



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
 GENERAL SOLANO STREET, SAN MIGUEL, MANILA

CORPORATE OPERATING BUDGET

Fiscal Year 2020

TO: PHILIPPINE GUARANTEE CORPORATION (PHILGUARANTEE)

Your Corporate Operating Budget (COB) for Fiscal Year 2020 based on Secretary's Certificate, dated September 30, 2020, 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 **SEVENTEEN BILLION TWO HUNDRED NINETY-FOUR MILLION THREE HUNDRED NINETY-FOUR THOUSAND PESOS ONLY (P17,294,394,000)** details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
TOTAL SOURCES	P 20,028,395,000	P 20,028,395,000	P -
Corporate Funds			
Corporate Funds	17,278,395,000	17,278,395,000	-
Borrowings	1,750,000,000	1,750,000,000	-
National Government (NG) Support	1,000,000,000	1,000,000,000	-
TOTAL USES	P 17,495,967,000	P 17,294,394,000	P (201,573,000)
Personnel Services (PS)	320,188,000	311,253,000	(8,935,000) a/
Maintenance and Other Operating Expenses (MOOE)	714,270,000	538,760,000	(175,510,000) b/
Capital Outlays (CO)	177,359,000	160,231,000	(17,128,000)
Others (Guarantees, Loan Releases, and Investments)	16,284,150,000	16,284,150,000	-
Excess/Shortfall	P 2,532,428,000	P 2,734,001,000	P 201,573,000

Footnotes:

a/ The variance of P8,935,000 for PS refers to:

1. Overprovision of the following PS items:

RATA	P	56,000
Productivity Enhancement Incentives (PEI)		100,000
Retirement and Life Insurance Premiums		190,000
Sub-total		346,000

2. PRAISE

8,589,000

Chargeable against savings, subject to CSC-approved PRAISE

Total

P 8,935,000

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 variance of P175,510,000 for MOOE refers to excess computation for non-core function items which were computed based on the highest audited/actual expenses in FYs 2018 and 2019 plus inflation rate, annualized actual expenses as of October 2020 or proposed level whichever is lower:

Travelling Expenses	P	1,085,000
Communication Expenses		1,154,000
Repairs and Maintenance of Office Building		102,000
Repairs and Maintenance of Furniture and Fixture		68,000
Repairs and Maintenance of Transportation Equipment		1,272,000
Repairs and Maintenance of Other Property		16,870,000
Other Maintenance and Operating Expenses		121,571,000
Demolition and Relocation		2,293,000
Supplies and Materials		1,934,000
Training and Seminar Expenses		3,237,000
Gasoline, Oil and Lubricants		1,346,000
Consultancy Services		24,578,000
Total	P	175,510,000

c/ Recommended CO level pertains to the following items:	
Office Equipment, Furniture and Fixtures	P 69,681,000
Intangible Assets	5,040,000
Leasehold Improvements	73,310,000
Transportation Equipment	12,200,000 *
Total	P 160,231,000

* Pertains to the procurement of thirteen (13) motor vehicles reprogrammed this year with prior authority under APMV No. C-19-0050 issued on December 18, 2019.

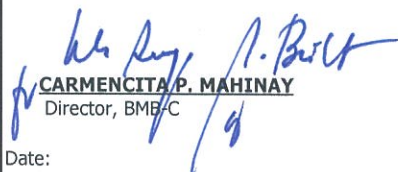
d/ Covers loan releases for guarantees, investment income taxes, receivables from subrogated claims, and payment of interest and financial charges.

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. In the case of those funded out of national government budgetary support, Section 70 of the General Provisions of the Republic Act (RA) No. 11465 on the rules on the modification in allotment shall apply.

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

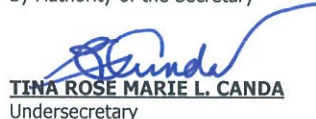
1. All expenditures, whether for current operating expenditures or COs, shall be made within the limits of available funds realized from corporate receipts, authorized corporate borrowings and NG budgetary support either in the form of subsidy, equity or loans outlay.
2. Any increase in the approved 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. This approval shall not be construed as an authorization for specific expenditure items under PS which requires prior approval by the Office of the President (OP). Disbursement for PS shall strictly observe pertinent compensation laws, rules and regulations, including Executive Order (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 Compensation and Position Classification System under EO No. 203, providing for Interim Compensation Adjustments, and for Other Purposes) for Government-Owned or Controlled Corporations (GOCCs) covered by Republic Act (RA) No. 10149. Such expenditures shall be subject to relevant conditions under the General Provisions of the annual (GAA or any specific law or approval of the President of the Philippines and/or Secretary of Budget and Management or the Governance Commission for GOCCs, as the case may be.
4. Disbursements for extraordinary and miscellaneous expenses and other MOOE expenditures shall be subject to relevant provision of the annual GAA, among others.
5. 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 – Medium Term Information and Communications Technology Harmonization Initiative Steering Committee 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 motor vehicles. The acquisition/purchase of motor vehicle/s shall be in accordance with the provisions of, among others, Administrative Order (AO) No. 14 dated December 10, 2018; Budget Circular (BC) No. 2020-3 dated May 16, 2020; BC No. 2020-2 dated March 4, 2020; OP Memorandum Circular No. 9 dated December 14, 2010; BC No. 2010-2 dated March 1, 2010; and National Budget Circular (NBC) No. 446 dated November 24, 1995, as amended by NBC No. 446-A dated January 30, 1998. Further, the classification/s and specifications of subject motor vehicle/s shall be consistent with the provisions of BC No. 2020-2, and Annex B of BC No. 2017-1. Moreover, it is understood that the acquisition of motor vehicle/s shall be in accordance with the Government Procurement Reform Act (RA No. 9184) and its Implementing Rules and Regulations, as well as subject to the usual budgeting, accounting, auditing, and other applicable laws, rules and regulations.
6. Electronic payment shall be observed in the disbursement of corporate and public funds. In case the same is impracticable, the GOCC shall be allowed to continue with the existing payment scheme.
7. Notwithstanding the repeal of AO No. 103, existing laws, rules and regulations mandating the judicious and prudent use of government funds shall be observed. No irregular, unnecessary, extravagant, excessive and unconscionable expenses shall be incurred pursuant to AO No. 6 dated September 19, 2017.
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 or 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 292.

Recommending Approval:


CARMENCITA P. MAHINAY
 Director, BMB/C

Date:

Approved:
 By Authority of the Secretary


TINA ROSE MARIE L. CANDA
 Undersecretary

COB No. C4-20-0060
 Date: 12-23-2020

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