



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT

GENERAL SOLANO STREET, SAN MIGUEL, MANILA

CORPORATE OPERATING BUDGET

FISCAL Year 2019

TO: TOURISM INFRASTRUCTURE & ENTERPRISE ZONE AUTHORITY (TIEZA)

Your Corporate Operating Budget (COB) for Fiscal Year 2019 per Board of Directors Resolution Nos. R-10-10-18-C and R-04-12-18-F dated October 10, 2018 and December 4, 2018, respectively, and Supplemental Budget per Board of Directors Resolution Nos. R-28-03-19 and R-27-05-19-1 dated March 28, 2019 and May 27, 2019, respectively, 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 of **THREE BILLION SIX HUNDRED THIRTY MILLION SIX HUNDRED NINETY FOUR THOUSAND PESOS ONLY (P3,630,694,000)**, details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
TOTAL SOURCES:	P 4,303,040,000	P 4,303,040,000	P -
Corporate Funds	3,822,040,000	3,822,040,000	-
National Government Subsidy	481,000,000	481,000,000	-
TOTAL USES:	P 3,842,665,000	P 3,630,694,000	P (211,971,000)
Personnel Services (PS)	534,704,000	445,855,000	(88,849,000) a/
Maintenance and Other Operating Expenses (MOOE)	878,212,000	756,090,000	(122,122,000) b/
Capital Outlays (CO)	2,396,812,000	2,395,812,000	c/ (1,000,000) d/
Debt Service (JICA Loan)	32,937,000	32,937,000	-
Excess/(Shortfall)	P 460,375,000	P 672,346,000	P 211,971,000

Footnotes:

a/ The variance refers to overprovision for the following PS items, as shown below:

• Salaries	P 43,120,000
• Personnel Economic Relief Allowance	2,184,000
• Retirement & Life Insurance	5,175,000
• Employees Compensation	109,000
• Pag-IBIG Contributions	109,000
• PhilHealth Contributions	486,000
• Uniform/Clothing Allowance	450,000
• Year-end Bonus	2,988,000
• Cash Gift	375,000
• Midyear Bonus	4,197,000
• Performance Enhancement	375,000
• Representation and Transportation	1,020,000
• Overtime Pay	2,025,000
• Anniversary Bonus	4,030,000
• 13th Month Pay	4,030,000
• Welfare Fund Premium	18,176,000

TOTAL P 88,849,000

The payment of Performance-Based Bonus in the amount of P13.288 Million shall be subject to the guidelines and approval by the Governance Commission for Government-Owned or Controlled Corporations (GCG).

Pursuant to Section 2 of EO No. 36 dated July 28, 2017, SSL-covered Government-Owned and Controlled Corporations (GOCCs) shall adopt the Modified Salary Schedule under EO No. 201 dated February 19, 2016 as well as allowances and benefits provided therein, upon approval of the GCG.

The implementation of the compensation adjustments shall be subject to the provisions of EO No. 201, where applicable. GOCCs which do not have adequate or sufficient funds shall partially implement the Modified Salary Schedule and authorized benefits. In case of partial implementation, the same shall be at a uniform percentage across all positions of the GOCC.

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

<u>Particulars</u>	<u>Amount</u>
Travelling Expenses	P 27,917,000
Advertising Expenses	17,564,000
Training & Scholarship Expenses	2,287,000
Communication Services	1,518,000
Utility Expenses	9,030,000
Membership Dues and Contributions to Organization	71,000
Representation Expenses	2,566,000
Subscription Expenses	365,000
Other Professional Services	31,076,000
Security Services	18,917,000
Land Improvements	1,752,000
Directors and Committee Member's Fee	1,728,000
Office Buildings, Other Structures	1,822,000
IT Equipment Software	798,000
Other Machineries and Equipment	1,760,000
Communication Equipment	240,000
Extraordinary and Miscellaneous Expenses	223,000
Transportation Equipment	2,488,000
TOTAL	P 122,122,000

- c/ The approved CO level is broken down as follows:

<u>Particulars</u>	<u>Amount</u>
Furnitures & Fixtures, Machineries and Equipment Outlay	P 13,866,000
Information Technology (IT) Equipment	26,503,000
Infrastructure Projects	2,329,778,000
Transportation Equipment	25,665,000
TOTAL	P 2,395,812,000

This includes the procurement of IT systems, software, equipment in the total amount of P26,503,000 which shall be covered by the Authority's Information Systems Strategic Plan (ISSP) subject to the approval by the Department of Information and Communications Technology (DICT)-Medium-Term Information and Communications Technology Harmonization Initiative. Likewise, the acquisition twenty-six (26) motor vehicles (MVs) in the total amount of P25.665M, includes an amount of P19.625M which is for the purchase of eighteen (18) MVs approved in FY 2018 but was reprogrammed by TIEZA in FY 2019. Attached is a letter to the TIEZA on the Authority to Purchase Motor Vehicle No. C-19-0018 for the ssaid twenty-six (26) MVs.

Notwithstanding the above indicated variance in MOOE, the TIEZA 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 budgetary support, pertinent provision of the General Provisions of RA No. 11260 or the FY 2019 General Appropriations Act (GAA), on 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 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, 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 require prior approval by the Office of the President (OP). Disbursement 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 General Provisions of the annual GAA or any specific law or approval of the OP and/or Secretary of Budget and Management or the GCG, 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., DICT-Information Communication Technology Office, for information technology equipment). On the other hand, the conditions on the acquisition of MVs are indicated in the attached letter to the TIEZA.

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7. 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.
8. 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.
9. It is understood that this review action does not authorize any item of expenditure that is prohibited by or inconsistent with the provisions of the law.
10. 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
Director, BMB-C

Date: 8-8-19

Approved:

By Authority of the Acting Secretary:


TINA ROSE MARIE L. CANDA
Undersecretary

AUG 28 2019

COB-C2-19-0004

cc: The Chairman
TIEZA Board of Directors
Assistant Commissioner Winnie Rose H. Encallado
Commission on Audit (COA) - Central Office
COA Building, Quezon City
The Resident Auditor
COA-TIEZA

Department of Budget and Management
BTS



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