



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, 2022 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, 2022, 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 (IPSAS).

#### **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

June 5, 2023

**MINISTRY OF PUBLIC ORDER AND SAFETY**  
**STATEMENT OF FINANCIAL POSITION**  
**As of December 31, 2022**

	<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5	P 161,405,675.37	P 43,700,981.74
Receivables	6	289,675.43	48,536.65
Inventories	7	427,673.57	1,936,780.33
<b>Total Current Assets</b>		<u>162,123,024.37</u>	<u>45,686,298.72</u>
<b>Non - Current Assets</b>			
Property, Plant and Equipment	8	15,658,292.99	5,386,098.72
Other Assets	9	23,911,806.86	10,633,058.00
<b>Total Non-Current Assets</b>		<u>39,570,099.85</u>	<u>16,019,156.72</u>
<b>Total Assets</b>		<u><b>P 201,693,124.22</b></u>	<u><b>P 61,705,455.44</b></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial Liabilities	10.1	5,661,611.42	4,468,929.29
Inter-Agency Payables	10.2	114,214.03	706,070.04
<b>Total Current Liabilities</b>		<u>5,775,825.45</u>	<u>5,174,999.33</u>
<b>Total Liabilities</b>		<u>5,775,825.45</u>	<u>5,174,999.33</u>
<b>NET ASSETS/EQUITY</b>			
Accumulated Surplus/(Deficit)	11	195,917,298.77	56,530,456.11
<b>Total Net Assets/Equity</b>		<u>195,917,298.77</u>	<u>56,530,456.11</u>
<b>Total Liabilities and Equity</b>		<u><b>P 201,693,124.22</b></u>	<u><b>P 61,705,455.44</b></u>

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*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, 2022**

	<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>Revenue</b>			
Service and Business Income	12	80,429.81	16,812.45
<b>Total Revenue</b>		<u>80,429.81</u>	<u>16,812.45</u>
<b>Less: Current Operating Expenses</b>			
Personnel Services	15	37,877,468.91	32,088,171.13
Maintenance and Other Operating Expenses	16	82,257,736.91	54,843,706.47
Financial Expenses	17	61,937.18	23,381.44
Non - Cash Expenses	18	644,827.49	493,565.22
<b>Total Current Operating Expenses</b>		<u>120,841,970.49</u>	<u>87,448,824.26</u>
<b>Surplus/(Deficit) from Current Operations</b>		(120,761,540.68)	(87,432,011.81)
Net Financial Assistance/Subsidy	13	262,015,224.62	106,747,540.97
Other Non-Operating Income	14	369,850.00	68,800.00
<b>Surplus/(Deficit) for the period</b>		<u>141,623,533.94</u>	<u>19,384,329.16</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, 2022**

	<u>2022</u>	<u>2021</u>
<b>Balance at January 1</b>	<b>₱ 56,530,456.11</b>	<b>₱ 36,919,521.78</b>
<b>Add/(Deduct):</b>		
Changes in accounting policy	-	-
Prior period errors	-	250,125.00
Other adjustments	-	(23,519.84)
<b>Restated balance</b>	<u><b>56,530,456.11</b></u>	<u><b>37,146,126.95</b></u>
<b>Add/(Deduct):</b>		
<b>Changes in Net Assets/Equity for the Calendar Year</b>		
Surplus/(Deficit) for the period	141,623,533.94	19,384,329.16
Adjustment of net revenue recognized directly in net assets/equity	(2,236,691.28)	-
Others	-	-
<b>Total recognized revenue and expense for the period</b>	<u><b>139,386,842.66</b></u>	<u><b>19,384,329.16</b></u>
<b>Balance at March 31</b>	<u><u><b>₱ 195,917,298.77</b></u></u>	<u><u><b>₱ 56,530,456.11</b></u></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, 2022**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities</b>		
<b>Cash Inflows</b>		
Initial deposit to open MPOS Account	₱ -	₱ -
Receipt of Notice of Cash Allocation	303,448,054.51	115,372,788.41
Collection of Excess Cash Advance	5,479,200.30	
Sale of Bidding Documents and Other Receipts	105,929.81	
Other Receipts		1,919,415.99
Receipt of Refund of Cash Advances		
Adjustments	203,796.00	64,677.50
<b>Total Cash Inflows</b>	<u>309,236,980.62</u>	<u>117,356,881.90</u>
<b>Cash Outflows</b>		
Payment of Expenses	81,824,581.62	57,557,751.66
Purchase of Inventories	5,703,217.14	5,882,329.83
Grant of Cash Advances	52,162,165.27	20,452,648.05
Prepayments	32,920.80	1,081,775.00
Remittance of Personnel Benefit Contributions and Mandatory	6,592,515.32	5,884,264.55
Remittance of Withheld Taxes	5,397,085.01	4,002,298.18
Grant of Financial Assistance/Subsidy	4,643,412.03	6,646,149.15
Other Disbursements	21,705,560.85	1,274,165.62
Reversal of Unutilized NCA		23,519.84
Adjustments		
<b>Total Cash Outflows</b>	<u>178,061,458.04</u>	<u>102,804,901.88</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>131,175,522.58</u>	<u>14,551,980.02</u>
<b>Cash Flows From Investing Activities</b>		
<b>Cash Inflows</b>		
Proceeds from Sales/Disposal of Property, Plant & Equipment	-	-
<b>Total Cash Inflows</b>	-	-
<b>Cash Outflows</b>		
Purchase/Construction of Property, Plant and Equipment	13,440,828.95	3,749,215.71
<b>Total Cash Outflows</b>	<u>13,440,828.95</u>	<u>3,749,215.71</u>
<b>Net Cash Provided By (Used in) Investing Activities</b>	<u>(13,440,828.95)</u>	<u>(3,749,215.71)</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	117,734,693.63	10,802,764.31
<b>Cash and Cash Equivalents, January 1</b>	43,650,981.74	32,898,217.43
Ending Balance, unadjusted	161,385,675.37	43,700,981.74
<b>Cash and Cash Equivalents, December 31</b>	<u>₱ 161,385,675.37</u>	<u>₱ 43,700,981.74</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, 2022**

Particulars	Budgeted Amounts		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
	Original	Final		
<b>RECEIPTS</b>				
Regular Fund	-	-	-	-
<b>Total Receipts</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>PAYMENTS</b>				
<b>REGULAR FUND 2022</b>				
Personnel Services	51,541,214.16	39,418,330.62	37,420,020.38	1,998,310.24
Maintenance and Other Operating Expenses	74,652,697.22	74,652,697.22	57,040,463.16	17,612,234.06
Capital Outlay	<u>4,241,394.80</u>	<u>4,241,394.80</u>	<u>3,661,316.72</u>	<u>580,078.08</u>
<b>TOTAL</b>	<b>130,435,306.18</b>	<b>118,312,422.64</b>	<b>98,121,800.26</b>	<b>20,190,622.38</b>
<b>REGULAR FUND-EXTENDED- 2021</b>				
Maintenance and Other Operating Expenses	14,878,970.27	14,878,970.27	13,912,964.21	966,006.06
Capital Outlay	55,000.00	55,000.00		55,000.00
Special Purpose Fund	<u>6,640,442.52</u>	<u>6,640,442.52</u>	<u>6,041,157.42</u>	<u>599,285.10</u>
<b>Total</b>	<b>21,574,412.79</b>	<b>21,574,412.79</b>	<b>19,954,121.63</b>	<b>1,620,291.16</b>
<b>REGULAR FUND-EXTENDED-2020</b>				
Maintenance and Other Operating Expenses	2,613,252.37	2,613,252.37	1,383,153.06	1,230,099.31
Capital Outlay	<u>117,083.08</u>	<u>117,083.08</u>	<u>76,000.00</u>	<u>41,083.08</u>
<b>TOTAL</b>	<b>2,730,335.45</b>	<b>2,730,335.45</b>	<b>1,459,153.06</b>	<b>1,271,182.39</b>
<b>Transitional Development Fund 2021</b>				
Maintenance and Other Operating Expenses	32,900,000.00	32,900,000.00	24,951,500.02	7,948,499.98
Capital Outlay	<u>40,500,000.00</u>	<u>40,500,000.00</u>	<u>15,070,964.64</u>	<u>25,429,035.36</u>
<b>TOTAL</b>	<b>73,400,000.00</b>	<b>73,400,000.00</b>	<b>40,022,464.66</b>	<b>33,377,535.34</b>
<b>Transitional Development Fund 2020</b>				
Maintenance and Other Operating Expenses	<u>1,614,293.44</u>	<u>1,614,293.44</u>	<u>864,293.44</u>	<u>750,000.00</u>
<b>Total</b>	<b>1,614,293.44</b>	<b>1,614,293.44</b>	<b>864,293.44</b>	<b>750,000.00</b>
<b>Special Development Fund 2020</b>				
Maintenance and Other Operating Expenses	16,021,500.00	16,021,500.00	6,242,108.30	9,779,391.70
Capital Outlay	<u>33,042,000.00</u>	<u>33,042,000.00</u>	<u>11,999,933.78</u>	<u>21,042,066.22</u>
<b>Total</b>	<b>49,063,500.00</b>	<b>49,063,500.00</b>	<b>18,242,042.08</b>	<b>30,821,457.92</b>
<b>Special Development Fund 2021</b>				
Maintenance and Other Operating Expenses	47,440,851.23	47,440,851.23	2,968,124.40	44,472,726.83
Capital Outlay	<u>43,199,921.46</u>	<u>16,392,884.51</u>		<u>16,392,884.51</u>
<b>Total</b>	<b>90,640,772.69</b>	<b>63,833,735.74</b>	<b>2,968,124.40</b>	<b>60,865,611.34</b>
<b>TOTAL PAYMENTS</b>	<b>369,458,620.55</b>	<b>330,528,700.06</b>	<b>181,631,999.53</b>	<b>148,896,700.53</b>
<b>NET</b>	<b>(369,458,620.55)</b>	<b>(330,528,700.06)</b>	<b>(181,631,999.53)</b>	<b>(148,896,700.53)</b>