



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

CORPORATE OPERATING BUDGET
Calendar Year 2017

TO: NATIONAL DEVELOPMENT COMPANY (NDC)

Your Corporate Operating Budget (COB) for Calendar Year 2017 per Corporate Secretary's Certificate dated June 22, 2017, Supplemental COB – Secretary's Certificate dated September 22, 2017, Directors' Certificate dated August 15, 2017, and Board Resolution No. 17-08-08 dated August 15, 2017, pursuant to Section 6 of Executive Order (E.O.) No. 518, series of 1979 and Section 19, Chapter 3, Book VI, E.O. No. 292, series of 1987, is hereby approved for a total amount not exceeding **TWO BILLION FOUR HUNDRED FIFTY SEVEN MILLION SEVEN HUNDRED TWENTY FOUR THOUSAND PESOS ONLY (P2,457,724,000)** details of which are shown below

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
TOTAL SOURCES	P <u>2,472,248,000</u>	P <u>2,472,248,000</u>	P <u>-</u>
Corporate Funds	2,472,248,000	2,472,248,000	-
TOTAL USES	P <u>2,472,248,000</u>	P <u>2,457,724,000</u>	P <u>(14,524,000)</u>
Personnel Services (PS)	32,558,000	27,605,000	(4,953,000) a/
Maint. & Other Operating Exp. (MOOE)	2,362,184,000	2,358,613,000	b/ (3,571,000)
Operating/Other Expenditure	432,080,000	428,509,000	(3,571,000)
Provision of Income Tax/EWT/Final Tax	298,070,000	298,070,000	-
Debt Servicing/Loan Repayment	1,203,843,000	1,203,843,000	-
Dividend Payment to NG	428,191,000	428,191,000	-
Capital Outlays (CO)	77,506,000	71,506,000	c/ (6,000,000)
Excess/Shortfall	P <u>-</u>	P <u>14,524,000</u>	P <u>14,524,000</u>

Footnotes:

a/ The variance of P 4,953,000 for PS represents the following

1. Overprovision of the following PS items

Salaries, Permanent	P 2,075,000
Personnel Economic Relief Allowance	48,000
Uniform/Clothing Allowance	28,000
Mid-year Bonus	(64,000)
Year-end Bonus	392,000
Cash Gift	20,000
Retirement and Life Insurance Premium	249,000
Employees Compensation Insurance Premium	3,000
Pag-I.B.I.G. Contributions	3,000
Philhealth Contributions	18,000
Representation and Transportation Allowances	372,000
Productivity Enhancement Incentive	22,000
Per Diem	60,000
Special Counsel Allowance	10,000
Sub-total	<u>3,236,000</u>

Recommendation is based on twenty six (26) filled positions as of August 31, 2017 plus PS requirement of six (6) positions to be filled from October to December 2017

Based on the FY 2017 GAA rates
P5,000/employee

Pegged at P15k/meeting@ 6 mtgs/year
P2,500 per court appearance but not to exceed P10,000/month

2. Disallowance of OT Pay and Collective Negotiation Agreement

Total	P <u>1,717,000</u>
	<u>P <u>4,953,000</u></u>

Chargeable against savings

Pursuant to Section 2 of EO No. 36 dated July 28, 2017, SSL-covered GOCCs shall adopt the Modified Salary Schedule under EO No. 201 dated February 19, 2016 as well as allowances and benefits provided therein, upon approval by the Governance Commission for Government and/or Controlled Corporations (GCG)

The implementation of the compensation adjustments shall be subject to the provisions of EO No. 201, where applicable. GOCCs which do not have adequate or sufficient funds shall partially implement the Modified Salary Schedule and authorized benefits. In case of partial implementation, the same shall be at uniform percentage across all positions of GOCC

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

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c) The CO consists of the following items:

Investments Outlay	P 40,900,000
Land and Land Improvements Outlay	200,000
Building and Structures Outlay	25,662,000
Office Equipment, Furniture and Fixtures	4,744,000
Total	P 71,506,000

This approval shall not be construed as an authorization for specific expenditure items under PS which require prior approval of the OP. Further, the following conditions shall be observed and complied with:

- 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.
- 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.
- 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 General Appropriations Act (GAA) or any specific law or approval of the President of the Philippines and/or Secretary of Budget and Management or the GCC, as the case may be.
- Disbursements for extraordinary and miscellaneous expenses (EME) and other MOOE expenditures shall be subject to relevant provision of the annual GAA, among others.
- Equipment outlays included in the Annual Procurement Program that require specific clearance approval from the agencies concerned, i.e., 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.
- 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.
- 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

Lorenzo C. Drapete
LORENZO C. DRAPETE
Director, BMB-C

Date

Approved
By Authority of the Secretary

Luiz M. Cantor
LUZ M. CANTOR
Undersecretary
COB No. C2-17-0073

cc The Chairman
Board of Directors, NDC

Assistant Commissioner Wirmie Rose H. Encallado
Commission on Audit (COA) - Central Office
COA Building, Quezon City

The Resident Auditor
COA - NDC

Department of Budget and Management
BTS



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