



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

CORPORATE OPERATING BUDGET

Fiscal Year 2018

TO: NATIONAL TOBACCO ADMINISTRATION (NTA)

Your Corporate Operating Budget (COB) for Fiscal Year 2018 per approved NTA Board Resolution No. 844-2018 dated May 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 **ONE BILLION ONE HUNDRED ONE MILLION THREE HUNDRED TWENTY SIX THOUSAND PESOS ONLY (P1,101,326,000)**, details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
TOTAL SOURCES:	P 1,103,801,000	P 1,103,801,000	P -
Corporate Funds	758,271,000	758,271,000	-
Special Account in the General Fund (Tobacco Fund)	345,530,000	345,530,000	-
TOTAL USES:	P 1,103,491,000	P 1,101,326,000	P (2,165,000)
Personnel Services (PS)	252,092,000	251,529,000	(563,000) a/
Maintenance and Other Operating Expenses (MOOE)	261,472,000	259,870,000	b/ (1,602,000)
Capital Outlays (CO)	535,475,000	535,475,000	c/ -
Payment of Payables	54,452,000	54,452,000	-
Excess	P 310,000	P 2,475,000	P 2,165,000

Footnotes:

a/ The PS variance represents overprovision/disallowance for the following items:

Particulars	Amount	Remarks
• Mid-year Bonus	P 27,000	- Excess in the computation; equivalent to one month basic salary each
• Magna Carta Benefits	342,000	- Excess in computation pursuant to Department of Budget and Management (DBM)-Department of Health Joint Circular (JC) No. 1, series of 2012 and 2016
• Longevity Pay	194,000	- No longevity pay if the employees are receiving step increment pursuant to Civil Service Commission-DBM JC No. 1, series of 2012
Total	P 563,000	

b/ The MOOE level was computed considering audited/actual expenses for the previous years and the effects of inflation, details of variance are as follows:

Particulars	Amount	Remarks
• Travelling Expenses	P 916,000	Excess in the computation considering 2016 audited/2017 actual expenses and inflation rate
• Representation Expenses	432,000	
• Membership Contribution	1,000	
• Advertising/Publication/Promotional	99,000	
• Repair and Maintenance of Government Facility	125,000	
• Extraordinary and Miscellaneous Expenses	29,000	- Excess in the computation based on General Appropriations Act (GAA) rates (General Provision [GP] No. 43)
Total	P 1,602,000	

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c/ The CO level is recommended as proposed, intended for the following:

<u>Particulars</u>	<u>Amount</u>	<u>Remarks</u>
• Loans Outlay	P 354,203,000	
• Land and Land Improvements Outlay	947,000	
• Buildings and Structures Outlay	75,540,000	
• Office Equipment, Furniture and Fixtures	5,457,000	
• Information Technology Equipment	9,694,000	- This should be covered by the Administration's Information System Strategic Plan (ISSP), subject to the approval by the Department of Information and Communications Technology (DICT)
• Scientific Equipment	53,812,000	
• Other Property, Plant and Equipment	26,181,000	
• Machineries and Equipment	16,000	
• Electrical Equipment	225,000	
• Transportation Equipment	9,400,000	- The purchase of motor vehicles needs prior approval from this Department or the Supervising Department, as the case may be. This will be acted upon separately.
Total	<u>P 535,475,000</u>	

Notwithstanding the afore-mentioned variances in PS and MOOE, the NTA still has the flexibility to modify its utilization within the DBM-approved budget level for each allotment class for items funded out of corporate funds. In case of those funded out of national government (NG) budgetary support, Section 72 of the GPs of Republic Act (RA) No. 10964, 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 Office of the President (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, 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 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 EME and other MOOE expenditures shall be subject to the relevant provisions of the annual GAA.
5. Equipment outlays included in the Annual Procurement Program that require specific clearance/approval from the Agencies concerned (e.g., DICT for information technology equipment and OP/DBM/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 (BC) No. 2017-1 dated April 26, 2017, amending BC No. 2016-5 dated August 22, 2016, Administrative Order (AO) No. 15 dated May 25, 2011, amending AO No. 233 dated August 1, 2008, OP 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 unconsonable expenses shall be incurred pursuant to AO No. 6 dated September 19, 2017.

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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:

hla Ryo A. Bulut
for **CARMENCITA P. MAHINAY**
Director, BMB - C

cc: The Chairman
Board of Directors, NTA

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

The Resident Auditor
COA - NTA

Approved by:

By Authority of the Secretary

Tina Rose Marie L. Canda
TINA ROSE MARIE L. CANDA
Undersecretary

COB No. C1-18-0025

Date : **NOV 20 2018**

Department of Budget and Management
BTS



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