



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

**CORPORATE OPERATING BUDGET**  
**Calendar Year 2014**

**TO: PHILIPPINE POSTAL CORPORATION (PPC)**

Your Corporate Operating Budget (COB) for Calendar Year 2014 per Board Resolution No. 2014-21 dated March 27, 2014, submitted pursuant to Section 6 of Executive Order No. (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 not exceeding the amount of **FOUR BILLION TWO HUNDRED SEVENTY FIVE MILLION ONE HUNDRED FIFTY THOUSAND PESOS ONLY (P4,275,150,000)** details of which are shown below:

PARTICULARS	PROPOSAL	APPROVED	VARIANCE
	(a)	(b)	(c=b-a)
<b>TOTAL SOURCES:</b>	<u>P4,674,623,000</u>	<u>P4,674,623,000</u>	-
Corporate Fund	4,373,623,000	4,373,623,000	-
Subsidy from the National Government	301,000,000 a/	301,000,000	-
<b>TOTAL USES:</b>	<u>P4,674,623,000</u>	<u>P4,275,150,000</u>	<u>(P399,473,000)</u>
Personal Services (PS)	2,338,059,000	2,323,911,000 b/	(P14,148,000) c/
Maintenance & Other Operating Expenditure (MOOE)	1,826,025,000	1,440,700,000	(P385,325,000) d/
Capital Outlays (CO)	510,539,000 e/	510,539,000 f/	-
<b>EXCESS/SHORTFALL</b>	-	<u>P399,473,000</u>	<u>(P399,473,000)</u>

**Footnotes:**

PPC shall strictly adhere to the following provisions of laws:

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 rate, 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. Section 5 thereof also 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 GOCCs/GFIs that are 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 officer positions 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 and incentives, or an increase in the rates thereof 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.

Sections 8 to 9 of Executive Order 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 increases in the rates of allowances, incentives and other benefits is imposed until specifically authorized by the President.

a/ For delivery of mails of government offices with franking privileges.

b/ Includes P308,000 for provision of salaries and other compensation of one (1) Nurse II position affected under EO No. 366.

c/ The PS variance of P14,148,000 is due to the following:

	Remarks
Salaries	P 1,998,000 Overprovision in salary of PMG & APMG

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RATA	1,008,000	Grant must be in accordance with the pertinent General Provisions of the Annual General Appropriations Act (GAA).
Year-end Bonus	167,000	Pegged at one (1) month salary
Honoraria	1,496,000	Chargeable against savings
Overtime Pay	5,154,000	Chargeable against savings
Longevity Pay	3,521,000	Chargeable against savings
PhilHealth Contributions	564,000	Computed based on latest PhilHealth premium schedule
Life & Retirement Insurance Premium	240,000	Pegged at 12% of salaries
<b>TOTAL</b>	<b>P 14,148,000</b>	

d/ MOOE level is computed considering the previous years actual figures and the effects of inflation.

e/ The breakdown of capital outlays is shown in DBM Form 703-E as follows:

Building and Structures Outlay	P 148,575,000
Furniture, Fixtures, Equipment and Books Outlay	200,632,000
Information Technology	8,478,000
Other Capital Outlays	152,854,000
<b>TOTAL</b>	<b>P 510,539,000</b>

f/ Includes the purchase of various delivery/motor vehicles amounting to P152.854 Million which needs OP/DBM/ Supervising Department approval as the case may be. This shall be acted upon separately upon submission of documentary requirements.

The approval of the corporate operating budget shall be subject to the following conditions:

- All expenditures, whether for current operating expenditures or capital outlays, 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.
- 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 (R.A.) No. 10633, the FY 2014 General Appropriations Act (ex. Representation and Transportation Allowance under Section 54, 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.
- Disbursements for extraordinary and miscellaneous expenses shall be subject to Section 41, General Provisions of R.A. No. 10633.
- For equipment items per Annual Equipment Procurement Program that requires 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 No. 446 and 446-A dated November 24, 1995 and January 30, 1998, respectively, Budget Circular no. 2010-2 dated March 1, 2010, Administrative Order 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.
- The fiscal discipline measures prescribed under A.O. No. 103 dated August 31, 2004 shall be observed.
- 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.
- 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:**

**Approved:**

*Lorenzo C. Drapete*  
**LORENZO C. DRAPETE**  
Director, BMB-F

**By Authority of the Secretary**

*Luz M. Cantor*  
**LUZ M. CANTOR**  
Undersecretary

Date: **DEC 11 2014**

COB No. F3-14-0076

cc: The Chairman  
Board of Directors, PPC

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

The Resident Auditor  
COA - PPC

Department of Budget and Management  
BTS



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