



**REPUBLIC OF THE PHILIPPINES**  
**DEPARTMENT OF BUDGET AND MANAGEMENT**  
MALACANANG, MANILA

**CORPORATE OPERATING BUDGET**

Fiscal Year 2019

**TO: PHILIPPINE GUARANTEE CORPORATION (PHILGUARANTEE)**

Your Corporate Operating Budget (COB) for Fiscal Year 2019 based on Secretary's Certificate, dated July 31, 2019, submitted pursuant to Section 6 of Executive Order (EO) No. 518, series of 1979 and Section 19, Chapter 3, Book VI of EO No. 292, series of 1987, is hereby approved for a total amount not exceeding **ONE BILLION EIGHT HUNDRED EIGHTY-SIX MILLION SIX HUNDRED FIVE THOUSAND PESOS ONLY (P1,886,605,000)** details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
<b>TOTAL SOURCES:</b>	P <u>2,072,177,000</u>	P <u>2,072,177,000</u>	P <u>-</u>
Corporate Funds	2,072,177,000	2,072,177,000	-
<b>TOTAL USES:</b>	P <u>1,918,203,000</u>	P <u>1,886,605,000</u>	P <u>(31,598,000)</u>
Personnel Services (PS)	151,823,000	135,693,000	a/ (16,130,000) b/
Maintenance & Other Operating Expenses (MOOE)	83,531,000	69,890,000	(13,641,000) c/
Capital Outlays (CO)	1,618,684,000	1,616,857,000	d/ (1,827,000) e/
Others (Guarantees, Loan Releases, Investments)	64,165,000	64,165,000	f/ -
<b>Excess/Shortfall</b>	P <u><u>153,974,000</u></u>	P <u><u>185,572,000</u></u>	P <u><u>31,598,000</u></u>

**Footnotes:**

a/ The PHILGUARANTEE shall strictly adhere to the following provisions of law:

1.0 Section 9 of Joint Circular No. 4, s. 2009 provides that exempt entities shall observe the policies, parameters and guidelines governing position classification, salary rates, categories and rates of allowances, benefits and incentives, prescribed by the President. Any increase in the existing salary rates, as well as the grant of new allowances, benefits and incentives, or an increase in the rates, shall be subject to the approval by the President, upon recommendation of the DBM. Section 10 thereof, required exempt entities to submit their existing compensation and position classification systems and their implementation status to the DBM.

2.0 Sections 8 and 9 of Executive Order (EO) No. 7, s. 2010 mandated that:

2.1 GOCCs/GFIs shall submit information on all salaries, allowances, incentives and other benefits.

2.2 Except salary adjustments pursuant to EO Nos. 811, s. 2009 and 900, s. 2010, a moratorium on the increase in the rates of salaries, and the grant of new or increase in the rates of allowances, incentives and other benefits is imposed until specifically authorized by the President.

The members of the board shall be compensated in accordance with Executive Order No. 24 dated February 10, 2011.

3.0 This review action shall not be construed as an authorization for specific expenditure items under PS but for budgetary purposes only. The grant of such items is subject to approval from the Office of the President.

b/ The PS variance refers to overprovision/erroneous computation on the following:

Basic Salary	P	7,950,000	Computation was based on one-third of the recommended amount for the period of January 1-August 30, 2019.
Personal Economic Relief Allowance		285,000	
Representation and Transportation Allowance		1,968,000	
Provident Fund		1,988,000	
Retirement and Life Insurance Premium		954,000	
PhilHealth Contributions		41,000	
Year-End Bonus		2,707,000	Computed in accordance w/Budget Circular No. 2016-4 dated April 28, 2016
Chargeable against savings:			
ESIAS		237,000	subject to CSC approval of PRAISE Rules
Total	P	<u>16,130,000</u>	

c/ MOOE level computed considering the highest actual/audited amounts from previous years (FYs 2017 - 2018) and the effects of inflation, variances are broken down as follows:

Acquired Asset Administration	P	4,000	Based on submitted list of expenses by PHILGUARANTEE.
Auditing Services		18,000	Per CY 2019 COA Assessment per its letter dated September 26, 2018 to PHILGUARANTEE.
Communication Expenses		14,000	Computation was based on highest audited + 3% inflation rate.
Repairs and Maintenance of Government Facilities		581,000	
Advertising Expense		47,000	
Miscellaneous Expense		363,000	
Travelling Expenses		681,000	Computation was based on highest actual + 3% inflation rate.
Repairs and Maintenance of Office Building		579,000	
Repairs and Maintenance of Government Vehicles		502,000	
Water, Illumination & Power Service		17,000	
Gasoline, Oil and Lubricants		720,000	
Meetings and Conferences		1,388,000	
Printing Services		531,000	
Dues and Subscription		43,000	
Consultancy Services		700,000	
Other Professional Services		275,000	Per coordination with PHILGUARANTEE, no contract to date.
Taxes, Duties and Fees		6,678,000	Licenses and Taxes for the sale of Office Space per coordination with PHILGUARANTEE.
Discretionary		500,000	No provision for the previous years.
TOTAL	P	<u>13,641,000</u>	



d/ CO is intended to the following:

Investment	₱ 1,529,570,000
Office Equipment, Furniture	12,524,000
Buildings and Other	
Infrastructures	64,640,000
Intangible Assets	6,350,000
Transportation Equipment *	3,773,000
<b>TOTAL</b>	<b><u>₱ 1,616,857,000</u></b>

\* The purchase of transportation equipment shall be consistent with the following guidelines:

1. Per Administrative Order (AO) No. 14 dated December 10, 2018, the proposed acquisition of motor vehicles is approved by the Department of Budget and Management through an Authority to Purchase Motor Vehicle per attached APMV No. C-19-0050, and shall be subject to prior approval from the Department of Finance, as the supervising body of the PHILGUARANTEE.
  2. Procuring entities may undertake their own procurement of motor vehicles pursuant to GPPB Resolution No. 20-2019 which delisted the motor vehicles from the list of Common-Use Supplies and Equipment to be procured thru the Procurement Service (PS).
- e/ The variance of P1,827,000 represents the overprovision in the proposal for the purchase of Motor Vehicle, wherein the recommended amount was based on the DBM updated maximum allowable cost of motor vehicles for FY 2019.
- f/ Covers loan releases for guarantees, investment income taxes, receivables from subrogated claims and payment of dividends, interest, and financial charges.

Notwithstanding the above-indicated variances in PS, MOOE, and CO, the PHILGUARANTEE has the flexibility to modify its utilization within the DBM-approved budget level for items funded out of corporate funds.

**Further, the following conditions shall be observed and complied with:**

1. All expenditures, whether for current operating expenditures or COs, shall be made within the limits of available funds realized from corporate receipts, authorized corporate borrowings and National Government budgetary support either in the form of subsidy, equity or loans outlay.
2. Any increase in the approved principal COB in the course of the budget year, as may be warranted by additional corporate receipts, shall require the submission of a supplemental COB to cover the additional expenditures.
3. Disbursements for PS shall observe pertinent compensation laws, rules and regulations, including EO Nos. 7 and 24 dated September 8, 2010 and February 10, 2011, respectively and EO No. 203 as amended by EO No. 36 (Suspending the CPCS under EO No. 203, Providing for Interim Compensation Adjustments, and for Other Purposes) for GOCCs covered by RA No. 10149. Such expenditures shall be subject to relevant General Provisions of the annual General Appropriations Act (GAA) or any specific law or approval of the President of the Philippines and/or Secretary of Budget and Management and the GCG, as the case may be.
4. The interim measures prescribed under EO 36 dated July 28, 2017 as implemented by GCG Memorandum No. 2017-03 dated August 24, 2017 shall be strictly observed.
5. Disbursements for Extraordinary and Miscellaneous Expenses (EME) and other MOOE items shall be subject to the relevant provision of the annual GAA.
6. For equipment outlays included in the Annual Procurement Program that require specific clearance/approval from the agencies concerned, the same shall be secured before acquisition thereof. Examples: Department of Information and Communications Technology for procurement of information and communication technology equipment covered by the GOCC's Information System Strategic Plan, and OP/Department of Budget and Management/Supervising Department for the purchase of motor vehicles (MV), in accordance with Corporate Budget Circular No. 17 dated February 9, 1996, Administrative Order No. 14 dated December 10, 2018; Budget Circular (BC) No. 2019-2 dated March 4, 2019; Office of the President Memorandum Circular No. 9 dated December 14, 2010. Further, the classification/s and specifications of subject motor vehicle/s shall be consistent with the provisions of BC No. 2019-2, and Annex B of BC No. 2017-1, among others.
7. Electronic payment shall be observed in the disbursement of corporate and public funds. In cases when the same is impracticable, the GOCC shall be allowed to continue with the existing payment scheme.
8. It is understood that this review action does not authorize any item of expenditure that is prohibited by or inconsistent with the provisions of law.

9. Any and all officials or employees who will authorize, allow, permit, as well as those who are negligent in the performance of their duties and functions which resulted in the incurrence or payment of unauthorized and unlawful obligation or expenditure shall be personally liable to the government for the full amount committed or expended and subject to disciplinary actions in accordance with Section 43, Chapter 5 and Section 80, Chapter 7, Book VI of EO No. 292.

**Recommending Approval:**

*Carmencita P. Mahinay*  
**CARMENCITA P. MAHINAY**  
Director, BMB - C

**Approved:**

By the Authority of the Secretary:

*Tina Rose Marie L. Canda*  
**TINA ROSE MARIE L. CANDA**  
Undersecretary

COB-C4-19-0068

Date:

*12-18-19*

cc: The Chairman  
Board of Directors, PHILGUARANTEE  
  
Assistant Commissioner  
Commission on Audit (COA) - Central Office  
COA Building, Quezon City  
  
The Resident Auditor  
COA - PHILEXIM

Department of Budget and Management  
BTS



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