



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
MALACAÑANG, MANILA

ORIGINAL RECEIVED

CORPORATE OPERATING BUDGET
Fiscal Year 2018

NOV 1 2018

TO: LAND BANK OF THE PHILIPPINES (LBP)

Your Corporate Operating Budget (COB) for Fiscal Year 2018 per approved Board Resolution No. 18-118 dated February 27, 2018, 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 TWO HUNDRED TWO BILLION THREE HUNDRED FORTY MILLION FOUR HUNDRED EIGHTEEN THOUSAND PESOS ONLY (P202,340,418,000), details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
TOTAL SOURCES:	P 576,011,731,000	P 567,382,886,000	P (8,628,845,000)
Corporate Funds	538,909,822,000	538,909,822,000	-
National Government Equity	34,250,552,000	25,621,707,000	-
Equity	8,628,845,000	-	(8,628,845,000) a/
Subsidy	25,621,707,000	25,621,707,000	-
Borrowings & Deposits	2,851,357,000	2,851,357,000	-
TOTAL USES:	P 204,249,197,000	P 202,340,418,000	P (1,908,779,000)
Personnel Services (PS)	13,792,000,000	12,355,937,000	(1,436,063,000) b/
Maintenance and Other Operating Expenses (MOOE)	53,142,707,000	52,669,991,000	(472,716,000)
Operating Expenses	27,521,000,000	27,048,284,000	(472,716,000) c/
National Government Subsidy	25,621,707,000	25,621,707,000	-
Capital Outlays (CO)	137,314,490,000	137,314,490,000	d/
Capital Expenditures	5,035,470,000	5,035,470,000	-
Banking Operations	132,279,020,000	132,279,020,000	-
Excess/(Shortfall)	P 371,762,534,000	P 365,042,468,000	P (6,720,066,000)

Footnotes:

a/ No approved equity from the National Government under the FY 2018 General Appropriations Act, RA No. 10964.

b/ The PS variance refers to:

I. Overprovision of the hereunder items:

Representation and Transportation Allowance (RATA)	P 15,192,000
Rice Subsidy	291,278,000
Meal Subsidy/Allowance	78,021,000
Children's Allowance	8,208,000
Medical/Dental/Optical Allowance	112,697,000
Professional Award	2,700,000
Christmas Gift Package/Raffle	346,760,000
Other Benefits	320,008,000
Perfect Attendance	600,000
Other Benefits - Sports & Athletics	33,960,000
PhilHealth Contributions	9,914,000
Collective Negotiation Agreement	216,725,000
Total Disallowance	<u>P 1,436,063,000</u>

Computation based on Section 55 of
FY 2018 GAA

Not included in the authorized allowances,
benefits, and incentives under Joint
Circular No. 4, s. 2009

Computation based on Section 44 of
FY 2018 GAA

Computation based on
Circular Letter No. 2018-3
Charged to savings

Pursuant to Section 2 of EO No. 36 dated July 28, 2017, SSL-covered 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 by the Governance Commission for Government-owned and/or Controlled Corporations (GCC).

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

<u>Particulars</u>	<u>Amount</u>
Power, Light and Water	
Communication Expenses including freight expenses	P 23,546,000
Repairs and Maintenance of Government Vehicles and Facilities	26,613,000
Contractual Services	147,633,000
Representation and Entertainment	109,595,000
Traveling Expenses	78,156,000
Fuel and Lubricants	58,193,000
Subscription Expenses (Periodicals and Magazines)	13,881,000
Seminar and Training Expenses	3,913,000
Total	<u>11,186,000</u>
	<u>P 472,716,000.00</u>

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

<u>Particulars</u>	<u>Amount</u>
<u>Capital Expenditures</u>	
Land and Land Improvements Outlay	
Buildings and Structures Outlay	P 349,050,000
Furnitures and Fixtures, Equipment and Books Outlay	2,292,630,000
Sub-total	<u>2,393,790,000</u>
	<u>P 5,035,470,000</u>
<u>Banking Operations</u>	
Investments Outlay	99,359,455,000
Loans Outlay	31,031,614,000
Others (Deposits)	1,887,951,000
Sub-total	<u>P 132,279,020,000</u>
Total	<u>P 137,314,490,000</u>

Notwithstanding the above indicated variances in PS and MOOE, the LBP 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 (NG) budgetary support, Section 72 of the General Provisions of RA No. 10964 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 CO, 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 requires prior approval by the Office of the President (OP). 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. 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 GCG, as the case may be.
4. Disbursements for Extraordinary and Miscellaneous Expenses (EME) and other MOOE expenditures shall be subject to the relevant provisions of the annual GAA.
5. Collective Negotiation Agreement (CNA) Incentive may be granted to qualified personnel subject to relevant provisions of the annual GAA and policies, rules and regulation issued by the DBM.
6. Equipment outlays included in the Annual Equipment Procurement Program that require specific clearance/approval from the agencies concerned (e.g., Department of Information and Communications Technology 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 CBC No. 17 dated February 9, 1996, BC No. 2017-1 dated April 26, 2017, Office of the President Memorandum Circular No. 9 dated December 4, 2010 and Administrative Order (AO) No. 15 dated May 25, 2011, among others.

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7. Electronic payment shall be observed in the disbursement of corporate and public funds. In cases when the adoption 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 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 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
for: CARMENCITA P. MAHINAY
Director, Budget and Management Bureau - C

Date:

NOV 12 2018

Approved:

By authority of the Secretary:

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

COB-C4-18-0057

cc: The Chairman
Board of Directors, LBP

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

The Resident Auditor
COA - LBP

Department of Budget and Management
BTS



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