



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

CORPORATE OPERATING BUDGET

FISCAL Year 2019

TO: HOME DEVELOPMENT MUTUAL FUND (HDMF)

Your Corporate Operating Budget (COB) for Fiscal Year 2019 per approved Board Resolution No. 3298 s. 2018, per Secretary's Certificate dated November 28, 2018 and Supplemental COB supported by Board Resolution Nos. 3321 s. 2018; 3329 s. 2019; 3341 s. 2019, per Secretary's Certificates dated January 10, 2019, February 27, 2019, and June 11, 2019, respectively, and Notice of Board Action dated June 24, 2019, submitted pursuant to Section 6 of Executive Order (EO) 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 **THIRTY-SEVEN BILLION SEVEN HUNDRED FIFTY-TWO MILLION FIVE HUNDRED SEVENTY FIVE THOUSAND PESOS ONLY (P37,752,575,000)** details are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
TOTAL SOURCES:	P 141,919,878,000	P 141,919,878,000	P -
Corporate Funds	141,919,878,000	141,919,878,000	-
TOTAL USES:	P 39,719,934,000	P 37,752,575,000	P (1,967,359,000)
Personnel Services (PS)	5,474,931,000 a/	5,142,199,000 b/	(332,732,000) c/
Maintenance and Other Operating Expenses (MOOE)	9,555,647,000 d/	8,429,613,000 e/	(1,126,034,000) f/
Capital Outlays (CO)	2,224,232,000	1,715,639,000 g/	(508,593,000) h/
Dividends	22,465,124,000	22,465,124,000	-
Excess/Shortfall	P 102,199,944,000	P 104,167,303,000	P 1,967,359,000

Footnotes:

a/ Includes the amount of P186.050M Supplemental Budget for the approved grant of PRAISE Monetary Award to Pag-IBIG Fund's officers and employees for FY 2018, as approved by the Civil Service Commission.

b/ The HDMF is exempt from the Salary Standardization Law (SSL) by virtue of Republic Act (RA) No. 9679 also known as the "Home Development Mutual Fund Law of 2009". However, the Fund shall strictly adhere to the following provisions of laws, specifically in the grant/payment of Personnel Services.

Section 9 of Joint Resolution 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 thereof shall be subject to the approval by the President, upon recommendation of the DBM. Section 10 thereof, requires exempt entities to submit their existing compensation and position classification systems and their implementation status to the DBM.

Sections 8 and 9 of EO No. 7, s. 2010 mandated that:

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

2. Except for 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.

Section 2 (b) of EO No. 36 dated July 28, 2017 provides that all SSL-exempt GOCCs shall have the option to either maintain their current compensation framework or, subject to approval of the Governance Commission for Government and/or Controlled Corporation (GCG), adopt the Modified Salary Schedule under EO No. 201.

In view of the foregoing, the PS level is computed as follows: (1) for types of allowances/benefits that are similar to the National Government, requirements are computed based on authorized rates provided under FY 2019 General Appropriations Act (GAA); and (2) for types of allowances/benefits that are supported with approved Board Resolutions which require approval from the Office of the President (OP), the recommended level are **for budgetary purposes only** computed based on authorized rates provided by the Fund.

c/ The variance of P332.732 Million refers to the overprovisions in PS items corresponding to 185 vacant positions as shown below:

Salaries	P 176,179,000
Personnel Economic Relief Allowance	7,551,000
Clothing/Uniform Allowance	1,110,000
Year-end Bonus	10,813,000
Cash Gift	925,000
Performance Enhancement Incentive	925,000

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Transportation Allowance	10,495,000
Teller's Allowance	2,000
Anniversary Cash Gift	556,000
Rice Subsidy	11,626,000
Meal Subsidy	2,091,000
Corporate Christmas Package	9,250,000
Employees Provident Plan	79,279,000
Retirement & Life Insurance Premium	21,142,000
Employees Compensation Insurance Premium	394,000
Pag-IBIG Contributions	394,000
TOTAL	P 332,732,000

This review action **shall not be construed as an authorization** for specific expenditure items under PS. The grant of such items is subject to approval of the Office of the President (OP). Further, it is understood that:

1. The payment of salaries and increase in the rates thereof and the grant of allowances, benefits and incentives, or an increase in the rates thereof shall be subject to the approval of the President;
2. Standard allowances and benefits which are authorized to officials and employees of the National Government Agencies covered by SSL may be adopted provided these are not already being granted in other forms; and
3. All other allowances/benefits not covered by the SSL, shall be subject to approval of the President.

d/ Includes the amount of P517,600 Budget intended for the implementation of CSC-COA-DBM Joint Circular No.1. s. 2018 on the grant of 20% premium to all Job Order and Contract of Service of HDMF and additional operating costs.

e/ The recommended MOOE level has taken into consideration the actual/audited amounts for previous years, and the effects of inflation.

f/ Details of the variance in MOOE are as follows:

<u>Particulars</u>	<u>Amount</u>
Travelling Expenses	25,822,000
Supplies and Materials	123,613,000
Utility Expenses	95,059,000
Marketing and Advertising	233,530,000
Development Expenses	36,873,000
Membership Dues	217,000
Socio Cultural and Athletic	17,747,000
Manpower Contractor Services	560,713,000
Repairs and Maintenance Expenses	32,460,000
Total	P 1,126,034,000

g/ Recommended CO level is broken down as follows:

Buildings and Structure Outlays	152,139,000
Information Technology Equipment	584,005,000
Information Technology Software	405,267,000
Other Equipment	111,862,000
Furnitures and Fixtures	69,104,000
Transportation Equipment	92,375,000
Leasehold Rights and Improvements	284,069,000
Technical and Scientific Equipment	2,300,000
Other Property and Equipment	14,518,000
Total	P 1,715,639,000

h/ The acquisition of sixty-eight (68) Motor Vehicles (MVs) in the total amount of P93.405M includes an amount of P45.160M which is for the purchase of forty (40) MVs approved in FY 2018 but was reprogrammed by the HDMF in FY 2019. Attached is a letter to the HDMF on the Authority to Purchase Motor Vehicle No. C-19-0015 for the twenty-eight (28) MVs.

i/ The variance in CO of P508,593,000 pertains to the following:

1. Excess provision of the proposed costing over the allowable amount for the acquisition of MVs in the amount of P1.030 Million; and
2. Land and Land Improvements Outlay in the amount of P507.563 Million which was not supported by a confirmation from the National Housing Authority on the sale of properties.

Notwithstanding the variances in PS and MOOE, the HDMF has the flexibility to modify its utilization within the DBM-approved budget level for each allotment class for items funded out of corporate funds.

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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 Office of the President of the Philippines. Disbursement 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 (Suspending the Compensation and Position Classification System under EO No. 203, providing for Interim Compensation Adjustments, and for Other Purposes) for GOCCs covered by RA 10149. Such expenditures shall be subject to relevant conditions under the GPs 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 Governance Commission for GOCCs, as the case may be. The payment of Collective Negotiation Agreement, if any, shall be subject to the guidelines prescribed under Administrative Order (AO) No. 135, s. 2005, relevant conditions under the GP No. 77 of the FY 2019 GAA and the Implementing Rules and Regulations for the purpose.
4. Disbursements for extraordinary and miscellaneous expenses (EME) and other MOOE expenditures shall be subject to relevant provision 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, particularly the Medium-Term Information and Communications Technology Harmonization Initiative Steering Committee for information and communications technology equipment). On the other hand, the conditions on the acquisition of MVs are indicated on the attached letter to the HDMF.
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 unconscionable 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, 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
Director, BMB -C

Date: 8-14-19

Approved:

By Authority of the Acting Secretary:



TINA ROSE MARIE L. CANDA
Undersecretary

AUG 22 2019

COB No. C2-19-0019

cc: The Chairman
Board of Directors - HDMF

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

The Resident Auditor
COA, HDMF

Department of Budget and Management
BTS



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