



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

**CORPORATE OPERATING BUDGET**

Fiscal Year 2021

**TO: PHILIPPINE GUARANTEE CORPORATION (PHILGUARANTEE)**

Your Corporate Operating Budget (COB) for Fiscal Year 2021 per approved PhilGuarantee Board Resolution (BR) Nos. 174, 190, and 205 dated October 4, 2021 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 amount not exceeding **THIRTY-SIX BILLION FIVE HUNDRED THIRTY-EIGHT MILLION FIVE HUNDRED SIXTY-ONE THOUSAND PESOS ONLY (P36,538,561,000)** details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
<b>TOTAL SOURCES</b>	<b>P 38,926,187,000</b>	<b>P 38,926,187,000</b>	<b>P -</b>
Corporate Funds			
Corporate Funds	33,676,187,000	33,676,187,000	-
National Government (NG) Equity	5,250,000,000	5,250,000,000	-
<b>TOTAL USES</b>	<b>P 36,650,355,000</b>	<b>P 36,538,561,000</b>	<b>P (111,794,000)</b>
Personnel Services (PS)	336,829,000	327,626,000	(9,203,000) a/
Maintenance and Other Operating Expenses (MOOE)	930,560,000	829,819,000	(100,741,000) b/
Capital Outlays (CO)	35,382,966,000	35,381,116,000	c/ (1,850,000)
Regular	226,616,000	224,766,000	(1,850,000)
Guarantees, Loan Releases, and Investments	35,156,350,000	35,156,350,000	-
<b>Excess/Shortfall</b>	<b>P 2,275,832,000</b>	<b>P 2,387,626,000</b>	<b>P 111,794,000</b>

**Footnotes:**

a/ The variance of P9,203,000 for PS refers to:

1. Overprovision for the following PS items:

RATA	P 56,000
Service Recognition Incentive	2,434,000
<b>Sub-total</b>	<b>2,490,000</b>

2. PRAISE

6,713,000 Chargeable against savings, subject to CSC-approved PRAISE

<b>Total</b>	<b>P 9,203,000</b>
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**The PHILGUARANTEE shall strictly adhere to the following provisions of law:**

- 1.0 Section 9 of Joint Circular 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 President. Any increase in the existing salary rates, as well as the grant of new allowances, benefits and incentives, or an increase in the rates, 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.
- 2.0 Sections 8 and 9 of Executive Order (EO) No. 7, s. 2010 mandated that:
  - 2.1 GOCCs/GFIs shall submit information on all salaries, allowances, incentives and other benefits.
  - 2.2 Except salary adjustments pursuant to EO Nos. 811, s. 2009 and 900, s. 2010, a moratorium on the increase 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.
- 3.0 Section 5 of Executive Order No. 150 states that the existing compensation granted by GOCCs to its officers and employees shall be standardized in accordance with the Compensation and Position Classification System (CPCS) approved. No additional compensation outside the CPCS shall be granted by the GOCC Governing Board, unless the same has been recommended by the GCG and approved by the President.
- 4.0 This review action shall not be construed as an authorization for specific expenditure items under PS but for budgetary purposes only. The grant of such items is subject to approval from the Office of the President.

b/ The variance of P100,741,000 for MOOE refers to excess computation for non-core function items which were computed considering highest audited/ actual expenses for the previous years and effects of inflation rate, to wit:

Travelling Expenses	P 5,345,000
Communication Expenses	12,780,000
Repairs and Maintenance of Office Building	56,000
Repairs and Maintenance of Furniture and Fixture	159,000
Repairs and Maintenance of Transportation Equipment	2,184,000
Utility Expenses	316,000
Training and Seminar Expenses	6,314,000
Insurance Expenses	3,645,000
Gasoline, Oil and Lubricants	2,052,000
Income Tax	60,433,000
Consultancy Services	6,830,000
Security Services	382,000
Janitorial Services	245,000
<b>Total</b>	<b>P 100,741,000</b>

**TO: PHILIPPINE GUARANTEE CORPORATION (PHILGUARANTEE)**

c/ Approved CO level pertains to the following items:

Office Equipment, Furniture and Fixtures	P	723,000
Intangible Assets		48,382,000
Leasehold Improvements		87,972,000
Machinery and Equipment		72,766,000
Transportation Equipment		14,923,000 *
<b>Sub-total, Regular CO</b>	<b>P</b>	<b>224,766,000</b>
Investment Outlay		27,202,898,000
Investment Property		6,851,599,000
Others		1,101,853,000 **
<b>Sub-total, Guarantees, Loan Releases, and Investments</b>		<b>35,156,350,000</b>
<b>Total</b>		<b>35,381,116,000</b>

\* CO level includes the price adjustment for the acquisition cost of thirteen (13) units of motor vehicles which is computed per unit consistent with the existing DBM guidelines and the vehicle classification as provided under the Budget Circular No. 2019-2 dated March 4, 2019 and Annex B of the DBM Budget Circular No. 2017-1 dated April 26, 2017. Attached with this COB Approval is **APMV No. C-21-0075**, authorizing PhilGuarantee to procure the motor vehicles within the current year.

\*\* This pertains to the equity transfer from AGFP to Philguarantee pursuant to EO No. 58 amounting to P604 Million, guarantee call payments of AGFP in the amount of P372 Million, amount of P83 Million for investment income tax, and P43 Million for the lease payments on building.

**Notwithstanding the above-indicated variances in PS, MOOE and CO, the PhilGuarantee has the flexibility to modify its utilization within the DBM-approved budget level for items funded out of corporate funds. In the case of those funded out of national government support, Section 72 of the General Provisions of RA 11518 on the rules on the modification in allotment shall apply.**

**Further, 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 Government-Owned or-Controlled Corporations (GOCCs) covered by Republic Act (RA) No. 10149. Such expenditures shall be subject to relevant conditions under the General Provisions 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.
4. Disbursements for extraordinary and miscellaneous expenses and other MOOE expenditures shall be subject to the relevant provisions of the annual GAA, among others. The utilization of the Confidential and Intelligence Fund (CIF) shall be covered by a prior approval by the President of the Philippines before disbursement consistent with the provisions of Joint Circular No. 2015-1 dated January 8, 2015.
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 technology equipment).
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 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 292.

**Recommending Approval:**

Digitally signed by  
Elena Regina S.  
Brillantes  
**ELENA REGINA S. BRILLANTES**  
OIC-Director, BMB-C

**Approved:**

  
**TINA ROSE MARIE L. CANDIA**  
Officer-in-Charge, DBM

**COB No. C4-21-0062**

Date:

**OCT 25 2021**cc: The Chairman  
Board of Directors, PhilGuarantee

The Assistant Commissioner, Corporate Sector  
Commission on Audit (COA) - Central Office  
COA Building, Quezon City

The Resident Auditor  
COA - PhilGuarantee

