



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

**CORPORATE OPERATING BUDGET**  
 Calendar Year 2016

**TO: LAND BANK OF THE PHILIPPINES (LBP)**

Your Corporate Operating Budget (COB) for Calendar Year 2016 per approved Board Resolution No. 16-049 dated January 25, 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 **EIGHTY-FIVE BILLION FOUR HUNDRED SIXTEEN MILLION FIVE HUNDRED TWO THOUSAND PESOS ONLY (P85,416,502,000)**, details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
<b>TOTAL SOURCES:</b>	<b>P 85,820,144,000</b>	<b>P 85,820,144,000</b>	<b>-</b>
Corporate Funds	85,820,144,000	85,820,144,000	-
Borrowings	-	-	-
<b>TOTAL USES:</b>	<b>P 85,820,144,000</b>	<b>P 85,416,502,000</b>	<b>P (403,642,000)</b>
Personnel Services (PS)	9,268,610,000	9,141,285,000	a/ (127,325,000) b/
Maintenance and Other Operating Expenses (MOOE)	26,937,390,000	26,661,073,000	(276,317,000) c/
Capital Outlays (CO)	49,614,144,000	49,614,144,000	d/ -
<b>Excess/(Shortfall)</b>	<b>P -</b>	<b>P 403,642,000</b>	<b>P 403,642,000</b>

**Footnotes:**

a/ The LBP 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 (E.O.) 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 E.O. 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 8 of Republic Act No. 10149 (GOCC Governance Act of 2011), s. 2011 provided that the Governance Commission for GOCC (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 determine, subject to the approval of 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/ Variance represents overprovision of the following:

Per Diem (Board of Directors)	P 480,000	Based on GCG approval dated October 21, 2011
Rice Subsidy	94,512,000	
Longevity Pay	596,000	
Medical/Dental/Optical Allowance	17,560,000	Excess in computation; based on allowable rates per President Gloria Macapagal-Arroyo's post-facto confirmation/approval dated February 8, 2010.
Christmas Gift Package/Raffle	2,363,000	
Philhealth Contributions	11,814,000	Excess in computation; based on DBM Circular Letter No. 2012-12
	<b>P 127,325,000</b>	

c/ MOOE level (net of Depreciation Expense amounting to ₱750,000,000) is computed considering actual/audited expenses for the previous years (2014-2015) plus effects of inflation.

d/ CO level pertains to outlays on loans, land and land improvements, buildings and structures, furnitures, fixtures, equipment and others.

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, including E.O. Nos. 7 and 24 dated September 8, 2010 and February 10, 2011, respectively. Such expenditures shall also be conditioned on the relevant General Provisions of Republic Act No. (R.A.) No. 10717, the FY 2016 General Appropriations Act (ex. Representation and Transportation Allowances 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 may be.
3. For equipment items per Annual Equipment Procurement Program that require specific clearance/approval from the Agencies concerned (ex. National Computer Center 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, National Budget Circular Nos. 446 and 446-A dated November 24, 1995 and January 30, 1998, respectively, Budget Circular No. 2016-5 dated August 22, 2016, 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.
4. The fiscal discipline measures prescribed under A.O. No. 103 dated August 31, 2004 shall be observed.
5. 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.
6. 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-C

Approved:

  
**BENJAMIN E. DIOKNO**  
Secretary

Date: **NOV 11 2016**

COB No. C4-16-0052

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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