Forest Management (CBFM) strategies. Its implementation period is for ten years effective July 3, 2012 to July 3, 2022.

The INREMP, on the other hand, is a seven-year project from August 9, 2013 to December 31, 2020 and the closing of the project financial books is extended until August 31, 2022 as approved by the Asian Development Bank (ADB). It aims to manage the upper river basins and component watersheds to support poverty reduction, watershed management, biodiversity conservation and climate change policy objectives with emphasis on developing the capacities of the local governments, institutions and upland communities as development partners.

Moreover, the DENR has two (2) flagship programs, the National Greening Program (NGP) mandated under EO No. 26, series of 2011 and expanded through EO No. 193, series of 2015, and the Manila Bay Rehabilitation Program mandated through Supreme Court Order on December 18, 2008 under G.R. 171947-48.

National Greening Program

The NGP was implemented by virtue of EO No. 26 dated February 24, 2011. The program was anchored on the government's goal of reducing poverty, ensuring food security, conserving the environment and biodiversity, and enhancing climate change mitigation and adaptation. It also seeks to improve water quality in rivers and irrigation for farm lands, reduce the potential for flooding, soak up carbon dioxide out of the atmosphere, and lay the foundation for an expanded wood-products economy. The NGP aims to plant 1.5 billion trees in about 1.5 million hectares within a period of six years from 2011 to 2016.

To sustain the gains of reforestation and attain the intended long term outcome, EO No. 193 was issued on November 12, 2015, expanding the coverage of the NGP (enhanced NGP) to include all the remaining unproductive, denuded and degraded forest lands and extending its implementation from 2016 to 2028.

Manila Bay Rehabilitation Program

On December 18, 2008, the Supreme Court in a landmark decision issued a mandamus ordering 13 government agencies "to clean up, rehabilitate and preserve Manila Bay, and restore and maintain its waters to SB level [Class B] sea waters per Water Classification Tables under DENR Administrative Order No. 34 (1990)] to make them fit for swimming, skin-diving and other forms of contact recreation (G.R. Nos. 171947-48)." The issuance of DENR Administrative Order (DAO) No. 2011-01 entitled "Strengthening the Manila Bay Coordinating Office (MBCO)" is one of the strategies under the Manila Bay Operational plan. The DAO designated three DENR Regional Executive Directors (RED), who have jurisdiction over the Manila Bay as Regional Coordinators and Heads of their own reconstituted Manila Bay Site Coordinating/Management Office (MBSCMO).

On February 19, 2019, President Rodrigo R. Duterte issued Administrative Order No. 16, "*Expediting the Rehabilitation and Restoration of the Coastal and Marine Ecosystem of the Manila Bay and Creating the Manila Bay Task Force*". The Task Force members shall perform their functions in accordance with their agency mandates and as prescribed in the Writ of Continuing Mandamus issued by the Supreme Court.

As of December 31, 2021, the Department has a total manpower complement of 34,806 personnel, consisting of 18,682 plantilla employees, 224 casual, 28 contractual and 15,872 Contract of Service/Job Order personnel.

B. Financial Highlights

The agency's financial position, financial performance and sources and application of funds for Calendar Year (CY) 2021 compared with CY 2020 are as follows:

Particulars	Amount <i>(In Thousand Pesos)</i>	
	2021	Restated 2020
Financial Position		
Assets	61,019,305	56,162,292
Liabilities	3,903,774	3,028,879
Net Assets/Equity	57,115,531	53,133,413
Financial Performance		
Revenue	1,473,146	1,170,281
Current Operating Expenses	16,220,487	14,829,246
Surplus (Deficit) from Current Operations	(14,747,341)	(13,658,965)
Net Financial Assistance/Subsidy	20,480,297	15,755,870
Sale of Assets	158	285
Miscellaneous Income	22,101	115,242
Gains	10,692	14,006
Losses	(97,721)	(209,227)
Surplus (Deficit) for the Period	5,668,186	2,017,211
Sources and Application of Funds		
Appropriation	21,479,346	19,006,689*
Allotment	20,819,193	17,525,278*
Obligations Incurred	20,065,734	15,959,603*
Unexpended Balance	753,459	1,565,675*

*revised due to rounding-off

C. Scope and Objectives of Audit

The audit covered the accounts and financial transactions of the DENR Central Office (CO), 15 ROs, 4 Staff Bureaus and 72 PENROs for CY 2021. The audit was conducted to (a) ascertain the level of assurance that may be placed on management's assertions on the financial statements; (b) determine the propriety of transactions as well as the extent of compliance with applicable laws, rules and regulations; (c) recommend agency improvement opportunities; and (d) determine the extent of implementation of prior years' audit recommendations.

D. Independent Auditor's Report

An adverse opinion was rendered on the fairness of presentation of the CY 2021 Financial Statements (FSs) due to various unadjusted accounting errors and omissions amounting to ₱4,486.436 million, which exceeded the materiality level of ₱324.410 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 ₱4,058.211 million and are discussed in Part II of this report.

E. Significant Observations and Recommendations on Compliance to Other Legal and Regulatory Requirements

1. Of the agency's appropriation/allotment for CY 2021 of ₱20,819.193 million, the amount of ₱20,065.734 million or 96.38 percent was utilized/obligated and ₱17,994.138 million or 89.68 percent was disbursed until December 31, 2021. The total agency's appropriation/allotment is inclusive of appropriation/allotment for: (i) National Greening Program (NGP) amounting to ₱3,313.243 million which represents 15.91 percent of the total appropriation/allotment with utilization rate of 94.66 percent; (ii) Manila Bay Coastal Management Strategy (MBCMS) amounting to ₱2,418.871 or 11.62 percent of the total appropriation/allotment with utilization rate of 92.71 percent; and (iii) Pasig River Rehabilitation Program (PRRP) amounting to ₱109.869 million or 0.53 percent of the total appropriation/allotment with utilization rate of 90.40 percent. Moreover, of the total cash allocation of ₱21,404.493 million, 98.00 percent or ₱20,975.999 million was disbursed, leaving a balance of ₱428.494 million, of which ₱358.898 million was reverted back to the BTr. ***(Observation No. 2)***

We recommended and Management agreed to prepare a detailed remedial action plan to reflect the specific measures to be undertaken to resolve the identified issues to ensure attainment of physical and financial targets.

2. The CO, FMB, RO I and four PENROs did not remit/revert to the General Fund its dormant cash and unauthorized accounts amounting to ₱25.899 million as of year-end, thus, the government was deprived of the available funds that could be used in its priority programs and projects. Likewise, BMB did not return to the project partner unspent fund amounting to ₱0.764 million for a completed project, thereby, exposing the fund to the risk of being misused. ***(Observation No. 3)***

We recommended and Management agreed to direct the Heads of the CO, FMB, BMB, RO I and PENROs Samar, Capiz, Northern Samar, and Davao del Sur to require the Accountants to close the unauthorized bank accounts and remit/revert its balances together with the dormant cash and unnecessary funds to the General Fund/the project partner.

3. Collections from sale of bid documents, performance bonds and inspection and verification fees amounting to ₱1.539 million in RO XII and six PENROs were not remitted to the BTr. ***(Observation No. 4)***

We recommended and Management agreed to direct the Accountants of RO XII and PENROs Benguet, Apayao, Bataan, Cagayan, Nueva Vizcaya and Zambales to remit to the National Treasury any unutilized funds.

4. Revenues on foreshore areas in RO XIII and nine PENROs were not realized due to lack of collection enforcement and lapses in monitoring the collection efforts by the responsible officials, delayed appraisal of foreshore lease areas, absence of approved Foreshore Lease Agreement (FLA), and lack/absence of complete or approved database for foreshore lands, thus, deprived the government of the opportunity to collect income amounting to ₱66.803 million, which can be used to fund the government's priority programs and projects. **(Observation No. 5)**

We recommended and Management agreed to direct the Regional Executive Directors and PENR Officers concerned of (a) PENRO Bataan, Negros Occidental and Davao de Oro to send demand letters to lessees/occupants with delinquencies and specify in the letter that failure to pay their arrearages is a ground for cancelation of their Lease Contracts; (b) PENRO Capiz to send Notice of Violation to unauthorized occupants who are not paying their Occupational/User's fees and require them to file their applications; and comply strictly with the time frame in the processing of FLA; (c) all PENROs concerned to intensify strategies to optimize collection of revenues by invoking pertinent Sections of DAO 2004-24; (d) PENRO Davao de Oro to conduct periodic re-appraisal of foreshore areas and their improvements; and (e) RO XIII and PENROs Agusan del Norte, Surigao del Norte, Dinagat Island and Surigao del Sur to advise the Regional Foreshore Area Management Unit (FAMU) Focal Personnel to institute mechanism to ensure reconciliation of database of records which can be done through vouching/tracing the existence/completeness of the records as reported in the listings to the foreshore lease files in custody.

5. Cash advances amounting to ₱53.065 million or 30.96 percent of the total cash advances granted of ₱171.418 million were not liquidated in the CO, LMB, FMP, 2 ROs and 13 PENROs at year-end due to the non-enforcement of settlement/liquidation of outstanding cash advances within the prescribed period, thus, exposes government funds to possible misuse. **(Observation No. 6)**

We recommended and Management agreed to direct the Accountants of (a) CO, LMB, FMB and ROs IV-B and XII, and PENROs Aklan and Zamboanga del Norte to validate the propriety of the long outstanding balances and those recorded in the books in the lump sum amount and request for write off for those balances existing for over ten years; (b) LMB, FMP, RO IV-B and PENROs Cagayan, Quirino, Albay, Bukidnon, Camiguin, Iloilo, South Cotabato, Laguna, Palawan, Negros Oriental, and Surigao del Norte to enforce strictly the liquidation of cash advances within the prescribed period by requiring the AOs to liquidate immediately their cash advances as soon as the purpose for which it was granted has already been served and the immediate refund/return of any excess amount thereof; (c) LMB and PENROs Zamboanga del Norte, Iloilo and South Cotabato to refrain from processing additional cash advance of AOs with outstanding cash advance/s; (d) RO XII to communicate and verify from the nearest of kin of the identified AOs/SDOs with unliquidated cash advances of more than 10 years to ascertain their whereabouts and whether or not there is

truth in the claims of their death, as this may support the request for write-off; and (e) PENRO Iloilo to direct the SDO to refrain from paying the wages of the contractual personnel whose documentary requirements are not complete to avoid delay in the liquidation.

6. Fund transfers to Implementing Agencies (IAs) during the year and for prior years for the implementation of projects of CO, FAPs-INREMP, 3 Staff Bureaus, 5 ROs and 17 PENROs amounting to ₱2,306.099 million or 57.42 percent of the total funds transferred of ₱4,016.094 million were not liquidated as of year-end due to: (a) non-provision of project duration in the MOA to enforce liquidation; and (b) rescinded MOA. Likewise, in CO, additional fund transfers were granted to the IAs even if their previous fund transfers were not liquidated. (**Observation No. 7**)

We recommended and Management agreed to direct the (a) Accountant of CO to stop processing additional fund transfers to IAs with previous unliquidated fund transfers; and concerned officials of CO to issue an amendment/supplement to the MOAs with the IAs to include the provision on the project duration or timeframe on the implementation of the projects; (b) concerned official of BMB to enforce the termination of the MOA with the UP Diliman and demand the immediate return of the fund transfer; (c) FAPs- INREMP- NPCO to closely coordinate with the DTI to fully liquidate the fund transfers and refund the balance, if any, within the Asian Development Bank's winding-up period; and (d) Accountants of CO, LMB, BMB, ERDB and ROs III, IV-A, IX, XI, NCR, and 17 PENROs to continue sending regularly demand letters and make a representation with the heads of the concerned IAs, for the submission of the liquidation documents of fund transfers and the return of the unexpended balances of all completed projects, if any.

7. Advances to Procurement Service-DBM (PS-DBM) and Philippine International Trade Center (PITC) amounting to ₱704.900 million and ₱8.780 million, respectively, for its common-use office supplies and equipment requirement of CO, NCR, 3 Staff Bureaus and FMP-CPMO were still unliquidated as of year-end due to non-reconciliation of records between the PS-DBM/PITC and that of the concerned DENR offices for undelivered items. (**Observation No. 8**)

We recommended and Management agreed to direct the Accountants and Property Officers of CO, FMP-CPMO, LMB, FMB, ERDB, and NCR to make a representation with the PS-DBM/PITC to expedite the reconciliation of their records and to facilitate the delivery of the remaining supplies, equipment and services covered by the advances made; otherwise, demand the return of the funds equivalent to the cost of all undelivered prior years' supplies and equipment.

8. Fund transfers to NGOs/CSOs for the implementation of projects of CO, RO VIII, eight PENROs and FAPs-INREMP amounting to ₱151.769 million were

not liquidated as of year-end due to failure to monitor the status of fund transfer at the time it was due for liquidation. **(Observation No. 9)**

We recommended and Management agreed to direct the Accountants of CO, RO VIII and PENROs Abra, Ifugao, Mountain Province, Cavite, Samar, Zamboanga del Norte, Camiguin, Davao Oriental and INREMP-Lanao del Norte to (a) enforce the liquidation of fund transfers right after the completion of the projects and refund unused fund transfers, if any; and (b) closely monitor the status of fund transfers and send demand letters to NGOs/CSOs with unliquidated fund transfers.

9. Dormant receivables, unliquidated cash advances and fund transfers amounting to ₱127.952 million were not requested for write-off by the CO, 2 Staff Bureaus, 2 ROs and 7 PENROs. **(Observation No. 10)**

We recommended and Management agreed to direct the Accountants of CO, LMB, ERDB, CAR, RO III and PENROs Davao de Oro, Bataan, Iloilo, Pampanga, Oriental Mindoro, Samar, and Misamis Oriental to (a) exert more effort in gathering the necessary documents to support the request for authority to write-off; and (b) subsequently file a request for authority to write-off dormant receivables, unliquidated cash advances and fund transfers duly supported with applicable documents required under COA Circular No. 2016-005.

10. Some physical assets of CO, FAPs-FMP and INREMP, 2 Staff Bureaus, RO VIII, and 15 PENROs in the total amount of ₱436.388 million were not insured against fire or theft with the General Insurance Fund (GIF) of the GSIS, thus, said Offices are at risk of not being indemnified in case of damage or loss of the assets. **(Observation No. 11)**

We recommended and Management agreed to direct the Property and Supply Officers of (a) CO, Pasig River Coordinating and Management Office (PRCMO) to update the PIF once the RPCPPE for the period covered is available and ensure that all insurable properties are being insured with the GSIS; (b) PENRO Benguet to follow-up from the GSIS the status of its application for the insurance of all its insurable assets; (c) LMB, FMP and PENROs Abra, Cagayan, Aurora, Palawan, Occidental Mindoro, Camarines Sur, Guimaras, Negros Oriental, Zamboanga del Norte and del Sur and Cotabato to fast-track the conduct of inventory and documentation to facilitate the insurance of all insurable properties with the GIF of the GSIS; and (d) PENROs Kalinga, Aurora, Nueva Ecija, Guimaras and INREMP to provide the necessary budget for the insurance premium sufficient to cover all insurable assets and cause the application for insurance thereof in faithful compliance with Section 5 of RA No. 656.

11. Unserviceable properties amounting to ₱102.324 million stationed in CO, 3 Staff Bureaus, 5 ROs, 28 PENROs and 2 FAPs remained not disposed of, thus,

exposing them to further deterioration and decreasing their realizable value. **(Observation No. 12)**

We recommended and Management agreed to direct the (a) Heads of the CO, LMB, BMB, FMB, ROs II, V, VIII, X, CAR, concerned PENROs, FAPs-FMP and FAPs-INREMP to take immediate action to facilitate/cause the appraisal and disposal of unserviceable properties to avoid further deterioration and optimize realizable value therefrom; and (b) Property Officers of CO, FMB and PENROs Pangasinan, Isabela, Occidental Mindoro, Siquijor, Palawan, Romblon, Guimaras, Zamboanga del Norte to accomplish the IIRUP of all obsolete and unserviceable PPEs surrendered in their custody as basis for dropping from the books of accounts after the disposal is completed.

12. Three ROs, nine PENROs and FAPs-FMP did not observe the applicable laws, rules and regulations in their procurement amounting to ₱126.031 million. **(Observation No. 13)**

We recommended and Management agreed to instruct the BAC of ROs II, IX and XIII, PENROs Romblon, Albay, Sorsogon, Ilocos Norte, Ilocos Sur, Nueva Vizcaya, Eastern Samar, Lanao del Norte, Surigao del Norte, and FAPs-FMP to ensure that procurement of goods and services and infrastructure projects are in accordance with RA No. 9184 and its Revised Implementing Rules and Regulations (RIRR) and to submit the lacking supporting documents for audit.

13. Copies of 3,731 government contracts and 3,849 Purchase Orders (POs) amounting to ₱544.908 million and ₱113.420 million, respectively, were not submitted by the CO, FMB, FAPs-FMP, FAPs-INREMP, 5 ROs and 28 PENROs within the prescribed period, with delays ranging from 1 to 356 days. Likewise, 658 contracts and 572 POs amounting to ₱53.547 million and ₱18.632 million, respectively, were not submitted to the concerned Audit Teams for review. This delayed/non-submission of contracts and POs precludes its timely review and evaluation and the detection of any deficiency that could be rectified immediately. **(Observation No. 14)**

We recommended and Management agreed to direct the Heads of the CO, FMB, FAPs-FMP, FAPs-INREMP, CAR and ROs II, III, VI, XIII and 28 PENROs to (a) maintain an updated monitoring system on the submission of contracts/PO, and check periodically the status of such submission; (b) properly endorse the task of submission of contracts to the alternate staff in case of unavailability of the person-in-charge; and (c) submit copies of perfected contracts/purchase orders within the prescribed timeline.

14. The Foreign Assisted Projects (FAPs) namely: Forestland Management Project (FMP) and Integrated Natural Resources and Environmental Management Project (INREMP) showed an overall obligation rate of 92.74 percent for FMP and 91.79 percent for INREMP and the overall disbursement rate of 48.82

percent and 84.04 percent, respectively, for CY 2021. Moreover, delays in the release of funds and project implementation have caused the government commitment fees totaling ₱71.054 million from CYs 2012 to 2021 of which ₱2.744 million pertains to CY 2021. (*Observation No. 22*)

We recommended and Management agreed to direct the (a) FMP - CPMO and INREMP – NPCO to consider all possible future adjustments in conducting project activities during the planning process so that the agency can program additional activities to maximize the utilization of funds and reduce the unutilized balance of the loan agreement as of year-end; and (b) DENR-Foreign Assisted and Special Projects Service (FASPS) to (i) follow-up with the lending agency the application and release of revolving funds for timely implementation of FMP activities and payment/disbursements for the project expenses; and (ii) write the National Economic and Development Authority (NEDA) to revisit the provisions/terms of future loan agreements, particularly on commitment fees.

15. Five Small Water Impounding Systems (SWIS) under the area of responsibility of CENRO-Guinobatan amounting to ₱1.369 million were found to be inoperative due to laxity in the adherence to the requirements set forth under the Philippine National Standards (PNS), hence, resolution of water scarcity in the area was not fully achieved. While in PENRO Aklan, feasibility and preliminary engineering studies were not sufficiently carried out, resulting in the inefficient implementation of the DENR Regional Training Center Construction Project with a total contract cost of ₱4.615 million initiated in CY 2017, thus, the project remained unfinished to date, to the disadvantage of the government. (*Observation No. 26*)

We recommended and Management agreed to direct the concerned Regional Executive Directors and PENR Officers of (a) PENRO Albay to (i) direct the concerned personnel to do the necessary efforts to facilitate the repair of SWIS at Brgy. Balogo, Oas, Albay; (ii) exhaust all available remedies to ensure immediate operation of the SWIS in four locations in the Municipality of Guinobatan, Albay; and (b) PENRO Aklan to (i) require the Accountant to compute the liquidated damages to be imposed against the contractor; (ii) follow-up constantly the approval of the request for the additional funding from the CO for the completion of the building and address immediately any concern identified by the CO in granting the request; and (iii) henceforth, conduct a thorough feasibility or preliminary engineering study to ensure the success in the project implementation.

16. The absence of a clear-cut policy in the management of the Confiscated/Abandoned/Seized Goods Inventory (CASGI), lack of adequate storage facility and non-conduct of inventory of disposable confiscated forest products, conveyances, tools and equipment resulted in the improper handling, custody and delayed disposition of confiscated products costing ₱59.229 million

in RO II and eight PENROs, thus, exposes the assets to the risk of loss or further deterioration. (*Observation No. 27*)

We recommended and Management agreed to direct the concerned personnel of RO II and concerned PENR Officers of PENROs Cagayan, Bataan, Nueva Ecija, Misamis Occidental, Tarlac, Negros Occidental, Siquijor, and Negros Oriental to (a) issue an order directing the personnel in-charge to ensure that proper care and storage are provided for the confiscated property to preserve their economic values for the government to obtain optimum benefits therefrom; (b) include the cost of the construction/repair of storage facilities in the budget proposal to accommodate all the confiscated/seized forest products, conveyances, tools and equipment under the DENR custody to prevent the loss and to preserve their economic value; and (c) conduct periodic physical count of seized property and request for authority from the concerned courts to dispose the confiscated property/asset to prevent from further deterioration.

We further recommended and Management agreed to consider crafting a clear-cut policy in the management of CASGI and issuing supplemental guidelines and procedures over confiscation/seizure of illegally cut forest products in such a way that it clearly defines the responsible person, its responsibility in the custody of the seized products/property and accountability over confiscated assets, and identify measures that would facilitate the speedy disposal of seized property.

F. Enforcement of Settlement of Accounts

The non-enforcement of the provisions of the Revised Rules on the Settlement of Accounts (RRSA) issued by the Commission on Audit under COA Circular No. 2009-006 dated September 15, 2009 on the settlement of accounts resulted in the outstanding suspensions, disallowances and charges in the audit of various transactions amounting to ₱141.731 million, ₱246.291 million and ₱73.030 million, respectively, as of December 31, 2021.

G. Implementation of Prior Year's Audit Recommendations

Of the 64 prior year's audit recommendations, 37 were implemented and 27 were not implemented as of December 31, 2021, 13 of which were reiterated in this report with modification, where appropriate.