



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

CORPORATE OPERATING BUDGET

Fiscal Year 2020

TO: NATIONAL TOBACCO ADMINISTRATION (NTA)

Your Corporate Operating Budget (COB) for Fiscal Year 2020 per approved NTA Board Resolution No. 1191-2020 dated June 29, 2020 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 THIRTY-ONE MILLION SEVEN HUNDRED SIXTY-THREE THOUSAND PESOS ONLY (P1,131,763,000.00)**, details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
TOTAL SOURCES:	P 1,326,560,000	P 1,243,059,000	P (83,501,000)
Corporate Funds	766,126,000	766,126,000	-
Special Account in the General Fund (Tobacco Fund)	560,434,000	476,933,000	(83,501,000) e/
TOTAL USES:	P 1,244,396,000	P 1,131,763,000	P (112,633,000)
Personnel Services (PS)	252,469,000	228,332,000	(24,137,000) a/
Maintenance and Other Operating Expenses (MOOE)	325,123,000	320,128,000	(4,995,000) c/
Capital Outlays (CO)	666,804,000	583,303,000	(83,501,000) e/
Excess	P 82,164,000	P 111,296,000	P 29,132,000

Footnotes:

a/ The PS variance of P24,137,000 represents overprovision/disallowance for the following items:

<u>Particulars</u>	<u>Amount</u>	<u>Remarks</u>
• Salaries and Wages	P 13,187,000	Excess in the proposal based on the reported actual as of September 30, 2020
• Personnel Economic Relief Allowance	533,000	
• Uniform/ Clothing Allowance	114,000	
• Mid-year Bonus	438,000	
• Year-end Bonus	3,230,000	
• Retirement and Life Insurance Premium	2,741,000	
• Employees Compensation Insurance Premium	32,000	
• Pag-IBIG Contribution	41,000	
• Representation and Transportation Allowances	587,000	
• Productivity Enhancement Incentive	220,000	
• Magna Carta Benefits	2,996,000	- Overprovision in the proposed PS item i.e., should be P5,000 x 282 positions only
• Longevity Pay	18,000	- 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 only be granted to those certified by the DOST Secretary as entitled to this benefit.
		- No longevity pay if the employees are receiving step increment pursuant to Civil Service Commission-DBM JC No. 1, series of 2012
Total	P 24,137,000	

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, 2020.

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

<u>Particulars</u>	<u>Amount</u>	<u>Remarks</u>
• Agricultural Expenses	P 656,000	Excess in the computation considering audited/actual expenses, inflation rate, actual expenses as of September 2020
• Training Expenses	1,404,000	
• Representation Expenses	1,711,000	
• Communication Expenses	15,000	
• Advertising/Publication/Promotional Expenses	34,000	
• Director's and Committee Member's Fees	1,015,000	
• Interest Expenses	12,000	
• Taxes, Insurance Premiums and Other Fees	144,000	
• Extraordinary and Miscellaneous Expenses (EME)	4,000	
Total	P 4,995,000	

CORPORATE OPERATING BUDGET

Fiscal Year 2020

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

<u>Particulars</u>	<u>Amount</u>	<u>Remarks</u>
• Loans Outlay	P 366,774,000	
• Buildings and Structures Outlay	132,180,000	- Inclusive of the requirements for the construction of new NTA building i.e., preparation of detailed engineering design and demolition of the old and existing NTA building.
• Land and Land Improvements Outlay	1,587,000	
• Office Equipment, Furniture and Fixtures Outlay	5,597,000	
• Information Technology Equipment Outlay	8,744,000	
• Scientific Equipment Outlay	38,953,000	
• Other Property, Plant and Equipment Outlay	7,518,000	
• Transportation Equipment	21,950,000	- Purchase of motor vehicle was already authorized in 2019 per Authority to Purchase Motor Vehicle No. C-19-0042 dated December 2, 2019. This was reprogrammed for acquisition in 2020.
Total	P 583,303,000	

e/ The variance pertains to the unreleased balance of the NTA's share from the Tobacco Fund under the FY 2020 GAA, that was not requested by the NTA for release.

Notwithstanding the afore-mentioned variances in PS, MOOE and CO, 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 70 of the General Provisions (GPs) of Republic Act (RA) No. 11465, the rules on the modification in the allotment shall apply.

The following conditions shall be observed and complied with:

- 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.
- 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.
- 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 GPs of the annual GAA and the Implementing Rules and Regulations for the purpose.
- Disbursements for EME and other MOOE expenditures shall be subject to the relevant provisions of the annual GAA.
- 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 - specifically the Medium-Term Information and Communications Technology Harmonization Initiative (MITHI) Steering Committee for information technology equipment and OP/ this Department/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, BC No. 2017-1 dated April 26, 2017 (amending BC No. 2016-5 dated August 22, 2016), 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.
- 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.
- 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.
- 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 No. 292.

Recommending Approval:

Carmencita P. Mahinay
CARMENCITA P. MAHINAY
 Director, BMB-C

Approved by:

By Authority of the Secretary

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

- cc: **The Chairman**
Board of Directors, NTA
- The Assistant Commissioner, Corporate Sector**
Commission on Audit (COA) - Central Office
COA Building, Quezon City
- The Resident Auditor**
COA - NTA



COB No. C1-20-0042

Date: 12-10-2020