



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

CORPORATE OPERATING BUDGET

Fiscal Year 2019

TO: NATIONAL TOBACCO ADMINISTRATION (NTA)

Your Corporate Operating Budget (COB) for Fiscal Year 2019 per approved NTA Board Resolution No. 1083-2019 dated June 14, 2019 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 THREE MILLION TWO HUNDRED FIFTY-NINE THOUSAND PESOS ONLY (P1,003,259,000.00)**, details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
TOTAL SOURCES:	P 1,287,723,000	P 1,287,723,000	P -
Corporate Funds	855,446,000	855,446,000	-
Special Account in the General Fund (Tobacco Fund)	432,277,000	432,277,000	-
TOTAL USES:	P 1,060,294,000	P 1,003,259,000	P (57,035,000)
Personnel Services (PS)	272,408,000	244,360,000	(28,048,000) a/
Maintenance and Other Operating Expenses (MOOE)	245,231,000	216,244,000	b/ (28,987,000) c/
Capital Outlays (CO)	542,655,000	542,655,000	d/ -
Excess	P 227,429,000	P 284,464,000	P 57,035,000

Footnotes:

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

Particulars	Amount	Remarks
• Salaries and Wages	P 16,776,000	Overprovision in the proposed PS items corresponding to 40 vacant positions
• Personnel Economic Relief Allowance	1,004,000	
• Uniform/ Clothing Allowance	258,000	
• Year-end Bonus	1,424,000	
• Cash Gift	215,000	
• Productivity Enhancement Incentive	215,000	
• Life and Retirement Insurance Premium	1,939,000	
• Employees Compensation Insurance Premium	50,000	
• Pag-IBIG Contribution	50,000	
• PhilHealth Contribution	59,000	
• Mid-year Bonus	2,635,000	Excess in the proposal based on the reported actual as of September 2019
• Performance-Based Bonus	2,105,000	
• Magna Carta Benefits	820,000	Excess in the computation pursuant to Department of Budget and Management (DBM)-Department of Science and Technology Joint Circular (JC) No. 1 dated June 25, 2013; For non-DOST personnel, Hazard Allowance shall be granted only to those certified by the DOST Secretary as entitled to this benefit.
• Representation and Transportation Allowances	372,000	
• Longevity Pay	126,000	Excess in the computation at rates pursuant to Section 59 of Republic Act (RA) No. 11260
		No longevity pay if the employees are receiving step increment pursuant to Civil Service Commission-DBM JC No. 1, series of 2012
Total	P 28,048,000	

b/ The recommended MOOE level was computed considering audited/actual expenses for the previous years, the effects of inflation, and the submitted actual expenses as of September 30, 2019.

c/ Details of the variance in MOOE are as follows:

Particulars	Amount	Remarks
• Agricultural Expenses	P 739,000	Excess in the computation considering audited/actual expenses, inflation rate, actual expenses as of September 2019
• Training Expenses	4,856,000	
• Other MOOE	14,404,000	
• Travelling Expenses	852,000	
• Supplies and Materials	1,446,000	
• Water, Electricity and Fuel Expenses	1,474,000	
• Communication Expenses	1,302,000	
• Membership Contribution	17,000	
• Transportation and Delivery Expenses	297,000	
• Repair and Maintenance of Government Facilities	3,384,000	
• Extraordinary and Miscellaneous Expenses (EME)	216,000	Excess in the computation considering authorized rates per General Appropriations Act (GAA)
Total	P 28,987,000	

CORPORATE OPERATING BUDGET

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d/ The recommended CO level is broken down as follows:

<u>Particulars</u>	<u>Amount</u>	<u>Remarks</u>
• Loans Outlay	P 385,283,000	
• Buildings and Structures Outlay	100,883,000	
• Office Equipment, Furniture and Fixtures Outlay	10,928,000	
• Information Technology Equipment Outlay	10,614,000	
• Scientific Equipment Outlay	4,217,000	
• Other Property, Plant and Equipment Outlay	8,780,000	
• Transportation Equipment	21,950,000	
Total	P 542,655,000	Purchase 17 units of motor vehicle is hereby approved per attached Authority to Purchase Motor Vehicle (APMV) No. C-19-0042 .

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 items funded out of corporate funds. In case of those funded out of national government (NG) budgetary support, Section 76 of the General Provisions (GPs) of RA No. 11260, 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. 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 GOCCs covered by RA No. 10149. Such expenditures shall be subject to relevant conditions under the GPs 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 Governance Commission for GOCCs, as the case may be. The payment of Collective Negotiation Agreement, if any, shall be subject to the guidelines prescribed under Administrative Order (AO) No. 135, s. 2005, relevant conditions under the GP No. 77 of the FY 2019 GAA and the Implementing Rules and Regulations for the purpose.
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. Department of Information and Communications Technology, particularly the Medium-Term Information and Communications Technology Harmonization Initiative Steering Committee for information and communication technology equipment). On the other hand, the conditions on the acquisition of MVs are indicated in the attached **APMV No. C-19-0042**.
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 unconsionable 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:

Cpw
CARMENCITA P. MAHINAY
Director, BME-C

11-27-19

Approved by:

By Authority of the Secretary

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

cc: The Chairman
Board of Directors, NTAAssistant Commissioner Winnie Rose H. Encallado
Commission on Audit (COA) - Central Office
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BTS

2019-S19200L

COB No. C1-19-0017Date: **DEC 02 2019**