



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
MALACAÑANG, MANILA

CORPORATE OPERATING BUDGET
Fiscal Year 2018

TO: SMALL BUSINESS CORPORATION (SBC)

Your Corporate Operating Budget (COB) for Fiscal Year (FY) 2018 per approved SBC Board Resolution No. 2018-03-2522 dated March 23, 2018, submitted pursuant to Section 6 of Executive Order (EO) No. 518, series of (s.) 1979 and Section 19, Chapter 3, Book VI of EO No. 292, s. 1987 and as reiterated in Corporate Budget Circular (CBC) No. 22 dated December 1, 2016, is hereby approved for a total of **THREE BILLION FIVE HUNDRED FORTY-TWO MILLION TWO HUNDRED TWENTY-TWO THOUSAND PESOS ONLY (P3,542,222,000)**, details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=a-b)
TOTAL SOURCES:	P <u>3,546,554,000</u>	P <u>3,546,554,000</u>	P <u>-</u>
Corporate Funds	2,102,654,000	2,102,654,000	-
National Government (NG)	1,000,000,000	1,000,000,000	-
Subsidy	443,900,000	443,900,000	-
Corporate Borrowings	443,900,000	443,900,000	-
TOTAL USES:	P <u>3,546,554,000</u>	P <u>3,540,222,000</u>	P <u>(6,332,000)</u>
Personnel Services (PS)	204,039,000	202,965,000	(1,074,000) a/
Maintenance and Other Operating Expenses (MOOE)	132,515,000	127,257,000	(5,258,000) b/
Capital Outlays (CO)	3,210,000,000	3,210,000,000	c/ -
Excess/(Shortfall)	P <u>-</u>	P <u>6,332,000</u>	P <u>(6,332,000)</u>

a/ The PS variance of P1.074 Million refers to overprovision of the following PS items:

Particulars	Amount	Remarks
Salaries	P 699,000	Computed based on 3rd tranche of EO No. 201 for 195 positions (166 regular positions and 29 casuals).
Year-End Bonus	20,000	Overprovision.
Mid-Year Bonus	145,000	Equivalent to one month basic pay of 148 filled positions.
Cash Gift	18,000	Computed based on rates prescribed under Budget Circular No. 2016-4 dated April 28, 2016.
Representation and Transportation Allowance (RATA)	108,000	Rates computed based on Section 55 of Republic Act (RA) No. 10964, 2018 GAA.
Retirement and Life Insurance Premium	84,000	12% of annual salary.
Total	<u>P 1,074,000</u>	

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b/ The MOOE variance of P5.258 Million refers to the excess of computation based on the highest FY 2016 audited/FY 2017 actual/estimates and 4.5% inflation rate, except for those covered by contracts which are recommended as proposed, details as follows:

Particulars	Amount
Travelling Expenses	P 900,000
Repair and Maintenance of Government Facilities	1,112,000
Taxes, Duties and Fees	427,000
Gasoline, Oil and Lubricants	761,000
Promotional and Entertainment Expense	227,000
Library Books and Materials	129,000
Advertising Expenses	533,000
Board and Committee Expens	101,000
Membership Dues and Contribution to Organizations	72,000
Provision of Year-end Expens	908,000
Litigation Expense	88,000
Total	<u>P 5,258,000</u>

d/ The CO is intended for the following:

Particulars	Amount
Loans Outlay	P 3,200,000,000
Building and Structures Outlay	3,391,000
Office Equipment Furniture and Fixtures	2,124,000
Machineries and Equipment Outlay	4,485,000
	<u>P 3,210,000,000</u>

Notwithstanding the above indicated variances in MOOE and CO, the SBC has the flexibility to modify its utilization within the DBM-approved budget level for each allotment class for items funded out corporate funds. In case of those funded out of National Government (NG) budgetary support, Section 72 of the General Provisions of RA No. 10964 on the rules on the modification in the allotment shall apply.

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. 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 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 GOCCs covered by 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 GCG, as the case may be.

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4. Disbursements for Extraordinary and Miscellaneous Expenses (EME) and other MOOE expenditures shall be subject to the relevant provisions of the annual GAA.
5. Collective Negotiation Agreement (CNA) Incentive may be granted to qualified personnel subject to relevant provisions of the annual GAA and policies, rules and regulation issues by the DBM.
6. Equipment outlays included in the Annual Equipment Procurement Program that require specific clearance/approval from the agencies concerned (e.g., Department of Information and Communications Technology 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 CBC No. 17 dated February 9, 1996, BC No. 2017-1 dated April 26, 2017, Office of the President Memorandum Circular No. 9 dated December 4, 2010 and Administrative Order (AO) No. 15 dated May 25, 2011, among others.
7. Electronic payment shall be observed in the disbursement of corporate and public funds. In cases when the adoption is impracticable, the GOCC shall be allowed to continue with the existing payment scheme.
8. Notwithstanding the repeal of AO No. 103, existing laws, rules and regulations mandating 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.
9. 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.
10. 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 No. 292.

Recommending Approval:


CARMENCITA P. MAHINAY
Director, BMB-C

Approved:

By Authority of the Secretary:


TINA ROSE MARIE L. CANDA
Undersecretary

Date: 9-25-18 **SEP 27 2018**

COB No. C4-18-0015

Department of Budget and Management
BTS



2018-S10500L

cc: The Chairman
Board of Directors, SBC

Assistant Commissioner Lourdes M. Castillo
Commission on Audit (COA) - Central Office
COA Building, Quezon City

The Resident Auditor
COA - SBC