



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

CORPORATE OPERATING BUDGET

Fiscal Year 2019

TO: PHILIPPINE RICE RESEARCH INSTITUTE (PhilRice)

Your Corporate Operating Budget (COB) for Fiscal Year 2019 per approved PhilRice Board of Trustees Special Resolution (amended Special Resolution No. 1-A-A) dated October 29, 2018 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 of **EIGHT HUNDRED SEVENTEEN MILLION FOUR HUNDRED TWENTY-SIX THOUSAND PESOS ONLY (P817,426,000)**, details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
TOTAL SOURCES:	P 831,796,000	P 831,796,000	P -
Corporate Funds	55,000,000	55,000,000	-
National Government (NG) Support	776,796,000	776,796,000	-
TOTAL USES:	831,796,000	817,426,000	(14,370,000)
Personnel Services (PS)	247,892,000	245,197,000	(2,695,000) a/
Maintenance and Other Operating Expenses (MOOE)	390,042,000	378,367,000	(11,675,000) b/
Capital Outlays (CO)	193,862,000	193,862,000	c/ -
Excess/(Shortfall)	P -	P 14,370,000	P 14,370,000

Footnotes:

a/ The variance of P2,695,000 pertains to overprovision of the following:

Particulars	Amount	Remarks
• Salaries, Permanent	P 265,000	- Excess computation for 274 authorized positions at rates pursuant to fourth tranche of EO No. 201
• Mid-year Bonus and Year-end Bonus	44,000	- Excess computation, limited only to one month salary each
• Representation and Transportation Allowance	984,000	- Based on the rates provided in Section 59 of the General Provision (GP) of Republic Act (RA) No. 11260 (FY 2019 GAA)
• Medical/Dental/Optical benefits	1,370,000	- Provision has no legal basis
• Retirement and Life Insurance Premium	32,000	- Limited to 12% of annual basic salaries
Total	P 2,695,000	

b/ The MOOE level is computed considering audited/actual expenses for the previous years and the effects of inflation and the submitted actual expenses as of June 30, 2019. The details of variance are as follows:

Particulars	Amount
• Supplies and Materials Expense	P 6,046,000
• Scholarship Expenses	52,000
• Communication Expenses	2,454,000
• Representation Expense	15,000
• Transportation and Delivery Expense	12,000
• Other MOOE	3,096,000
Total	P 11,675,000

c/ The proposed CO level is broken down as follows:

Particulars	Amount
• Land and Land Improvements Outlay	P 10,894,000
• Building and Structures Outlay	60,235,000
• Office Equipment, Furniture and Fixtures Outlay	27,598,000
• Machineries and Equipment Outlay *	86,235,000
• Transportation Equipment Outlay *	8,900,000
TOTAL	P 193,862,000

* 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 vehicle is approved by the Department of Budget and Management through an Authority to Purchase Motor Vehicle per attached **APMV No. C-19-0029**, and recommended/endorsed by the Department of Agriculture dated July 8, 2019, as the supervising body of the PhilRice.

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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 through the Procurement Service.

Notwithstanding the above-indicated variances in PS and MOOE, the PhilRice still has the flexibility to modify its utilization within the DBM-approved budget level for items funded out of corporate funds. In case of those funded out of NG budgetary support, Section 76 of the GPs of RA No. 11260 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 for 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 OP. Disbursements 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 Government-Owned and Controlled Corporations (GOCCs) covered by RA No. 10149. Such expenditures shall also be subject to relevant conditions under the GPs of the annual General Appropriations Act (GAA) or any specific law or approval of the President of the Philippines 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 the relevant provisions of the annual GAA, among others.
5. Equipment outlays included in the Annual Procurement Program that require specific clearance/approval from the Agencies concerned (e.g., Department of Information and Communications Technology - Information and Communications Technology Office for procurement of information and communication technology equipment covered by the GOCC's Information System Strategic Plan) shall be secured prior to the acquisition thereof. On the other hand, the conditions on the acquisition of MVs are indicated on the attached APMV No. C-19-0029.
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 No. 292.

Recommending Approval:


CARMENCITA P. MAHINAY
Director, BMB-C

Date: 10-16-19

Approved:

By Authority of the Acting Secretary:


TINA ROSE MARIE L. CANDA
Undersecretary

COB No. C1-19-0027

cc: **The Chairman**
Board of Trustees, PhilRice

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

The Resident Auditor
COA-PhilRice