



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

CORPORATE OPERATING BUDGET

Calendar Year 2015

TO: DUTY FREE PHILIPPINES CORPORATION (DFPC)

Your Corporate Operating Budget (COB) for Calendar Year 2015 per approved Board of Directors Resolution No. 8-7-2015, dated July 29, 2015, 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 amount not exceeding **ONE BILLION NINE HUNDRED NINETY ONE MILLION EIGHT HUNDRED TWELVE THOUSAND PESOS ONLY (P1,991,812,000)** details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
TOTAL SOURCES:	P 2,211,772,000	P 2,211,772,000	P -
Corporate Funds	2,184,804,000	2,184,804,000	-
Beginning Cash Balance	26,968,000	26,968,000	-
TOTAL USES:	P 2,209,672,000	P 1,991,812,000	P (217,860,000)
Personnel Services (PS)	596,319,000	476,389,000	(119,930,000) a/
Maintenance & Other Operating Exp. (MOOE)	1,244,908,000	b/ 1,244,908,000	-
Capital Outlays (CO)	220,747,000	122,817,000	(97,930,000) c/
DOT-TLA	147,698,000	d/ 147,698,000	-
Excess/Shortfall	P 2,100,000	P 219,960,000	P 217,860,000

Footnotes:

a/ In the absence of an approved organizational structure and staffing pattern from Governance Commission for GOCCs (GCG), the approved level for PS is based on 2014 audited expenses, for budgetary purposes only, and shall not be construed as an authorization for specific expenditure items under PS. Further, disbursements thereof shall be subject to the following conditions:

The DFPC shall strictly adhere to the following provisions of laws and/or directives from the President, as follows:

Under Section 6 of Presidential Decree No. 1597, GOCCs /GFIs exempted from the standardized/unified compensation scheme of the government shall observe such guidelines and policies as may be issued by the President governing position classification, salary rates, levels of allowances, and other forms of compensation and fringe benefits. Such government corporations shall report to the President, through the DBM, on their position classification and compensation plans, policies, rates and other related details following such specifications as may be prescribed by the President. Also, Section 5 thereof provides that allowances, honoraria, and other fringe benefits shall be subject to the approval of the President upon recommendation of the DBM.

Sections 1 to 3 of Memorandum Order No. 20 s. 2001 directed the following for GOCCs/GFIs that re exempted from the Salary Standardization Law (SSL) as follows:

1. Immediately suspend the grant of any salary increases and new or increased benefits not in accordance with those granted under SSL. This suspension covers senior officers and members of the board of directors/trustees.
2. Prepare a pay rationalization plan for senior officers and members of the board to reduce the actual pay package to not exceeding two (2) times the standardized rates for comparable national government positions.
3. Any increase in salary or compensation of GOCCs/GFIs that are not in accordance with the SSL shall be subject to the approval of the President.

Further, Section 9 of Joint Resolution No. 4, s. 2009 provided 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 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.

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

1. GOCCs/GFIs shall submit information on all salaries, allowances, incentives and other benefits.
2. 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.

Section 8 of Republic Act No. 10149 (GOCC Governance Act of 2011), s. 2011 provided that the GCG, after conducting a compensation study, shall develop a Compensation and Position Classification System which shall apply to all officers and employees of the GOCCs whether under the SSL or exempt therefrom and shall consist of classes of positions grouped into such categories as the GCG may determinem subject to the approval of the President.

- b/ Exclusive of P2,100,000 of non-cash expenses. MOOE recommended level computed considering actual/audited amounts as of October 31, 2015, estimated expenses for November to December and the previous years and the effects of inflation.
- c/ CO level computed based on actual obligations to date and estimated costs of projects to be implemented up to year-end.
- d/ Pursuant to RA 9593, also known as Tourism Act of 2009, a minimum of fifty percent (50%) of the annual net profits of the DFPC shall be remitted automatically to the Office of the Secretary to fund tourism programs and projects, in lieu of its statutory remittance to the national government under Republic Act No. 7656, seventy percent (70%) of which shall be given to the TPB.

The approval of the COB 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, equity or 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 of Republic Act (R.A.) No. 10651, the FY 2015 General Appropriations Act (ex. Representation and Transportation Allowances under Section 56, 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 41, General Provisions of R.A. No. 10651.
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 No. 2010-2 dated March 1, 2010 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 observed.
6. 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.
7. The pertinent laws, rules and regulations including those on compensation, procurement, budgeting, accounting and auditing shall be 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, BMB for Good Governance Sector

Approved:

By Authority of the Secretary


LUZ M. CANTOR
Undersecretary

Date:

cc: The Chairman
Board of Directors, DFPC

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

The Resident Auditor
COA - DFPC

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Department of Budget and Management
BTS



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