



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

CORPORATE OPERATING BUDGET

Fiscal Year 2019

TO: NATIONAL FOOD AUTHORITY (NFA)

Your Corporate Operating Budget (COB) for Fiscal Year 2019 per NFA Council Secretary's Certificate dated November 6, 2019, 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 **ONE HUNDRED BILLION EIGHT HUNDRED SIXTY THREE MILLION PESOS ONLY (P100,863,000,000)**, details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
TOTAL SOURCES:	P 103,908,000,000	P 101,283,000,000	P (2,625,000,000)
Corporate Receipts	34,436,000,000	34,436,000,000	-
National Government Subsidy	9,625,000,000	7,000,000,000	(2,625,000,000) a/
Borrowings	23,313,000,000	23,313,000,000	-
Net Lending	30,420,000,000	30,420,000,000	-
Tax Subsidy	6,114,000,000	6,114,000,000	-
TOTAL USES	P 103,908,000,000	P 100,863,000,000	P (3,045,000,000)
Personnel Services (PS)	5,640,000,000	2,788,000,000	(2,852,000,000) b/
Maintenance & Other Operating Expenses (MOOE)	5,386,000,000	5,241,000,000	(145,000,000) c/
Capital Outlays (CO)	838,000,000	790,000,000	(48,000,000) d/
Procurement	23,607,000,000	23,607,000,000	-
Payment of Obligations	55,862,000,000	55,862,000,000	-
Capital Gains Tax & Documentary Stamps	69,000,000	69,000,000	-
Customs Duties	6,114,000,000	6,114,000,000	-
Interest Expense	6,392,000,000	6,392,000,000	-
Excess / Shortfall	P -	P 420,000,000	P 420,000,000

Footnote:

- a/ The variance in the approved sources of funds (NG Subsidy) amounting to P2,625,000,000 represents provision for Retirement Package per Republic Act (RA) No. 11203. The same requires further approval of the separation incentive by the President of the Philippines as recommended by the Governance Commission for Government-Owned or-Controlled Corporations and should be charged primarily against corporate funds.
- b/ The variance of PS represents retirement package under RA No. 11203 (P2,625,000,000) and overprovision for salaries (P172,000,000), Year-end and Mid-year bonuses (P29,000,000), RATA (P3,000,000) and fixed expenditures (P23,000,000).
- c/ The MOOE level was computed considering actual/audited expenses for previous years and the effects of inflation, details of variance as follows:

Particulars	Amount	Remarks
Communication Expense	6,000,000	Excess in the computation considering highest audited/actual expenses and inflation rate
Repair and Maintenance - Government Facilities	56,000,000	
Repair and Maintenance - Government Vehicles	51,000,000	
Supplies and Materials	16,000,000	
Water, Illumination, and Power Services	3,000,000	
Training and Seminar Expenses	2,000,000	
Advertising and publication Expenses	500,000	
Printing and Binding Expense	5,000,000	
Representation Expense	500,000	
Sports and Cultural	5,000,000	
TOTAL	P 145,000,000	Excess in the computation considering highest audited actual expenses and inflation rate

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d/ For the purchase of 30 units transportation equipment which needs prior approval from this Department/Office of the President (OP) as the case may be. This shall be acted upon separately.

Notwithstanding the above-indicated variances in PS, MOOE, and CO, the NFA has the flexibility to modify its utilization within the DBM-approved budget level for items funded out of corporate funds. In case of those funded out of National Government budgetary support, Section 76 of the General Provision of RA No. 11260 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 requires prior approval by the 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, and EO No. 203 as amended by EO No. 36, for Government-Owned and - Controlled Corporations (GOCCs) covered by RA No. 10149. Such expenditures shall also be subject to relevant conditions under the GPs of the annual GAA or any specific law or approval of the President of the Philippines or Secretary of Budget and Management or the Governance Commission for GOCCs, as the case may be.
4. Disbursements for EME and other MOOE items shall be subject to the relevant provisions of the annual GAA, among others.
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 for information technology equipment and OP/DBM/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, Budget Circular (BC) No. 2017-1 dated April 26, 2017, amending BC No. 2016-5 dated August 22, 2016, Administrative Order (AO) No. 15 dated May 25, 2011, amending AO No. 233 dated August 1, 2008, OP Memorandum Circular No. 9 dated December 14, 2010, among others.
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 unconsionable 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 No. 292.

Recommending Approval:

Approved:

By Authority of the Secretary:


CARMENCITA P. MAHINAY
Director, BMB - C


TINA ROSE MARIE L. CANDA
Undersecretary

Date:

12-27-19

COB No. C1-19-0073

Department of Budget and Management

cc: The Chairman
Board of Council, NFA

Assistant Commissioner Winnie Rose H. Encallado
Commission on Audit (COA) - Central Office
COA Building, Quezon City

The Resident Auditor
COA - NFA



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