



Republic of the Philippines
COMMISSION ON AUDIT
National Government Sector
Cluster 2 – Oversight and Public Debt Management Agencies
Commonwealth Avenue, Quezon City

INDEPENDENT AUDITOR’S REPORT

The Executive Director

Public-Private Partnership Center of the Philippines
8th Floor, One Cyberpod Centris, EDSA cor. Quezon Avenue
Brgy. Pinyahan, Quezon City

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of **Public-Private Partnership Center of the Philippines**, which comprise the statement of financial position as at December 31, 2019, and the statement of financial performance, statement 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 financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the **Public-Private Partnership Center of the Philippines** as at December 31, 2019, and its financial performance, cash flows, changes in net assets/equity, comparison of budget and actual amounts for the year then ended, and notes to the financial statements, in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the agency in accordance with the Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with IPSASs 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:

- 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, a fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by management.
- Evaluate the overall presentation structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit observations, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

COMMISSION ON AUDIT

By:



JULIANA F. LAZO
State Auditor IV
OIC-Supervising Auditor

April 3, 2020

PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES
STATEMENT OF FINANCIAL POSITION
ALL FUNDS
AS AT DECEMBER 31, 2019
(In Philippine Peso)

	<u>Note</u>	<u>2019</u>	<u>2018</u> (As Restated)
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	2,229,920,428.69	2,146,408,917.15
Receivables	6	1,411,183,247.60	1,463,188,990.77
Inventories	7	2,510,383.93	1,805,388.85
Other Current Assets	8	8,451,349.86	12,480,343.21
Total Current Assets		<u>3,652,065,410.08</u>	<u>3,623,883,639.98</u>
Non-Current Assets			
Property, Plant and Equipment	9	22,032,349.78	32,084,719.22
Intangible Assets	10	3,208,694.13	8,356,071.35
Total Non-Current Assets		<u>25,241,043.91</u>	<u>40,440,790.57</u>
Total Assets		<u>3,677,306,453.99</u>	<u>3,664,324,430.55</u>
LIABILITIES			
Current Liabilities			
Financial Liabilities	11	886,605.46	1,528,572.10
Inter-Agency Payables	12	7,635,267.28	15,844,481.53
Intra-Agency Payables	13	3,630,097.90	46,200.65
Deferred Credits	14	19,542.18	0.00
Trust Liabilities	15	62,714,501.22	46,097,388.66
Other Payables	16	1,099,035.22	1,152,978.85
Total Current Liabilities		<u>75,985,049.26</u>	<u>64,669,621.79</u>
Total Liabilities		<u>75,985,049.26</u>	<u>64,669,621.79</u>
Total Assets less Total Liabilities		<u>3,601,321,404.73</u>	<u>3,599,654,808.76</u>
NET ASSETS / EQUITY			
Accumulated Surplus/(Deficit)	26	<u>3,601,321,404.73</u>	<u>3,599,654,808.76</u>
Total Net Assets / Equity		<u>3,601,321,404.73</u>	<u>3,599,654,808.76</u>

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

PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES
STATEMENT OF FINANCIAL PERFORMANCE
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Philippine Peso)

	<u>Note</u>	<u>2019</u>	<u>2018</u> (As Restated)
Revenue			
Service and Business Income	18	<u>4,983,795.43</u>	<u>8,239,458.04</u>
Total Revenue		<u>4,983,795.43</u>	<u>8,239,458.04</u>
Less: Current Operating Expenses			
Personnel Services	19	109,949,970.50	98,860,958.41
Maintenance & Other Operating Expenses	20	70,250,432.89	62,776,078.03
Financial Expenses	21	4,003.39	2,074.32
Non-Cash Expenses	22	<u>19,233,173.11</u>	<u>16,381,020.36</u>
Total Current Operating Expenses		<u>199,437,579.89</u>	<u>178,020,131.12</u>
Surplus/(Deficit) from Current Operations		(194,453,784.46)	(169,780,673.08)
Net Financial Assistance/Subsidy	23	200,144,674.30	238,046,454.19
Other Non-Operating Income		0.00	165.00
Gains	24.1	0.00	89,477,576.58
Losses	24.2	<u>(1,687,854.82)</u>	<u>0.00</u>
Surplus/(Deficit) for the period		<u>4,003,035.02</u>	<u>157,743,522.69</u>

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

PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Philippine Peso)

	Accumulated Surplus/ (Deficit)	
	<u>2019</u>	<u>2018</u> (As Restated)
Balance at January 1	3,708,283,468.93	3,550,826,509.36
Add/Deduct:		
Prior period errors	(108,628,660.17)	0.00
Other Adjustments	0.00	(108,197,657.28)
Restated balance	<u>3,599,654,808.76</u>	<u>3,442,628,852.08</u>
Add/(Deduct):		
Changes in Net Assets/Equity for the Calendar Year		
Surplus/(Deficit) for the period	4,003,035.02	157,743,522.69
Other Adjustments	334,119.30	0.00
Others	<u>(2,670,558.35)</u>	<u>(717,566.01)</u>
Balance at December 31	<u><u>3,601,321,404.73</u></u>	<u><u>3,599,654,808.76</u></u>

PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES
STATEMENT OF CASH FLOWS
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Philippine Peso)

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Cash Inflows		
Receipt of Notice of Cash Allocation	216,024,227.11	239,459,182.41
Collection of Income/Revenues	2,851,083.16	3,892,672.96
Collection of Receivables	93,420,628.30	57,050,721.44
Receipt of Inter-Agency Fund Transfers	0.00	6,200,000.00
Receipt of Trust Liabilities	28,175,079.06	59,259,331.17
Other Receipts (Refund of Excess Cash Advance)	133,722.59	310,347.38
Total Cash Inflows	<u>340,604,740.22</u>	<u>366,172,255.36</u>
Cash Outflows		
Remittance to National Treasury	2,670,558.35	752,225.84
Payment of Expenses	140,782,705.69	141,003,456.47
Purchase of Inventories	3,161,590.73	260,695.00
Grant of Cash Advances	24,493.25	1,007.00
Prepayments	4,117,096.16	6,726,365.59
Payment of Accounts Payable	1,448,996.37	669,506.91
Remittance of Personnel Benefits Contributions		
Mandatory Deductions	24,136,534.91	22,901,764.41
Other Disbursements	48,395,539.51	146,082,305.47
Reversal of Unutilized NCA	19,167,552.81	1,422,695.36
Total Cash Outflows	<u>243,905,067.78</u>	<u>319,820,022.05</u>
Net Cash Provided by (Used in) Operating Activities	<u>96,699,672.44</u>	<u>46,352,233.31</u>
Cash Flows from Investing Activities		
Cash Outflows		
Purchase/Construction of Property, Plant and Equipment	9,800,984.03	9,143,305.49
Purchase of Intangible Assets	0.00	2,646,642.00
Total Cash Outflows	<u>9,800,984.03</u>	<u>11,789,947.49</u>
Net Cash Provided by (Used in) Investing Activities	<u>(9,800,984.03)</u>	<u>(11,789,947.49)</u>
Increase / (Decrease) in Cash and Cash Equivalent	86,898,688.41	34,562,285.82

	<u>2019</u>	<u>2018</u>
Effects of Exchange Rate Changes on Cash and Cash Equivalents	(3,387,176.87)	2,605,650.76
Cash and Cash Equivalents, January 1	<u>2,146,408,917.15</u>	<u>2,109,240,980.57</u>
Cash and Cash Equivalents, December 31	<u><u>2,229,920,428.69</u></u>	<u><u>2,146,408,917.15</u></u>

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

PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Philippine Peso)

Expenses	Note	Budgeted Amounts		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
		Original	Final		
RECEIPTS					
Services and Business Income		40,814.54	40,814.54	40,814.54	0.00
Total Receipts		40,814.54	40,814.54	40,814.54	0.00
PAYMENTS					
Personnel Services	25	98,869,000.00	110,280,006.00	110,017,374.21	262,631.79
Maintenance and Other Operating Expenses	25	72,592,777.51	70,075,277.51	82,850,874.46	(12,775,596.95)
Capital Outlay	25	4,853,110.71	4,853,110.71	4,501,060.72	352,049.99
Total Payments		176,314,888.22	185,208,394.22	197,369,309.39	(12,160,915.17)
NET RECEIPTS/PAYMENTS		<u>(176,274,073.68)</u>	<u>(185,167,579.68)</u>	<u>(197,328,494.85)</u>	<u>12,160,915.17</u>

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