

**COUNTRY PAPER
ON THE
Audit Promoting Government Accountability for Environment
SAI: PHILIPPINES**

The COA's Role

The Commission on Audit (COA), as the country's Supreme Audit Institution, under Section 2, Article IX-D of the 1987 Philippine Constitution, plays a significant role in the Public Sector Governance. This mandate gives COA the responsibility to ensure accountability for public resources; become part in the development of a sound financial management; examine proper execution of administrative activities; provide information to public authorities and the general public through the publication of objective reports; promote transparency; and help improve government operations in partnership with stakeholders for the benefit of the Filipino people.

To achieve this mandate, COA conducts three (3) streams of audit, namely: 1) Financial Audit; 2) Performance Audit; and 3) Compliance Audit. It also performs Fraud Audit, as necessary. The Financial and Compliance Audits are under the responsibility of the three (3) audit sectors, the Corporate Government Sector, National Government Sector, and Local Government Sector while the Performance Audit is under the responsibility of the Performance Audit Office (PAO) under the Special Services Sector (SSS).

In line with its mission **“to ensure accountability for public resources, promote transparency, and help improve government operations, in partnership with stakeholders, for the benefit of the Filipino people”**, COA likewise adopted the Citizen's Participatory Audit (CPA) framework in the context of Environmental Auditing.

This paper presents our sharing of Environmental Audit Plans for calendar years (CYs) 2021-2023, and the knowledge and experiences on audit promoting government accountability for the environment.

Environmental Audit Plans

The COA's Audit Portfolio (CAP) is formulated at the strategic level through a Strategic Audit Planning process. In selecting potential audit topics, the Planners scanned the public sector environment to determine which of the government programs are to be prioritized taking into consideration its significance and its impact to environment and stakeholders, and within the Institution's current audit capacity.

Below are the areas for Environmental Audits scheduled for CYs 2021-2023 along with key audit points:

- 1. Forest Resources** - Forest Rehabilitation, Maintenance and Protection that aims to come up with a comprehensive Compliance Audit Report on the adequacy of legal and policy framework of the National Greening Program (NGP); receipts and utilization of funds pertaining thereto; and implementation of the NGP and Enhanced NGP. The audit shall cover nationwide data from CYs 2011 to June 2021, which shall be carried out through the following audit methodologies: a) Review and analysis of relevant laws, rules and regulations and pertinent policies; b) Inspection of project documents

including the geo-tagged photos, related documents, reports and records; c) Document/data analysis; d) Ocular Inspection of the Tree Plantations; e) Inquiry with/interview of concerned DENR personnel and Projects' Partners; and f) Application of sampling methodology.

The Compliance Audit on NGP and Enhanced NGP commenced on July 1, 2021 and will end on November 30, 2021.

2. **Mineral Resources** – Environmental Protection (EP), the audit objective of which is to obtain reasonable assurance that the Mines and Geosciences Bureau (MGB), the Agency vested authority by the Filipino people under Section 9 of Republic Act (RA) No. 7942, otherwise known as the Mining Act of 1995 to have direct charge in the administration and disposition of mineral lands and mineral resources and undertake geological, mining, metallurgical, chemical, and other researches as well as geological and mineral exploration surveys have properly complied with the provision of Sections 69, 70 and 71 of RA No. 7942 in protecting the environment, conducting environmental impact assessment and establishing and utilizing the Mine Rehabilitation Fund (MRF) in accordance with the purposes provided for by law and regulations, and in monitoring the compliance by the contractor of the terms and conditions of the mineral agreements.

The audit shall cover all active Mining Companies all-over the country, established after the effectivity of RA No. 7942 and it shall be done through the following methodologies: a) Review of compliance to Environmental standards per Monitoring Checklists and/or score cards, b) Inquiry/interview of concerned MGB personnel and citizens, c) Inspection of documents, reports and records, d) Inspection of Mining sites, and e) Apply sampling methodology in the selected sample population

The Compliance Audit on EP will be conducted from July 2022 to October 2022.

3. **Protected areas and natural parks and Species diversity/endangered species, genetics**, which shall aim to determine compliance to environmental laws, policies, rules and regulations relating to protecting and conserving biodiversity, such as the Republic Act No. 7586, referred to as the “**National Integrated Protected Areas System Act of 1992**” and its Implementing Rules and Regulations and other related laws. The audit shall adopt the following methodologies: a) Policy analysis and review, b) Random Inspection of Protected Areas, wild life parks and marine sanctuaries, c) Inspection of Documents and data analysis, and d) Interview of concerned auditee's personnel and implementing partners, whenever applicable.

The Compliance Audit on **protected areas and natural parks and Species diversity/endangered species, and genetics** will be conducted from July 2023 to October 2023.

4. **Solid Waste Management Program (SWMP)**. The Performance Audit on SWMP is presently conducted by the Performance Audit Office. The audit runs for eight (8) months, which was started in June 2021 until February 2022. The audit objectives are:
 1. To assess the extent to which the goals and objectives of the SWMP are achieved;
 2. To identify opportunities for improvement; and

3. To recommend appropriate measures for the economical, efficient and effective implementation of the Program.

It shall cover data from CYs 2015 to 2020 on a nationwide scale adopting the following audit methodologies: a) Desk Review; b) Conduct Interview with officials of DENR and partner agencies; c) Perform walkthrough of major processes and test of controls; d) Conduct Validation, Survey and/or Focus Group Discussion (FGD); and e) Application of sampling methodology in the selected sample population.

5. **National Climate Change Action Plan.** This audit topic has been submitted for the Commission's participation in the ASOSAI Capacity Development Program on the "Audit on Implementation of SDGs in 2021-2022". Based on the program announcement, the development of the draft audit plan is scheduled within October to December 2021. Audit Execution is scheduled from January 2022 to June 2022. The audit Scope and Methodology will be developed during the planning phase by the end of December 2021.

Environmental Audits Performed

The environmental performance audits conducted by the COA in CY 2016 to present are the following:

1. [National Greening Program](#) conducted by the PAO in CY 2019. The report was released and published in the Official COA Website on December 26, 2019.
2. [Water, Sanitation and Hygiene \(WASH\) Project](#) of the five (5) Public Elementary Schools implemented by the Department of Education, Regional Office No. X. This is a CPA engagement with the COA LGS conducted in 2016.
3. [Tuguegarao City's Disaster Risk Reduction and Management Fund \(DRRMF\)](#), a CPA engagement with the COA LGS.
4. [Ecological Solid Waste Management Program \(ESWMP\)](#) of Local Government Units (LGUs) in National Capital Region (NCR) conducted in CY 2014, a CPA engagement with COA LGS.
5. [Kalookan-Malabon-Navotas-Valenzuela \(KAMANAVA\) Flood Control Project](#) conducted in April to July 2013, CPA engagement with COA NGS.
6. [Quezon City's Solid Waste Management Program \(SWMP\)](#) conducted in 2013, a CPA engagement also with COA LGS.

Challenges and Actions Taken

Challenges in any audit undertakings is inevitable. These challenges, however, can be minimized by conducting risk assessment.

The following are the challenges and actions taken in the conduct of environmental audits:

1. Lack of an over-all Strategic Audit Plan or CAP that integrates all environmental audit plans of all audit sectors, to have a synchronized conduct of environmental audits adopting Performance and Compliance Audits in order to draw a solid conclusion to achieve greater audit impact, with the integration of the CPA approach. A proposal shall be submitted to the Commission Proper for resolution.
2. Insufficiency of data in the NGP Performance Audit, which resulted in the non-formulation of audit conclusions in some audit areas, thus, follow-up audit shall be conducted in CY 2022.
3. Harassments and non-cooperation of people affected by the project was experienced by auditors during surveys and field inspections, which were addressed by the Citizens' partner: the civil society organizations (CSOs) and People's Organizations, who are experienced in dealing with the grassroots.
4. Unavailability of partner CSOs due to other commitments and the differences in the audit approach performed by both organizations. This was resolved by having avenues for open communication, dialogues and discussions of matters that need clarifications.
5. On the on-going environmental audits, the difficulties in obtaining documents and gathering of information/data is experienced due to alternative work arrangements adopted by government and the nonsynchronous work schedules caused by enhanced community quarantine restrictions. However, a close coordination with Auditees' top Management resolved the issues that even propel the prompt actions and cooperation of concerned officials in answering audit queries and in providing the needed information to the Audit Team including remote access to auditee's files.
6. Face-to-face meetings with auditee's Management and members of the audit team cannot be made possible due to the COVID 19 health protocols instead the use of virtual platforms made meetings possible, including interviews/meetings with auditee's key stakeholders possible.
7. Conduct of actual field validation and inspection of projects is hindered/limited by community quarantine restrictions due to COVID 19 pandemic. The Auditors, instead consider applying alternative audit procedures by means of available latest technology, such as but not limited to, the verification of geo-tagged photos, use of google maps and other applications, which is made possible through collaboration with other government agencies.
8. Some auditors lack training and experience on environmental audits (EA). This is addressed by holding virtual meetings to orient auditors about the program and projects subject of the EA, to discuss the audit methodologies including the details of audit execution, and to provide guidance materials to the respective regional audit teams.

Lessons Learned

Despite the many challenges, COA is committed to bolster transparency and accountability in the audit of government's response to the current pandemic, climate change and its impact, and in enhancing COA's resilience on possible future crises in order to remain relevant amidst a fast-changing environment. The above challenges give us the following insights:

1. Develop an over-all Strategic Audit Plan or Audit Portfolios for environmental audits for all audit sectors while adopting the three streams of audit, the Financial, Performance and Compliance Audits or a combination of either Financial and Compliance Audits and/or Compliance and Performance Audits with the integration of the CPA approach, whenever applicable.
2. Enhance the capacity of Auditors in environmental auditing through training and tapping auditors, who have participated in various ASOSAI and INTOSAI WGEA trainings on environment related audits in the conduct of Performance and Compliance Audits, and through sharing of knowledge on environmental auditing to other auditors, on what they have gained from the trainings attended.
3. Cultivate **trust-building** to achieve meaningful participatory engagements between COA and CSOs on the CPA engagements. Moreover, the CSOs must learn to understand the auditing standards adopted and policies prescribed by COA, and to respect each other's processes and operating procedures.