



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

CORPORATE OPERATING BUDGET
 Calendar Year 2016

TO: POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION (PSALM)

Your Corporate Operating Budget (original and supplemental COBs) for Calendar Year 2016 per approved Board Resolution Nos. 2015-1110-02 (original) dated November 10, 2015; and 2016-0219-07 dated February 19, 2016 (supplemental), 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 amount of **ONE HUNDRED SEVENTY NINE BILLION NINE HUNDRED NINETY EIGHT MILLION FOUR HUNDRED EIGHTEEN THOUSAND PESOS ONLY (P179,998,418,000)**, details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
TOTAL SOURCES:	P 180,556,975,000	P 180,556,975,000	P -
Corporate Funds	178,729,199,000	178,729,199,000	-
Corporate Income	119,395,424,000	119,395,424,000	-
Beginning Cash Balance	59,333,775,000	59,333,775,000	-
National Government Tax Subsidy	1,827,776,000	1,827,776,000	-
			-
TOTAL USES:	P 180,556,975,000	P 179,998,418,000	P (558,557,000)
Personnel Services (PS)	209,850,000	184,969,000	(24,881,000) a/
Maintenance & Other Operating Expenses (MOOE)	179,402,400,000	178,868,724,000	b/ (533,676,000)
Capital Outlays (CO)	944,725,000	944,725,000	c/ -
Excess/(Shortfall)	P -	P 558,557,000	P 558,557,000

Footnotes:

The PSALM is exempt from the Salary Standardization Law (SSL) by virtue of Republic Act No. 9136 (An Act Ordaining Reforms in the Electric Power Industry), as amended. However, the Authority shall strictly adhere to the following provisions of laws, specifically in the grant/payment of Personnel Services:

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 rates, 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. Also, Section 5 thereof provides that allowances, honoraria and other fringe benefits shall be subject to the approval of the President upon recommendation of the DBM.

The PSALM shall strictly adhere to the following provisions of laws:

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 rationalization for senior officer positions and member of the board to reduce the actual pay package to not exceeding two 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.

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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 and 9 of Executive Order (E.O.) 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 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.

Pursuant to Item 7 of the Compensation and Classification System (CPCS) under Executive Order No. 203 dated March 22, 2016, for GOCCs covered by Republic Act No. 10149, each covered GOCC, acting through its Governing Board, shall adopt a Total Compensation Framework for their Officers and Employees pursuant to the terms therein and the Index of Occupational Services (IOS), Position Titles and Pay Grades, subject to the approval of the President of the Philippines with favorable recommendation from the Governance Commission for GOCC (GCG).

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. Further, it is understood that:

1. Standard allowances/benefits which are authorized to officials and employees of the National government Agencies (NGAs) covered by SSL may be adopted provided these are not already being granted in other forms;
2. All other allowances/benefits not covered by the SSL shall be subject to approval of the Office of the President; and
3. 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.

a/ In view of the foregoing, the PS level is evaluated with a variance of **P24,881,000** which refers to overprovision of the following hereunder items:

• Salaries of Permanent Personnel	P	17,351,000	} Computation is based on 188 filled positions as of May 31, 2016, plus 33 positions to be filled from June to December 2016.
• Wages of Contractual Personnel		70,000	
• Personnel Economic Relief Allowance		284,000	
• Year-end Bonus		1,813,000	
• Cash Gift		80,000	
• Representation and Transportation Allowances		1,240,000	
• Life & Retirement Insurance Premium		3,054,000	
• Employees Compensation Insurance Premium		23,000	
• Pag-I.B.I.G. Contributions		23,000	
• Philhealth Contributions		501,000	
• Productivity Incentive Benefits		442,000	} Pursuant to Section 9 of CSC-DBM Joint Circular No. 1 s. 2012, PIB shall be discontinued beginning FY 2015.
TOTAL	P	<u>24,881,000</u>	

b/ MOOE level is computed considering actual/audited expenses for the previous years and effects of inflation. Extraordinary and Miscellaneous Expenses are limited to P650,000 based on FY 2016 GAA rates. Provision for GAD is not considered because funds for the purpose must be from the 5% attribution of the Corporation's total FY 2016 DBM-approved COB level, pursuant to Section 35 of the General Provisions of RA 10717, the FY 2016 GAA.

c/ CO is intended for the following:

Office Equipment, Furniture & Fixtures	P	30,284,000
Buildings and Structures Outlay		200,000,000
Machineries and Equipment Outlay		706,441,000
Transportation Equipment		8,000,000
	P	<u>944,725,000</u>

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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 maybe.
3. Disbursements for extraordinary and miscellaneous expenses shall be subject to Section 47, General Provisions of R.A. No. 10717.
4. 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. 2010-2 dated March 1, 2010, 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.
5. The fiscal discipline measures prescribed under A.O. No. 103 dated August 31, 2004 shall be observed.
6. 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.
7. 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 for Good Governance Sector

Approved:


BENJAMIN E. DIOKNO
Secretary

Date: JUL 14 2016

COB-C2-16-0013

cc: The Chairman
Board of Directors, PSALM

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

The Resident Auditor
COA-PSALM

Department of Budget and Management
BTS



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