



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

Received  
COA-NDC

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**CORPORATE OPERATING BUDGET**  
 Fiscal Year 2018

**TO: NATIONAL DEVELOPMENT COMPANY (NDC)**

Your Corporate Operating Budget (COB) for Fiscal Year 2018 per approved Corporate Secretary's Certificate dated July 25, 2018, submitted 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 of **TWO BILLION FIVE HUNDRED TEN MILLION SEVEN HUNDRED THIRTY NINE THOUSAND PESOS ONLY (P2,510,739,000)**, details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
<b>TOTAL SOURCES</b>	P <u>3,330,600,000</u>	P <u>3,330,600,000</u>	P -
Corporate Funds	3,330,600,000	3,330,600,000	-
<b>TOTAL USES</b>	P <u>2,517,590,000</u>	P <u>2,510,739,000</u>	P <u>(6,851,000)</u>
Personnel Services (PS)	35,809,000	32,233,000	(3,576,000) a/
Maintenance and Other Operating Expenses (MOOE)	<u>2,439,545,000</u>	<u>2,436,270,000</u>	<u>(3,275,000)</u> b/
Operating/Other Expenditures	454,898,000	451,623,000	(3,275,000)
Provision of Income Tax/Value-Added Tax/ Withholding Tax/Capital Gains Tax	624,264,000	624,264,000	-
Debt Servicing/Loan Repayment	1,199,791,000	1,199,791,000	-
Dividend Payment to National Government (NG)	160,592,000	160,592,000	-
Capital Outlays (CO)	<u>42,236,000</u>	<u>42,236,000</u>	c/ -
<b>Excess/Shortfall</b>	P <u><u>813,010,000</u></u>	P <u><u>819,861,000</u></u>	P <u><u>6,851,000</u></u>

**Footnotes:**

a/ The variance of P3,576,000 for PS represents the following:

1. Overprovision of the following PS items:

Salaries, Permanent	P 1,949,000
Personnel Economic Relief Allowance	84,000
Uniform/Clothing Allowance	84,000
Year-end Bonus	625,000
Cash Gift	41,000
Retirement and Life Insurance Premium	234,000
Employees Compensation Insurance Premium	4,000
Pag-I.B.I.G. Contributions	4,000
PhilHealth Contributions	21,000
Representation and Transportation Allowances (RATA)	402,000
Productivity Enhancement Incentive	41,000
Per Diem	60,000
Special Counsel Allowance	27,000
<b>Total</b>	P <u><u>3,576,000</u></u>

Excess provision of salaries and benefits/allowances of twelve (12) positions to be filled from September to December 2018 and one (1) vacant position.

Excess provision of the authorized RATA rates per FY 2018 GAA P5,000/employee Pegged at P15k/meeting@ 6 meetings/year P2,500 per court appearance but not to exceed P10,000/month

b/ The variance of P3,275,000 in MOOE pertains to the following:

Excess computation for core/non-core function items which were computed based on the highest actual/audited expenses in FYs 2016 and 2017 plus inflation rate, or proposed level whichever is lower:

Supplies and Materials Expenses	P 269,000
Travelling Expenses	1,135,000
Board of Directors Expenses	63,000
Christmas Celebration and Anniversary Expenses	985,000
Training and Personnel Development Expenses	219,000
Meeting and Planning Conferences	604,000
<b>Total</b>	P <u><u>3,275,000</u></u>

c/ The CO consists of the following items:

Investments Outlay	P 16,900,000
Land and Land Improvements Outlay	350,000
Building and Structures Outlay	19,740,000
Office Equipment, Furniture and Fixtures	5,246,000
<b>Total</b>	P <u><u>42,236,000</u></u>

**CORPORATE OPERATING BUDGET**

Fiscal Year 2018

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Notwithstanding the above indicated variances in PS and MOOE, the NDC has the flexibility to modify its utilization within the DBM-approved budget level for each allotment class funded out of corporate funds.


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 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 GCG, as the case may be.
4. Disbursements for extraordinary and miscellaneous expenses (EME) 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 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.
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 A.O. 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:

Approved:

By Authority of the Secretary

  
f. CARMENCITA P. MAHINAY  
Director, BMB-C

  
TINA ROSE MARIE L. CANDAL  
Undersecretary

Date:

NOV 2 2018

COB No. C2-18-0051

cc: The Chairman  
Board of Directors, NDC

Assistant Commissioner Winnie 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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