



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
 MALACAÑANG, MANILA

CORPORATE OPERATING BUDGET
 Calendar Year 2016

TO: DUTY FREE PHILIPPINES CORPORATION (DFPC)

Your Corporate Operating Budget (COB) for Calendar Year (CY) 2016 per approved DFPC Board Resolution No. 4-6-29-16 dated June 29, 2016, submitted pursuant to Section 6 of Executive Order (EO) No. 518, series of (s.) 1979 and Section 19, Chapter 3, Book VI of EO No. 292, s. 1987, is hereby approved for a total of **TWO BILLION FIVE HUNDRED FORTY-SIX MILLION TWO HUNDRED EIGHTY THOUSAND PESOS ONLY (P2,546,280,000)**, details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=a-b)
TOTAL SOURCES:	P 3,348,826,000	P 3,348,826,000	P -
Retained Earnings	1,131,339,000	1,131,339,000	-
Corporate Funds	2,217,487,000	2,217,487,000	-
TOTAL USES:	P 2,590,221,000	P 2,546,280,000	P (43,941,000)
Personnel Services (PS)	513,537,000	471,915,000	(41,622,000) a/
Maintenance and Other Operating Expenses (MOOE)	1,516,044,000	b/ 1,513,725,000	(2,319,000) c/
Capital Outlays (CO)	389,962,000	389,962,000	d/ -
Others:			
Department of Tourism (DOT) - Trust Liability Account	170,678,000	170,678,000	e/
Excess/(Shortfall)	P 758,605,000	P 802,546,000	P (43,941,000)

a/ In the absence of an approved organizational structure and staffing pattern from Governance Commission for Government-Owned or Controlled Corporations (GCG), the approved level for PS is based on the Fiscal Year (FY) 2015 audited expenses, for budgetary purposes only. However, provision for Retiree Service Award under the Program on Awards and Incentives for Service Excellence of the DFPC shall be charged against savings, per CSC Resolution No. 010112, s. 2001 and CSC Memorandum Circular Nos. 1, s. 2001, respectively. Further, disbursements of PS shall be subject to the following conditions, provisions of laws and/or directives from the

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. Further, 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 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 applicable executive order, a moratorium on the increases 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.

The members of the Board shall be compensated in accordance with EO No. 24 dated February 10, 2011.

Pursuant to Item 7 of the Compensation Position and Classification System (CPCS) under EO No. 203 dated March 22, 2016, for GOCCs covered by Republic Act (RA) No. 10149, s. 2011, 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 GCG.



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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 from the Office of the President. Further, it is understood that:

1. Standard allowances and 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 shall be granted in accordance with the CPCS issued by GCG pursuant to R.A. 10149.
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.

c/ In excess of computation based on highest FYs 2014/2015 audited and 3% inflation rate.

d/ CO is intended to the following:

Buildings and Other Structures Outlay	P 287,343,000
Furniture, Fixtures and Books Outlay	6,075,000
Information and Communication Technology Equipment	96,544,000
Total	<u>P 389,962,000</u>

e/ Pursuant to RA No. 9593, s. 2009, otherwise known as The Tourism Act of 2009, a minimum of fifty percent (50%) of the annual net profits of the DFPC shall be remitted automatically to the DOT - Office of the Secretary to fund tourism programs and projects, in lieu of its statutory remittance to the national government under RA No. 7656, seventy percent (70%) of which shall be given to the Tourism Promotions Board.

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 EO 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 RA No. 10717, the FY 2016 General Appropriations Act (e.g., 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 RA No. 10717.
4. For equipment items per Annual Equipment Procurement Program that require specific clearance/approval from the departments/agencies concerned (e.g., 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, BC No. 2016-5 dated August 22, 2016, AO No. 233 dated August 1, 2008, Office of the President MC No. 9 dated December 14, 2010 and AO No. 15 dated May 25, 2011, among others.
5. The fiscal discipline measures prescribed under AO 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.



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Recommending Approval:

LORENZO C. DRAPETE
Director, BMB-C

Approved:

BENJAMIN E. DIOKNO
Secretary



Date: OCT 04 2016

COB No. C4-2016-0037

cc: The Chairman
Board of Directors, DFPC

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

The Resident Auditor
COA - DFPC

Department of Budget and Management
BTS



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