



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

CORPORATE OPERATING BUDGET
Calendar Year 2016

TO: SMALL BUSINESS CORPORATION (SBC)

Your Corporate Operating Budget (COB) for Calendar Year 2016 per Board Resolution No. 2273, Series of 2016 dated January 27, 2016 submitted pursuant to Section 6 of Executive Order (E.O.) No. 518, series of 1979 and Section 19, Chapter 3, Book VI of E.O. No. 292, series of 1987, is hereby approved for a total of **THREE BILLION FOUR HUNDRED FORTY NINE MILLION THREE HUNDRED ELEVEN THOUSAND PESOS ONLY (P3,449,311,000)** details are shown below:

PARTICULARS	PROPOSAL		APPROVED		VARIANCE (c=b-a)
	(a)		(b)		
TOTAL SOURCES:	P	3,488,851,000	P	3,488,851,000	-
Corporate Funds		3,296,576,000		3,296,576,000	-
National Government (NG) Subsidy		10,838,000		10,838,000	-
Borrowings		181,437,000		181,437,000	-
TOTAL USES:	P	3,488,851,000	P	3,449,311,000	P (39,540,000)
Personnel Services (PS)		141,912,000	a/	122,161,000	(19,751,000) b/
Maintenance & Other Operating Expenditure (MOOE)		105,939,000	c/	86,150,000	d/ (19,789,000)
Capital Outlays (CO)		3,241,000,000	e/	3,241,000,000	f/ -
EXCESS/SHORTFALL	P	-	P	39,540,000	P 39,540,000

Footnotes:

- a/ Includes the amount of P1,127,000 realigned from MOOE representing per diem for committee meetings, and various employee awards, the grant of which are subject to the guidelines issued by Civil Service Commission.
- b/ The SBC is exempt from the Salary Standardization Law (SSL) by virtue of R.A. No. 9501 (Magna Carta for Micro, Small and Medium Enterprises). However, the Corporation shall strictly adhere to the following provisions of laws, specifically in the grant/payment of Personnel Services:

Section 9 of Joint Resolution No. 4, s. 2009 provides that exempt entities shall observe the policies, parameters and guidelines governing position classification, salary rates, categories and rates of allowances, benefits and incentives, prescribed by the Any increase in the existing salary rates, as well as, the grant of new allowances, benefits and incentives, or an increase in the thereof shall be subject to the approval by the President, upon recommendation of the DBM. Section 10 thereof, required exempt entities to submit their existing compensation and position classification systems and their implementation status to the DBM.

Sections 8 and 9 of Executive Order (E.O.) No. 7 s. 2010 mandated that:

- GOCCs/GFIs shall submit information of all salaries, allowances, incentives and other benefits; and
- Except salary adjustments pursuant to E.O. Nos. 811 s. 2009 and 900 s. 2010, a moratorium on the increases in the rates of salaries, and the grant of new or increase in the rates of allowances, incentives and other benefits is imposed until specifically authorized by the President.

The members of the Board shall be compensated in accordance with Executive Order No. 24 dated February 10, 2011.

Pursuant to Item 7 of the Compensation Position and Classification System (CPCS) under Executive Order No. 203 dated March 22, 2016, for GOCCs covered by Republic Act No. 10149, each covered GOCC, acting through its Governing Board, shall adopt a Total Compensation Framework for their Officers and Employees pursuant to the terms therein and the Index of Occupational Services (IOS), Position Titles and Pay Grades, subject to the approval of the President of the Philippines with favorable recommendation from the Governance Commission for GOCCs (GCG).

In view of the foregoing, the PS level is computed as follows: (1) for types of allowances/benefits that are similar to the National Government, requirements are computed based on authorized rates provided under FY 2016 GAA; and (2) for types of allowances/benefits that are supported with approved Board Resolutions which require approval from the Office of the President (OP), the recommended level are for budgetary purposes only computed based on authorized rates provided by the agency. Details per attached Annex "A".

SMALL BUSINESS CORPOR.
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TO: SMALL BUSINESS CORPORATION (SBC)

The variance of P19.751 Million refers to the following:

		Remarks
Excess provision:		
Salaries of permanent positions	11,669,000	Excess provision of salary requirement for 142 positions and 30 positions for filling up which were not considered, based on SBC's proposed salary rates for Job Grade 5 below and DBM recommendation, dated March 22, 2010 for Job Grade 6 to 9 which are comparable to the salary rates of PhilExim.
Uniform/Clothing Allowance	150,000	Pegged at P5,000 x 142 filled positions
Personnel Economic Relief Allowance (PERA)	536,000	Pegged at P2,000/month per employee for 142 filled positions
Year-end Bonus (YEB)	1,139,000	Equivalent to one month salary. See remarks on salaries.
Cash Gift	150,000	Pegged at P5,000 x 142 filled positions
Terminal Leave and Monetization of Leave Credits	-	Per submitted list of possible retirees
Per Diem	120,000	Pursuant to Section 7(a) of Executive Order No. 24 s. 2011
Anniversary Bonus	12,000	Milestone year; Based on actual payment as of July 2016.
Meal Allowance	35,000	P550 x 12 mos. x 142 positions; per B.R. 395 s. 1997 and Letter of Implementation (LOI) No. 104. With DBM endorsement to GCG dated July 25, 2012, subject to the approval of SBC's CPCS.
Rice Subsidy	305,000	One sack per employee per month; P2,000 x 12 mos x 142 positions; per B.R. 395 s. 1997. With DBM endorsement to GCG dated July 25, 2012, subject to the approval of SBC's CPCS.
Financial Assistance	859,000	Computed at one month gross pay per B.R. No. 395, s. 1997; With DBM endorsement to GCG dated July 25, 2012, subject to OP approval.
Economic Assistance	1,194,000	-do-
Loyalty Award	50,000	Per submitted list of possible awardees, subject to CSC MC No. 06, s. 2012
Provident Fund	<u>1,746,000</u>	Excess provision over the authorized 15% of total basic salary.
Sub-total	<u>17,965,000</u>	
Fixed Expenditures:		
Retirement and Life Insurance Premium	1,539,000	Excess provision over the authorized 12% of basic salary
Employee Compensation Insurance Premium	27,000	} Pegged at P100/mo. X 142 filled positions
Pag-Ibig Premium	27,000	
Philhealth Contribution	<u>193,000</u>	
Sub-total	<u>1,786,000</u>	Computed using rates under PhilHealth Circular No. 01, s. 2005, per National Budget Memorandum No. 120 dated January 6, 2014.
TOTAL	P <u>19,751,000</u>	

TO: SMALL BUSINESS CORPORATION (SBC)

This review action shall not be construed as an authorization for specific expenditure items under PS. The grant of such items is subject to approval of the OP. Further, it is understood that:

1. Standard allowances and benefits which are authorized to officials and employees of the National Government Agencies (NGAs) covered by SSL may be adopted provided these are not already being granted in other forms;
2. All other allowances/benefits shall be granted in accordance with the Compensation Position and Classification System (CPCS) issued by Governance Commission for GOCCs (GCG) pursuant to R.A. 10149; and
3. The payment of salaries and increase in the rates thereof and the grant of allowances, benefits and incentives, or an increase in the rates thereof shall be subject to the approval of the President.

c/ Excludes the amount of P1,127,000 realigned to PS representing per diem for committee meetings, and various employee awards.

d/ MOOE level is computed considering actual/audited expenses for the previous years and effects of inflation.

e/ CO level recommended as proposed, broken down as follows:

Loans Outlay	P	3,206,000
Furnitures, Fixtures, Equipment & Books Outlays		18,088
Information Technology		6,162
Other Capital Outlay		10,750
Total	P	<u>3,241,000</u>

f/ Includes the purchase of motor vehicles amounting to P7.2 Million which needs prior approval from the Office of the President / Department of Budget and Management/ Supervising Department as the case maybe and shall be acted upon separately. ✓

The approval of the Corporate Operating Budget shall be subject to the following conditions:

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 National Government budgetary support either in the form of subsidy, loans outlay.
2. Disbursements for personnel amelioration/benefit shall be subject to the pertinent compensation laws, rules and regulations. Such expenditures shall also be conditioned on the relevant General Provisions R.A. No. 10717, the FY 2016 General Appropriations Act (ex. Representation and Transportation Allowance under Section 59, General Provisions), or any specific law or approval of the President of the Philippines or Secretary of Budget and Management, as the case maybe.
3. Disbursements for extraordinary and miscellaneous expenses shall be subject to Section 47, General Provisions of R.A. No. 10717.
4. For equipment items per Annual Equipment Procurement Program that require specific clearance/approval from the Agencies concerned (ex. Medium-Term Information and Communication Technology Harmonization Initiative Secretariat 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 and National Budget Circular Nos. 446 and 446-A dated November 24, 1995 and January 30, 1998, respectively; Budget Circular Nos. 2010-2 and 2016-5, dated March 1, 2010 and August 22, 2016, respectively, and Administrative Order (A.O.) No. 233 dated August 1, 2008, Office of the President Memorandum Circular No. 9 dated December 14, 2010 and A.O. No. 15 dated May 25, 2011, among others.
5. The fiscal discipline measures prescribed under A.O. No. 103 dated August 31, 2004 shall be strictly observed.
6. It is understood that this review action does not authorize any item of expenditure that is prohibited by or inconsistent with the of law.
7. The pertinent laws, rules and regulations including those on compensation, procurement, budgeting, accounting and auditing shall strictly followed. Compliance with all existing laws, rules and regulations shall be the responsibility of the implementing government corporation.

Recommending Approval:


LORENZO C. DRAPETE
Director

Approved:


BENJAMIN E. DIOKNO
Secretary

DIC
Janet B. Abuc
Undersecretary

Date:

CDB No. C2-16-0053

OCT 10 2016

cc: The Chairman
Board of Directors, SBC

Assistant Commissioner Lourdes M. Castillo
Commission on Audit (COA) - Central Office
COA Building, Quezon City

The Resident Auditor
COA - SBC

Department of Budget and Management
BTS



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