



**REPUBLIC OF THE PHILIPPINES**  
**DEPARTMENT OF BUDGET AND MANAGEMENT**  
**BONCODIN HALL, GEN. SOLANO ST., SAN MIGUEL, MANILA**

**CORPORATE OPERATING BUDGET**  
 Calendar Year 2017

**TO: SMALL BUSINESS CORPORATION (SBC)**

Your Corporate Operating Budget (COB) for Calendar Year 2017 per Board Resolution No. 2017-02-2365 dated February 3, 2017 submitted pursuant to Section 6 of Executive Order (E.O.) No. 518, series of 1979 and Section 19, Chapter 3, Book VI of E.O. No. 292, series of 1987, is hereby approved for a total of **FIVE BILLION FORTY TWO MILLION THREE HUNDRED FIFTY TWO THOUSAND PESOS ONLY (P5,042,352,000)** details are shown below:

| PARTICULARS                          | PROPOSAL<br>(a)        | APPROVED<br>(b)        | VARIANCE<br>(c=b-a)    |
|--------------------------------------|------------------------|------------------------|------------------------|
| <b>TOTAL SOURCES:</b>                | <b>P 5,694,032,000</b> | <b>P 5,694,032,000</b> | <b>P -</b>             |
| Corporate Funds                      | 1,490,256,000          | 1,490,256,000          | -                      |
| National Government (NG) Subsidy     | 1,753,776,000          | 1,753,776,000          | -                      |
| Borrowings                           | 2,450,000,000          | 2,450,000,000          | -                      |
| <b>TOTAL USES:</b>                   | <b>P 5,541,757,000</b> | <b>P 5,042,352,000</b> | <b>P (499,405,000)</b> |
| Personnel Services (PS)              | 155,032,000            | 123,152,000            | (31,880,000) a/        |
| Maint. & Other Operating Exp. (MOOE) | 1,711,127,000          | 1,694,200,000 b/       | (16,927,000)           |
| Capital Outlays (CO)                 | 3,675,598,000          | 3,225,000,000 c/       | (450,598,000)          |
| <b>Excess/Shortfall</b>              | <b>P 152,275,000</b>   | <b>P 651,680,000</b>   | <b>P 499,405,000</b>   |

**Footnotes:**

a/ The SBC is exempt from the Salary Standardization Law (SSL) by virtue of R.A. No. 9501 (Magna Carta for Micro, Small and Medium Enterprises). However, the Corporation shall strictly adhere to the following provisions of laws, specifically in the grant/payment of Personnel Services:

Section 9 of Joint Resolution 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 thereof shall be subject to the approval by the President, upon recommendation of the DBM. Section 10 thereof, requires exempt entities to submit their existing compensation and position classification systems and their implementation status to the DBM.

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

- GOCCs/GFIs shall submit information on all salaries, allowances, incentives and other benefits.
- Except salary adjustments pursuant to E.O. 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.

Section 2 of EO No. 36 dated July 28, 2017 provides that all SSL-exempt GOCCs shall have the option to either maintain their current compensation framework or, subject to approval of the GCG, adopt the Modified Salary Schedule under EO No. 201.

In view of the foregoing, the PS level is computed as follows: (1) for types of allowances/benefits that are similar to the National Government, requirements are computed based on authorized rates provided under FY 2017 GAA; and (2) for types of allowances/benefits that are supported with approved Board Resolutions which require approval from the Office of the President (OP), the recommended level are for **budgetary purposes only** computed based on authorized rates provided by the agency. Details per attached Annex "A".

The variance of P31.880 Million refers to overprovision of the following PS items, as shown below:

|          |              |  |
|----------|--------------|--|
| Salaries | P 13,051,000 | Computed salary requirement for 137 filled positions as of July and 36 positions to be filled from August to December, based on SBC's proposed salary rates for Job Grade 5 below and DBM recommendation, dated March 22, 2010 for Job Grade 6 to 9 which are comparable to the salary rates of PhilExim |
|----------|--------------|--|

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|  |                     |  |
|--|---------------------|--|
| Personnel Economic Relief Allowance            | 422,000             | } Excess provision for 137 filled positions as of July and 36 to be filled positions from August to December |
| Clothing/Uniform Allowance                     | 232,000             |  |
| Year-end Bonus                                 | 1,813,000           |  |
| Rice Subsidy                                   | 50,000              |  |
| Financial Assistance                           | 257,000             |  |
| Economic Assistance                            | 612,000             |  |
| Provident Fund                                 | 849,000             |  |
| Life & Retirement Insurance Premium            | 1,566,000           |  |
| Employees Compensation Insurance Premium       | 20,000              |  |
| Pag-ibig Contributions                         | 20,000              |  |
| Philhealth Contributions                       | 101,000             |  |
| Per Diem/Board Fees                            | 660,000             |  |
| Midyear Bonus                                  | 754,000             | Based on actual payout   |
| Incremental Increase due to possible promotion | 11,473,000          | Funding provision for the last quarter only  |
| <b>TOTAL</b>                                   | <b>₱ 31,880,000</b> |  |

This review action **shall not be construed as an authorization** for specific expenditure items under PS. The grant of such items is subject to approval of the OP. Further, it is understood that:

1. Standard allowances and benefits which are authorized to officials and employees of the National Government Agencies (NGAs) covered by SSL may be adopted provided these are not already being granted in other forms;
2. All other allowances/benefits not covered by the SSL, as shown in Annex A, shall be subject to approval of the President; and
3. The payment of salaries and increase in the rates thereof and the grant of allowances, benefits and incentives, or an increase in the rates thereof shall be subject to the approval of the President.

b/ MOOE level is computed considering actual/audited expenses for the previous years, and the effects of inflation.

c/ CO level recommended based on costs of feasible/doable projects to be implemented up to year-end, broken down as follows:

|   |                        |
|---|------------------------|
| Loans Outlay                                    | ₱ 3,217,000,000        |
| Buildings & Structures Outlay                   | 3,000,000              |
| Furnitures, Fixtures, Equipment & Books Outlays | 1,800,000              |
| Machineries and Equipment Outlay                | 3,200,000              |
|   | <b>₱ 3,225,000,000</b> |

This approval shall not be construed as an authorization for specific expenditure items under PS which requires prior approval of the OP. 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. Disbursement for Personnel Services (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. 36 (Suspending the Compensation and Position Classification System under EO No. 203, Providing for Interim Compensation Adjustments, and for Other Purposes) for GOCCs not covered by RA 10149 and EO 203 and amendments thereto for GOCCs covered by RA 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 GCG, as the case maybe.
4. Disbursements for extraordinary and miscellaneous expenses (EME) 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 (ex. Information and Communications Technology Office (DICT-ICTO) for information technology equipment and Office of the President/Department of Budget and Management/Supervising Department for motor vehicles), the same shall be secured before acquisition thereof in accordance with Corporate Budget Circular No. 17 dated February 9, 1996, Budget Circular No. 2017-1 (amending BC No. 2016-5) dated April 26, 2017, and AO No. 15 (amending AO 233,s. 2008), dated May 25, 2011, Office of the President Memorandum Circular No. 9 dated December 14, 2010, among others.

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6. Electronic payment shall be observed in the disbursement of corporate and public funds. In cases when the adoption is impracticable, GOCC shall be allowed to continue with the existing payment scheme.
7. 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.

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:

Approved:

By Authority of the Secretary

  
**LORENZO C. DRAPETE**  
Director, BMB -C

  
**LUZ M. CANTOR**  
Undersecretary

Date: **OCT 26 2017**

COB No. C2-17-0066

cc: The Chairman  
Board of Directors - SBC

Assistant Commissioner Winnie Rose H. Encallado  
Commission on Audit (COA) - Central Office

The Resident Auditor  
COA, SBC

Department of Budget and Management  
BTS



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