



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

CORPORATE OPERATING BUDGET
 Fiscal Year 2020

TO: HOME DEVELOPMENT MUTUAL FUND (HDMF)

Your Corporate Operating Budget (COB) for Fiscal Year 2020 per approved Board Resolution Nos. 3402, s. 2020 and 3431, s. 2020; Secretary's Certificate both dated October 5, 2020 and Notice of Board Action dated August 19, 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 of **FORTY-THREE BILLION ONE HUNDRED FIFTY-ONE MILLION THREE HUNDRED FIFTY-FOUR THOUSAND PESOS ONLY (P43,151,354,000.00)**, details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
TOTAL SOURCES:	P 157,009,735,000	P 157,009,735,000	P -
Corporate Funds	157,009,735,000	157,009,735,000	-
TOTAL USES:	P 45,666,511,000	P 43,151,354,000	P (2,515,157,000)
Personnel Services (PS)	5,525,032,000	a/ 5,080,220,000	b/ (444,812,000) c/
Maintenance and Other Operating Expenses (MOOE)	10,391,956,000	9,525,184,000	(866,772,000) d/
Capital Outlays (CO)	5,374,141,000	4,170,568,000	e/ (1,203,573,000)
Dividends	24,375,382,000	24,375,382,000	-
Excess / (Shortfall)	P 111,343,224,000	P 113,858,381,000	P 2,515,157,000

Footnotes:

a/ Includes the amount of P202.014 Million Supplemental Budget for the grant of PRAISE Monetary Award to Pag-IBIG Fund's officers and employees for FY 2019, as approved by the Civil Service Commission.

b/ The HDMF is exempted 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 PS:

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), to adopt the Modified Salary Schedule under EO No. 201.

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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 (NG), requirements are computed based on authorized rates provided under FY 2020 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 P510.682 Million refers to the overprovision of the following:

Basic Salary	P	213,095,000	} Based on 3,776 filled positions as of September 30, 2020 and 74 positions to be filled from October to December 2020 which was computed at 3 months
Personnel Economic Relief Allowance		10,452,000	
Year-End Bonus		18,310,000	
Cash Gift		2,159,000	
Productivity Enhancement Incentive		2,085,000	
Transportation Allowance		14,450,000	
Anniversary Cash Gift		1,140,000	
Rice Subsidy		15,678,000	
Meal Subsidy		2,874,000	
Corporate Christmas Package		19,000,000	
Employees Provident Fund		95,918,000	
Retirement & Life Insurance Premium		25,597,000	
Employees Compensation Insurance Pre		523,000	
Pag-IBIG Contributions		523,000	
Uniform/Clothing Allowance		2,874,000	
13th Month Pay		20,134,000	} Based on actual expenditures
Total	P	444,812,000	

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 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 NG 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/ MOOE level was computed considering actual/audited expenses for previous years, actual expenditures as of September 30, 2020 and the effects of inflation, details of variance as follows:

<u>Particulars</u>	<u>Amount</u>
Traveling Expenses	P 128,338,000
Training and Scholarship Expenses	10,329,000
Utility Expenses	83,702,000
Communication Expenses	122,548,000
Survey, Research, Exploration and Development Expenses	25,009,000
Professional Services	32,792,000
Financial Assistance/Subsidy	975,000
Advertising, Promotional and Marketing	355,951,000
Printing and Publication Expenses	52,144,000
Representation Expenses	17,252,000
Transportation and Delivery Expenses	15,334,000
Membership Dues and Contributions to Organizations	58,000
Directors and Committee Members' Fee	18,946,000
Bank Charges	3,394,000
Total	P 866,772,000

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c/ CO level was based on the submitted doable activities of the HDMF for FY 2020, with details as follows:

Particulars	Amount
Land and Land Improvements Outlay	P 900,000
Buildings and Structures Outlay	3,274,333,000
Machinery and Equipment Outlay	425,576,000
Furniture, Fixtures and Books Outlay	131,067,000
Transportation Equipment	37,535,000
Leased Assets Improvements Outlay	213,543,000
Intangible Assets Outlay	87,614,000
Total	P 4,170,568,000

The recommended amount of P37.535 Million for transportation equipment is intended for the acquisition of various motor vehicles which are already covered by APMV No. C-19-0015 and APMV No. C-20-0020 dated August 22, 2019 and March 17, 2020, respectively.

Notwithstanding the above-indicated variances in PS, MOOE, and CO, the HDMF has the flexibility to modify its utilization within the DBM-approved budget level, chargeable against corporate funds.

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. 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 of the OP. 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 No. 10149. Such expenditures shall be subject to relevant conditions under the GP 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 items shall be subject to 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, the same shall be secured before acquisition thereof. Examples: Department of Information and Communications Technology – Medium Term Information and Communications Technology Harmonization Initiative Steering Committee for procurement of information and communication technology equipment covered by the GOCC's Information System Strategic Plan, and OP/Department of Budget and Management/Supervising Department for motor vehicles. The acquisition/purchase of motor vehicle/s shall be in accordance with the provisions of, among others, Administrative Order (AO) No. 14 dated December 10, 2018; Budget Circular (BC) No. 2019-3 dated May 16, 2019; BC No. 2019-2 dated March 4, 2019; OP Memorandum Circular No. 9 dated December 14, 2010; BC No. 2010-2 dated March 1, 2010; and National Budget Circular (NBC) No. 446 dated November 24, 1995, as amended by NBC No. 446-A dated January 30, 1998. Further, the classification/s and specifications of subject motor vehicle/s shall be consistent with the provisions of BC No. 2019-2, and Annex B of BC No. 2017-1, among others.
6. Moreover, it is understood that the acquisition of motor vehicle/s shall be in accordance with the Government Procurement Reform Act (RA No. 9184) and its Implementing Rules and Regulations, as well as subject to the usual budgeting, accounting, auditing, and other applicable laws, rules and regulations.
7. 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.
8. 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.

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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 and 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:

fr: [Signature]
CARMENCITA P. MAHINAY
Director, BMB - C

Date: *12-29-2020*

Approved by:

By Authority of the Secretary:

[Signature]
TINA ROSE MARIE L. CANDA
Undersecretary

COB No. C2-20-0062

cc: The Chairman
Board of Directors - HDMF

The Assistant Commissioner, Corporate Sector
Commission on Audit (COA) - Central Office
COA Building, Quezon City

The Resident Auditor
COA - HDMF