



**REPUBLIC OF THE PHILIPPINES**  
**DEPARTMENT OF BUDGET AND MANAGEMENT**  
**BONCODIN HALL, GEN. SOLANO ST., SAN MIGUEL, MANILA**

**CORPORATE OPERATING BUDGET**

Calendar Year 2017

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

Your Corporate Operating Budget for Calendar Year 2017 per approved Board Resolution No. 2016-0622-05 dated June 22, 2016, 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 amount of **ONE HUNDRED SEVENTY BILLION THREE HUNDRED SEVENTY ONE MILLION TWO HUNDRED SIXTY SEVEN THOUSAND PESOS ONLY (₱170,371,267,000)**, details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
<b>TOTAL SOURCES:</b>	₱ <u>181,371,963,000</u>	₱ <u>181,371,963,000</u>	₱ <u>-</u>
Corporate Funds	181,371,963,000	181,371,963,000	-
<b>TOTAL USES:</b>	₱ <u>170,423,388,000</u>	₱ <u>170,371,267,000</u>	₱ <u>(52,121,000)</u>
Personnel Services (PS)	220,709,000	204,548,000	(16,161,000) a/
Maintenance & Other Operating Expenses (MOOE)	170,043,587,000	170,007,627,000	b/ (35,960,000)
Capital Outlays (CO)	159,092,000	159,092,000	c/ -
<b>Excess/(Shortfall)</b>	₱ <u>10,948,575,000</u>	₱ <u>11,000,696,000</u>	₱ <u>52,121,000</u>

**Footnotes:**

a/ The variance refers to overprovision of the following PS items, as shown below:

• Salaries of Permanent Personnel	₱ 11,771,000	Limited to 221 authorized positions. Computation is based on approved rates for PSALM as a SSL-exempt corporation
• Wages of Contractual Personnel	139,000	Limited to 5 authorized positions and Office of the President (OP) approved allowances and benefits
• Year-end Bonus	981,000	Limited to one month basic salary
• Midyear Bonus	981,000	Limited to one month basic salary as of May 15, 2017
• Representation and Transportation Allowances	300,000	Limited to rates and officials authorized in Republic Act (RA) No. 10924, FY 2017 General Appropriations Act (GAA)
• Life & Retirement Insurance Premium	1,413,000	Limited to 12% of total salaries
• Philhealth Contributions	134,000	Limited to the prescribed amount of PhilHealth premium contribution based on employees' salary bracket
• 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** ₱ 16,161,000

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:

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.

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

Sections 8 and 9 of Executive Order (EO) 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 EO 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 of EO No. 36 dated July 28, 2017 provides that SSL-exempt GOCCs, including their subsidiaries, which are covered under RA No. 10149, shall have the option to either maintain their current compensation framework or, subject to the approval of the GCG, adopt the Modified Salary Schedule under EO No. 201. For GOCCs adopting the Modified Salary Schedule under EO No. 201, the following shall apply:

1. They shall be limited to the benefits, allowances, incentives, provided under JR No. 4;
2. The GCG shall have the authority to convert/revise the compensation framework of such GOCCs (i.e., convert from Job Grade to
3. A Mid-Year Bonus equivalent to one (1) month basic salary shall be granted to those who have rendered at least four (4) months of satisfactory service and are still in service as of same date, to be given not earlier than May 15 of every year. The existing Year-End Bonus equivalent to one (1) month basic salary and Cash Gift at prescribed rates shall be given in November of every year. The grant of Mid-Year and Year-End bonuses as well as the cash gift shall be subject to the guidelines issued by the GCG.

The Mid-Year and Year-End bonuses provided herein, shall be in lieu of the bonuses, allowances or incentives of similar nature that the GOCCs receive under their current compensation framework.

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 2017 GAA rates. Provision for Gender and Development is not considered because funds for the purpose must be a 5% attribution of the Authority's total FY 2017 DBM-approved COB level, pursuant to Section 30 of the General Provisions of RA 10924, the FY 2017 GAA.

c/ CO is intended for the following:

Office Equipment, Furniture & Fixtures	P	43,057,000
Buildings and Structures Outlay		100,000,000
Transportation Equipment		16,035,000
	P	<u>159,092,000</u>

This approval shall not be construed as an authorization for specific expenditure items under PS which requires prior approval of the OP. Further, 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. Disbursement for Personnel Services (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 General Provisions 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 maybe.
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 (ex. Information and Communications Technology Office (DICT-ICTO) 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, Budget Circular No. 2017-1 (amending BC No. 2016-5) dated April 26, 2017, and AO No. 15 (amending AO 233,s. 2008), dated May 25, 2011, Office of the President Memorandum Circular No. 9 dated December 14, 2010, among others.
6. Electronic payment shall be observed in the disbursement of corporate and public funds. In cases when the adoption is impracticable, GOCC shall be allowed to continue with the existing payment scheme.

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7. 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.

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 292.


Recommending Approval:

  
**LORENZO C. DRAPETE**  
Director, BMB-C

Date: **OCT 26 2017**

Approved:

By Authority of the Secretary

  
**LUZ M. CANTOR**  
Undersecretary

**COB-C2-17-0062**

cc: The Chairman  
Board of Directors, PSALM

Assistant Commissioner Winnie Rose H, Encallado  
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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