



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

CORPORATE OPERATING BUDGET
Fiscal Year 2021

TO: PHILIPPINE CROP INSURANCE CORPORATION (PCIC)

Your Corporate Operating Budget (COB) for Fiscal Year 2021 per approved PCIC Board Resolution No. 2021-034-A dated May 6, 2021, submitted pursuant to Section 6 of Executive Order (EO) No. 518, series of 1979 and Section 19, Chapter 3, Book VI of EO No. 92, series of 1987, is hereby approved for a total of **FIVE BILLION ONE HUNDRED SIXTY-TWO MILLION TWO HUNDRED FORTY-ONE THOUSAND PESOS ONLY (P5,162,241,000)**, details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
TOTAL SOURCES:	P 5,624,931,000	P 5,624,931,000	P -
Corporate Funds	1,852,431,000	1,852,431,000	-
National Government subsidy	3,772,500,000	3,772,500,000 a/	-
TOTAL USES:	P 5,624,931,000	P 5,162,241,000	P (462,690,000)
Personnel Services (PS)	253,135,000	250,184,000	(2,951,000) b/
Maintenance and Other Operating Expenses (MOOE)	681,310,000	650,171,000	(31,139,000) c/
Capital Outlays (CO)	508,019,000	79,419,000 d/	(428,600,000) e/
Underwriting Expenses	4,182,467,000	4,182,467,000 f/	-
Excess/(Shortfall)	P -	P 462,690,000	P 462,690,000

Notes:

a/ Includes the amount of P272,500,000 intended for subsidy for swine insurance chargeable against the FY 2021 Contingent Fund. Notwithstanding the inclusion of the said amount in the approved COB level, utilization of the same shall still be subject to the release of funds for the purpose upon approval by the Office of the President.

b/ The variance of P2,951,000 refers to the overprovision for the following:

Particulars	Amount
• Salaries	P 823,000
• Mid-Year and Year-end Bonus	137,000
• Performance Enhancement Incentive	1,235,000
• Representation and Transportation Allowance	204,000
• Retirement and Life Insurance Premium	99,000
• PhilHealth Contribution	453,000
Total	P 2,951,000

c/ The MOOE level is computed considering the actual/audited expenses for the previous years, actual expenses as of August 31, 2021 and the effects of inflation. The variance amounting to P31,139,000 pertains to the overprovision of the following:

Particulars	Amount
• Communication Expenses	P 4,883,000
• Repair and Maintenance of Government Vehicles	1,334,000
• Repair and Maintenance of Government Facilities	2,339,000
• Fuel, Oil and Lubricants	2,161,000
• Transportation/Delivery Services	107,000
• Water, Illumination and Power Service	3,336,000
• Supplies and Materials	11,344,000
• Survey	2,283,000
• Membership Dues and Contribution to Organizations	7,000
• Cultural and Athletic Expenses	235,000
• Extraordinary and Miscellaneous Expenses	3,071,000
• Commitment Fees and Other Charges/Donations	39,000
TOTAL	P 31,139,000

d/ The recommended CO level is broken down as follows:

Particulars	Amount
• Leasehold Improvement	P 9,070,000
• Office Equipment, Furnitures and Fixture	41,638,000
• Information Technology Equipment	28,711,000
TOTAL	P 79,419,000

PHILIPPINE CROP INSURANCE CORPORATION (PCIC)

The variance in CO amounting to P428,600,000 pertains to the total requirements for: (a) construction of additional PCIC extension offices which was postponed due to the pandemic (P120,000,000) and (b) purchase of Quedancor land and building for the PCIC Central Office which is still under negotiation (P308,600,000).

- f/ Refers to the Claims/Indemnities and Underwriting Expenses undertaken by PCIC based on actuarial valuation of future claims/indemnities.

Notwithstanding the above-indicated variances in PS, MOOE and CO, the PCIC still has the flexibility to modify its utilization within the DBM-approved budget level for items funded out of corporate funds. In the case of those funded out of NG budgetary support, Section 72 of the General Provisions of R.A. No. 11518 on the rules on the modification in allotment shall apply.

Further, the following conditions shall be observed and complied with:

1. All expenditures, whether for current operating expenditures or for COs, shall be made within the limits of available funds realized from corporate receipts, authorized corporate borrowings and NG 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 OP. Disbursements 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 Government-Owned and Controlled Corporations (GOCCs) covered by RA No. 10149. Such expenditures shall also be subject to relevant conditions under the GPs of the annual General Appropriations Act (GAA) or any specific law or approval of the President of the Philippines or Secretary of Budget and Management or the Governance Commission for GOCCs, as the case may be.
4. Disbursements for Extraordinary and Miscellaneous Expenses and other MOOE expenditures shall be subject to the 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 (e.g., Department of Information and Communications Technology - Information and Communications Technology Office for procurement of information and communication technology equipment covered by the GOCC's Information System Strategic Plan) shall be secured prior to the acquisition thereof.
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 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:

Digitally signed by
Elena Regina S.
Brillantes
ELENA REGINA S. BRILLANTES
OIC-Director, BMB-C

Date: NOV 05 2021



Approved:

TINA ROSE MARIE L. CANDA
Officer-in-Charge, DBM

COB No. C1-21-0065

cc: **The Chairman**
Board of Directors, PCIC

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

The Resident Auditor
COA - PCIC