



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

INDEPENDENT AUDITOR'S REPORT

HON. HUSSEIN P. MUÑOZ
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 **MPOS-BARMM** which comprise the statement of financial position as at December 31, 2021 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, 2021, 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 International Public Sector Accounting Standards (IPSASs).

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 IPSAS, 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 judgment 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


July 29, 2022



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 of March 31, 2022 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 period ended. The financial statements have been prepared in conformity with generally accepted accounting principles and reflect amounts that are based on best estimates and informed judgment of management with an appropriate consideration of 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 recognized.


Jalam Sugaran-Lingasa
Chief Administrative Officer - Designate

6/19/2022

Date Signed


Atty. Al-Rashid L. Balt
Director General

6/14/2022

Date Signed


Hussein P. Munoz
Minister

6/14/2022

Date Signed

MINISTRY OF PUBLIC ORDER AND SAFETY
STATEMENT OF FINANCIAL POSITION
As at December 31, 2021

	<u>Note</u>	<u>CY 2021</u>	<u>CY 2020</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	P 43,700,981.74	P 32,898,217.41
Receivables	6	48,536.65	451,919.39
Inventories	7	1,936,780.33	341,382.64
Total Current Assets		<u>45,686,298.72</u>	<u>33,691,519.44</u>
Non - Current Assets			
Property, Plant and Equipment	8	5,386,098.72	1,656,288.94
Other Non-Current Assets	9	10,633,058.00	3,752,800.74
Total Non-Current Assets		<u>16,019,156.72</u>	<u>5,409,089.68</u>
Total Assets		<u>P 61,705,455.44</u>	<u>P 39,100,609.12</u>
LIABILITIES			
Current Liabilities			
Financial Liabilities	10.1	4,468,929.29	1,071,790.38
Inter-Agency Payables	10.2	706,070.04	1,109,296.96
Total Current Liabilities		<u>5,174,999.33</u>	<u>2,181,087.34</u>
Total Liabilities		<u>5,174,999.33</u>	<u>2,181,087.34</u>
NET ASSETS/EQUITY			
Accumulated Surplus/(Deficit)		56,530,456.11	36,919,521.78
Total Net Assets/Equity		<u>P 56,530,456.11</u>	<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 FINANCIAL PERFORMANCE
For the Year Ended December 31, 2021

	<u>Note</u>	<u>CY 2021</u>	<u>CY 2020</u>
Revenue			
Service and Business Income		₱ 16,812.45	₱ -
Total Revenue		<u>16,812.45</u>	<u>-</u>
Less: Current Operating Expenses			
Personnel Services	12	32,088,171.13	6,874,235.79
Maintenance and Other Operating Expenses	13	54,843,706.47	29,555,377.61
Financial Expenses		23,381.44	16,200.00
Non - Cash Expenses	14	<u>493,565.22</u>	<u>24,994.87</u>
Total Current Operating Expenses		<u>87,448,824.26</u>	<u>36,470,808.27</u>
Surplus/(Deficit) from Current Operations		(87,432,011.81)	(36,470,808.27)
Net Financial Assistance/Subsidy	11	106,747,540.97	73,390,330.05
Miscellaneous Income		<u>68,800.00</u>	<u>-</u>
Surplus/(Deficit) for the period		<u>₱ 19,384,329.16</u>	<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 CASH FLOWS
For the Year Ended December 31, 2021

	<u>CY 2021</u>	<u>CY 2020</u>
Cash Flows From Operating Activities		
Cash Inflows		
Initial deposit to open MPOS Account	₱ -	₱ 10,000.00
Receipt of Notice of Cash Allocation	115,372,788.41	73,360,124.20
Petty Cash Fund	-	50,000.00
Other Receipts	1,919,415.99	-
Adjustments	64,677.50	
Total Cash Inflows	<u>117,356,881.90</u>	<u>73,420,124.20</u>
Cash Outflows		
Payment of Expenses	57,557,751.66	15,063,928.86
Purchase of Inventories	5,882,329.83	2,129,111.99
Grant of Cash Advances	20,452,648.05	20,069,520.53
Prepayments	1,081,775.00	210,000.00
Mandatory Deductions	5,884,264.55	1,368,552.63
Remittance of Withheld Taxes	4,002,298.18	
Grant of Financial Assistance/Subsidy	6,646,149.15	
Other Disbursements	1,274,165.62	150,000.00
Reversal of Unutilized NCA	23,519.84	
Total Cash Outflows	<u>102,804,901.88</u>	<u>38,991,114.01</u>
Net Cash Provided by (Used in) Operating Activities	<u>14,551,980.02</u>	<u>34,429,010.19</u>
Cash Flows From Investing Activities		
Cash Inflows		
Equipment	-	-
Total Cash Inflows	<u>-</u>	<u>-</u>
Cash Outflows		
Purchase/Construction of Property, Plant and Equipment	3,749,215.71	1,530,792.78
Total Cash Outflows	<u>3,749,215.71</u>	<u>1,530,792.78</u>
Net Cash Provided By (Used in) Investing Activities	<u>(3,749,215.71)</u>	<u>(1,530,792.78)</u>
Increase (Decrease) in Cash and Cash Equivalents	10,802,764.31	32,898,217.41
Cash and Cash Equivalents, January 1	32,898,217.43	-
Ending Balance, unadjusted	43,700,981.74	32,898,217.41
Cash and Cash Equivalents, December 31	<u>₱ 43,700,981.74</u>	<u>₱ 32,898,217.41</u>

106,554,117.59

MINISTRY OF PUBLIC ORDER AND SAFETY
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
For the Year Ended December 31, 2021

	<u>CY 2021</u>	<u>CY 2020</u>
Balance at January 1	₱ 36,919,521.78	₱ -
Add/(Deduct):		
Changes in accounting policy	-	-
Prior period errors	250,125.00	-
Other adjustments	(23,519.84)	-
Restated balance	37,146,126.95	-
Add/(Deduct):		
Changes in Net Assets/Equity for the Calendar Year		
Surplus/(Deficit) for the period	19,384,329.16	36,919,521.78
assets/equity	-	-
Others	-	-
Total recognized revenue and expense for the period	19,384,329.16	36,919,521.78
Balance at December 31	₱ 56,530,456.11	₱ 36,919,521.78

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, 2021

Particulars			Actual Amounts on Comparable Basis	Difference Final Budget and Actual
	Original	Final		
RECEIPTS				
Regular Fund	-	-	-	-
Transitional Development Fund 2020	-	-	-	-
Special Development Fund 2020	-	-	-	-
Total Receipts	-	-	-	-
PAYMENTS				
Regular Fund 2021				
Personnel Services	35,224,355.15	32,411,797.98	30,169,915.49	2,241,882.49
Maintenance and Other Operating Expenses	71,147,609.95	77,788,052.47	51,252,175.17	26,535,877.30
Capital Outlay	2,450,000.00	2,450,000.00	2,395,000.00	55,000.00
Total	108,821,965.10	112,649,850.45	83,817,090.66	28,832,759.79
Regular Fund 2020				
Maintenance and Other Operating Expenses	19,198,493.57	19,198,493.57	14,298,562.43	4,899,931.14
Capital Outlay	1,975,643.56	1,975,643.56	1,858,560.48	117,083.08
Total	21,174,137.13	21,174,137.13	16,157,122.91	5,017,014.22
Transitional Development Fund 2020				
Maintenance and Other Operating Expenses	7,811,863.00	7,811,863.00	6,197,569.56	1,614,293.44
Capital Outlay	2,000,000.00	2,000,000.00	2,000,000.00	-
Total	9,811,863.00	9,811,863.00	8,197,569.56	1,614,293.44
Special Development Fund 2020				
Maintenance and Other Operating Expenses	16,932,000.00	16,932,000.00	910,500.00	16,021,500.00
Capital Outlay	30,556,500.00	30,556,500.00	0.00	30,556,500.00
Total	47,488,500.00	47,488,500.00	910,500.00	46,578,000.00
			0	
			0	
Total Payments	187,296,465.23	191,124,350.58	109,082,283.13	82,042,067.45
NET RECEIPTS/PAYMENTS	(187,296,465.23)	(191,124,350.58)	(109,082,283.13)	(82,042,067.45)