

TITLE: REVISED FY2023 CORPORATE OPERATING BUDGET BASED ON DBM RECOMMENDED SUBSIDY LEVEL

1.0 OBJECTIVE:

- 1.1 To seek Board approval for the FY2023 Revised Corporate Operating Budget of CITEM based on DBM recommended subsidy level.

2.0 FACTS:

- 2.1 On 26 April 2022, the Board approved CITEM Proposed Corporate Operating Budget and Work Program for FY 2023 in the amount of Php 351.837M based on NG subsidy of Php 238.854M, augmented by Corporate Funds of P 112.983M.
- 2.2 The NG Subsidy of Php 238.854M is composed of Tier 1 for Php 150.525M based on DBM recommended subsidy level as per 2023 Corporate Budget Call issued last 17 January 2022; plus, CITEM proposed Tier 2 budget of Php 88.329M, 37% of total to support the programs and projects for the promotion of SMEs.
- 2.3 On 29 July 2022, CITEM was informed by DBM that based on their review, CITEM is being granted an additional budget of Php 14.132M for its major platform and advertising activities under Tier 2. Below is the breakdown of DBM recommended subsidy:

TIER 1	P 150.525M	(for Operation, GAS, STO)
TIER 2	<u>P 14.132M</u>	(for STO)
Total	<u>P 164.657M</u>	

- 2.4 Based on the DBM recommended level of Subsidy, CITEM's Revised Corporate Operating Budget for FY 2023 now totaled Php 277.640M. Below are the comparative details of the original and recommended budget level:

In Million Pesos

Particulars	Proposed Corporate Operating Budget (as approved by the Board on 26 April 2022)	Revised Corporate Operating Budget (based on DBM Recommended Subsidy)	Difference	% Increase (Decrease)
I. Funding Sources				
NG Subsidy	238.854	164.657	(74.197)	(31%)
Corporate Revenues	73.895	57.000	(16.895)	(23%)
Prior Year Savings / Cash drawdown	39.088	55.983	16.895	43%
Total Sources	351.837	277.640	(74.197)	(21%)
II. Budgetary Requirements				
Personal Services (PS)	104.633	104.633	-	-
Maintenance & Other Operating Expenses (MOOE)	243.854	169.657	(74.197)	(30%)
Capital Outlay (CO)	3.350	3.350	-	-
Total Budget	351.837	277.640	(74.197)	(21%)

- 2.5 CITEM budgeted for 101 plantilla positions based on CPCS Category 1 Salary Structure amounting to Php 104.633M. PS is not subsidized by the government; hence, is paid from Corporate Funds.
- 2.6 MOOE of Php 169.657M consist of direct costs of export promotion activities, as well as support services and administrative overhead expenses.

Particulars	Budgetary Requirements (In Million Pesos)
General & Administrative Services	33.152
Support to Operations	36.012
Operations	100.493
Total MOOE	169.657

- 2.7 Capital Outlay (CO) Budget amounting to Php 3.350M is allotted for the acquisition of IT equipment, Php 1.750M; and vehicle, Php 1.600M.
- 2.8 The decrease in subsidy level from the original requested amount has impacted the target revenues for the year. To fully fund Personal Services, Capital Outlay, and Travelling Expenses for the year, a cash drawdown amounting to Php 55.983M is needed.

3.0 RECOMMENDATION:

For the Board to approve the revised Corporate Operating Budget ceiling for FY 2023 amounting to Php 277.640M based on DBM recommended subsidy level with Corporate Funds of Php 112.983M.

RECOMMENDING APPROVAL:

Deputy Executive Director MA. LOURDES D. MEDIRAN
Officer-In-Charge, CITEM

SIGNED
08 NOVEMBER 2022 VIRTUAL BOARD MEETING
ATTY. ANNA GRACE I. MARPURI
OIC, Corporate Services

APPROVED BY THE CITEM BOARD:

SECRETARY ALFREDO E. PASCUAL
Chairman
DEPARTMENT OF TRADE AND INDUSTRY

APPROVED
08 NOVEMBER 2022 VIRTUAL BOARD MEETING
GLENN G. PEÑARANDA
Alternate Chairman
DEPARTMENT OF TRADE AND INDUSTRY

CECILIA C. BORROMELO
Land Bank of the Philippines

APPROVED
08 NOVEMBER 2022 VIRTUAL BOARD MEETING
ELCID C. PANGILINAN
Land Bank of the Philippines

FELIPE M. MEDALLA
Bangko Sentral ng Pilipinas

APPROVED
08 NOVEMBER 2022 VIRTUAL BOARD MEETING
BERNADETTE ROMULO-PUYAT
Bangko Sentral ng Pilipinas

ATTY. JUDY CAROL L. DANSAL
National Food Authority

APPROVED
08 NOVEMBER 2022 VIRTUAL BOARD MEETING
ELSA ASUNCION LIM
National Food Authority



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

CORPORATE OPERATING BUDGET

Fiscal Year (FY) 2023

TO: CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS (CITEM)

Your Corporate Operating Budget (COB) for FY 2023 per Secretary's Certificate on Resolution No. BM 2022-11-06 dated November 8, 2022, 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 **TWO HUNDRED SEVENTY-SIX MILLION FIVE HUNDRED FORTY THOUSAND PESOS ONLY (P276,540,000.00)**, details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
TOTAL SOURCES:	P 277,640,000	P 277,640,000	P -
Corporate Funds	112,983,000	112,983,000	-
National Government (NG) Support	164,657,000	164,657,000	-
TOTAL USES:	277,640,000	276,540,000	(1,100,000)
Personnel Services (PS)	104,633,000	104,633,000	a/ -
Maintenance and Other Operating Expenses (MOOE)	169,657,000	168,657,000	b/ (1,000,000)
Capital Outlays (CO)	3,350,000	3,250,000	c/ (100,000)
Excess/(Shortfall)	P -	P 1,100,000	P 1,100,000

Footnotes:

- a/ The recommended PS level considered the adoption by the CITEM of the Compensation and Position Classification System (CPCS) authority per Governance Commission for Government-Owned or Controlled Corporations (GCG) approval dated January 26, 2022. The said CPCS approval expressly authorizes the CITEM to implement Category 1 Salary Structure based on the authorized CPCS Job Grade equivalent positions, pursuant to Executive Order No. 150 dated October 1, 2021, its implementing rules and regulations, and corresponding CPCS circulars for each PS item.
- b/ The approved MOOE level is computed considering the Center's absorptive capacity for the three (3) immediately preceding years, in which the highest budget utilization rate (BUR) is applied to MOOE items, except those covered by NG subsidy, which is recommended as proposed. The variance of P1,000,000.00 pertains to the effect of the preceding year's BUR.
- c/ The recommended CO level considers the implementation-readiness of the projects and activities under the respective CO items which are expected to be completed within the year as certified by the Center. The variance pertains to overprovision for the purchase of motor vehicle.

The procurement of transportation equipment in the amount of P1,500,000.00 shall be consistent with the following guidelines:

- Per Budget Circular (BC) No. 2022-1 dated February 11, 2022, the proposed acquisition of motor vehicle is duly approved by the Department of Budget and Management (DBM) through the attached Authority to Purchase Motor Vehicles (APMV) No. C-23-31.
- Procuring entities may undertake their own procurement of motor vehicles pursuant to Government Procurement Policy Board (GPPB) Resolution No. 20-2019 which delisted the motor vehicles from the list of Common-Use Supplies and Equipment to be procured thru the Procurement Service.

Notwithstanding the abovementioned variance in MOOE and CO, the CITEM still has the flexibility to modify its utilization within the total DBM-approved budget level.

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

- 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 NG budgetary support either in the form of subsidy, equity or loans outlay.

TO: CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS (CITEM)

2. Any increase in the approved principal COB in the course of the budget year, as may ~~be approved by additional~~ corporate receipts, shall require the submission of supplemental COB to cover the additional expenditures. **1.08.22**
3. This approval shall not be construed as an authorization for specific expenditure items under PS which requires prior approval by 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. 150 for Government-Owned or-Controlled Corporations (GOCCs) covered by Republic Act (RA) No. 10149. Such expenditures shall be subject to relevant conditions under the General Provisions of the annual General Appropriations Act (GAA) or any specific law or approval of the President of the Philippines and/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. For equipment outlays included in the Annual Procurement Program that require specific clearance/approval from the agencies concerned, shall be secured before acquisition thereof. Examples: Department of Information and Communications Technology for procurement of information and communication technology equipment covered by the GOCC's Information System Strategic Plan, and OP/DBM/Supervising Department for the purchase of MV, in accordance with BC No. 2022-1 dated February 11, 2022 (Omnibus Guidelines on the Acquisition, Use, Rental, and Replacement of MVs), RA No. 9184 (Government Procurement Reform Act) and its Implementing Rules and Regulations, 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.
7. Pursuant to Administrative Order (AO) No. 6 dated September 19, 2017, no irregular, unnecessary, extravagant, excessive and unconscionable expenses shall be incurred. Furthermore, existing laws, rules and regulations mandating the judicious and prudent use of government funds shall be observed.
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 existing laws, rules and regulations.
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:

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

Approved:

By Authority of the Secretary:

Cristina B. Clasara
CRISTINA B. CLASARA
 Acting Undersecretary, DBM



cf: **The Chairman**
 Board of Directors, CITEM

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

The Resident Auditor
 COA - CITEM

COB No. C1-23-0035

Date: April 26, 2023



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

APMV No. C-23-0031

April 26, 2023

EXECUTIVE DIRECTOR EDWARD L. FERREIRA

Center for International Trade Expositions and Missions (CITEM)
Golden Shell Pavilion, Roxas Blvd cor. Sen. Gil Puyat Avenue,
Pasay City

AUTHORITY TO PURCHASE MOTOR VEHICLE

Qty.	Type	Intended Use and/or User, and Specifications	Cost
1	Multi-Purpose Vehicle	<p><u>Use and/or User:</u> For the exercise of executive functions</p> <p><u>Specifications:</u> Engine displacement not exceeding 1800 cc for gasoline or 2800 cc for diesel; or alternative fuel vehicle (AFV)</p>	P 1,500,000.00
1	TOTAL		P 1,500,000.00
TOTAL AMOUNT IN WORDS		**ONE MILLION FIVE HUNDRED THOUSAND PESOS ONLY**	
FUNDING SOURCE		FY 2023 Corporate Operating Budget	

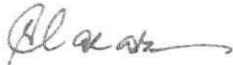
CONDITIONS:

1. The motor vehicle shall be used only for official purpose, the intended use and/or by the intended user, for which the motor vehicle was requested as herein authorized. The acquisition/purchase of subject motor vehicle shall be in accordance with the provisions of the Omnibus Guidelines on the Acquisition, Use, Rental, and Replacement of Motor Vehicles. Further, the classification and specification of subject motor vehicle shall be consistent with the provisions of Annex A of the guidelines.

2. Moreover, it is understood that the acquisition of said motor vehicle shall be in accordance with the Republic Act No. 9184 (Government Procurement Reform Act) and its Implementing Rules and Regulations, as well as subject to the usual budgeting, accounting, auditing, and other applicable laws, rules and regulations.

APPROVED:

By Authority of the Secretary:



CRISTINA B. CLASARA
Acting Undersecretary, DBM