



Republic of the Philippines
COMMISSION ON AUDIT
Bangsamoro Autonomous Region in Muslim Mindanao
Bangsamoro Government Center, Cotabato City

INDEPENDENT AUDITOR'S REPORT

The Minister

Ministry of Public Order and Safety
2/F MCWD Building, Gov. Gutierrez Ave.
Cotabato City

Report on the Audit of the Financial Statements

Unqualified Opinion

We have audited the financial statements of the **Ministry of Public Order and Safety (MPOS)**, which comprise the statement of financial position as at December 31, 2020 and the statement of financial performance, statement of cash flows, statement of changes in net assets/equity, and statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of MPOS as at December 31, 2020, and its financial performance, statements of cash flows, statement of changes in net assets/equity, statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies in accordance with Philippine Public Sector Accounting Standards (PPSASs).

Basis for Opinion

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Ministry of Public Order and Safety in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the PPSAS, and for such internal control as management

determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MPOS' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMISSION ON AUDIT

By:



ALMANSOR A. PENDATUN
Audit Team Leader

August 5, 2021



Statement of Management Responsibility for Financial Statements

The Management of the Ministry of Public Order and Safety is responsible for all information and representation contained in the accompanying Statement of Financial Position as at July 30, 2021 and the related Statement of Financial Performance, Statement of Cash Flows, Statement of Comparison of Budget and Actual Amounts, Statement of Changes in Net Assets/Equity and the Notes to financial Statements for the year then ended. The financial statements have been prepared in conformity with the Philippine Public Sector Accounting Standards and generally accepted state accounting principles, and reflect amounts that are based on best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

JOBAYRA P. TANDALONG, MPA-GA, MDM
Chief Administrative Officer

July 30, 2021

HUSSEN P. MUÑOZ
Minister

July 30, 2021

MINISTRY OF PUBLIC ORDER AND SAFETY
STATEMENT OF FINANCIAL POSITION
As at December 31, 2020

	<u>Note</u>		<u>2020</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	₱	32,898,217.41
Receivables	6		451,919.39
Inventories	7		341,382.64
Total Current Assets			<u>33,691,519.44</u>
Non - Current Assets			
Property, Plant and Equipment	8		1,656,288.94
Other Non-Current Assets	9		3,752,800.74
Total Non-Current Assets			<u>5,409,089.68</u>
Total Assets		₱	<u>39,100,609.12</u>
LIABILITIES			
Current Liabilities			
Financial Liabilities	10.1		1,071,790.38
Inter-Agency Payables	10.2		1,109,296.96
Total Current Liabilities			<u>2,181,087.34</u>
Total Liabilities			<u>2,181,087.34</u>
NET ASSETS/EQUITY			
Accumulated Surplus/(Deficit)	11		36,919,521.78
Total Net Assets/Equity		₱	<u>36,919,521.78</u>

This statement should be read in conjunction with the accompanying notes.

**MINISTRY OF PUBLIC ORDER AND SAFETY
STATEMENT OF FINANCIAL PERFORMANCE
For the Year Ended December 31, 2020**

	<u>Note</u>	<u>2020</u>
Revenue		
Service and Business Income		P <u> -</u>
Total Revenue		<u> -</u>
Less: Current Operating Expenses		
Personnel Services	13	6,874,235.79
Maintenance and Other Operating Expenses	14	29,555,377.61
Financial Expenses	15	16,200.00
Non - Cash Expenses	16	<u> 24,994.87</u>
Total Current Operating Expenses		<u>36,470,808.27</u>
Surplus/(Deficit) from Current Operations		(36,470,808.27)
Financial Assistance/Subsidy	12	73,390,330.05
Surplus/(Deficit) for the period		<u>P 36,919,521.78</u>

This statement should be read in conjunction with the accompanying notes.

**MINISTRY OF PUBLIC ORDER AND SAFETY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020**

2020

Cash Flows From Operating Activities

Cash Inflows

Initial deposit to open MPOS Account	P	10,000.00
Receipt of Notice of Cash Allocation		73,360,124.20
Petty Cash Fund		50,000.00
Other Receipts		-
Total Cash Inflows		<u>73,420,124.20</u>

Cash Outflows

Payment of Expenses	15,063,928.86
Purchase of Inventories	2,129,111.99
Grant of Cash Advances	20,069,520.53
Prepayments	210,000.00
Remittance of Personnel Benefit Contributions and Mandatory	1,368,552.63
Other Disbursements	150,000.00
Total Cash Outflows	<u>38,991,114.01</u>

Net Cash Provided by (Used in) Operating Activities **34,429,010.19**

Cash Flows From Investing Activities

Cash Inflows

Proceeds from Sales/Disposal of Property, Plant & Equipment	-
Total Cash Inflows	<u>-</u>

Cash Outflows

Purchase/Construction of Property, Plant and Equipment	1,530,792.78
Total Cash Outflows	<u>1,530,792.78</u>

Net Cash Provided By (Used in) Investing Activities **(1,530,792.78)**

Increase (Decrease) in Cash and Cash Equivalents **32,898,217.41**

Cash and Cash Equivalents, January 1

Ending Balance, unadjusted	32,898,217.41
Cash and Cash Equivalents, December 31	P <u>32,898,217.41</u>

This statement should be read in conjunction with the accompanying notes.

**MINISTRY OF PUBLIC ORDER AND SAFETY
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
For the Year Ended December 31, 2020**

		Accumulated Surplus/(Deficit) <u>2020</u>
Balance at January 1	P	-
Add/(Deduct):		
Changes in accounting policy		-
Prior period errors		-
Other adjustments		-
Restated balance		<hr style="width: 100%; border: 0.5px solid black;"/>
Add/(Deduct):		
Changes in Net Assets/Equity for the Calendar Year		
Surplus/(Deficit) for the period		36,919,521.78
Adjustment of net revenue recognized directly in net assets/equity		
Others		
Total recognized revenue and expense for the period		36,919,521.78
Balance at December 31	P	<u>36,919,521.78</u>

This statement should be read in conjunction with the accompanying notes.

MINISTRY OF PUBLIC ORDER AND SAFETY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT
FOR THE YEAR ENDED DECEMBER 31, 2020
(in thousand pesos)

Particulars	Budgeted Amounts		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
	Original	Final		
RECEIPTS				
Assistance and Subsidy	86,808,855.58	60,923,330.05	60,923,330.05	-
Transitional Development Fund		12,467,000.00	12,467,000.00	-
Total Receipts	86,808,855.58	73,390,330.05	73,390,330.05	-
PAYMENTS				
Personnel Services	32,783,280.38	6,897,754.80	6,874,235.79	23,519.01
Maintenance and Other	50,180,575.20	50,180,575.20	29,596,572.48	20,584,002.72
Capital Outlay	3,845,000.00	3,845,000.00	1,681,283.81	2,163,716.19
Total Payments	86,808,855.58	60,923,330.00	38,152,092.08	22,771,237.92
NET RECEIPTS/PAYMENTS	-	12,467,000.05	35,238,237.97	(22,771,237.92)