



REPUBLIC OF THE PHILIPPINES

**Department of Budget and Management**  
Malacañang, Manila

**CORPORATE OPERATING BUDGET**  
**Calendar Year 2012**

Your Corporate Operating Budget (COB) for Calendar Year 2012 per Board Resolution No. 2012-131 dated October 4, 2012 submitted pursuant to 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 of **ONE HUNDRED SEVENTY NINE MILLION FOUR HUNDRED NINETY FOUR THOUSAND PESOS ONLY (P179,494,000)**, details of which are shown below:

|  | PROPOSAL<br>(a) | APPROVED<br>(b) | VARIANCE<br>(c=b-a)   |
|--|-----------------|-----------------|-----------------------|
| TOTAL SOURCES:                                   | P 223,051,000   | P 223,051,000   | -                     |
| Corporate Funds                                  | 223,051,000     | 223,051,000     | -                     |
| TOTAL USES:                                      | P 242,677,000   | P 179,494,000   | P (63,183,000)        |
| Personal Services (PS)                           | 99,451,000      | 41,420,000      | (58,031,000) a/<br>b/ |
| Maintenance & Other Operating Expenditure (MOOE) | 36,329,000      | 31,177,000      | (5,152,000)           |
| Capital Outlays (CO)                             | 106,897,000 c/  | 106,897,000     | -                     |
| EXCESS/SHORTFALL                                 | P (19,626,000)  | P 43,557,000    | P 63,183,000          |

**Footnotes:**

a/ The variance of P58,031,000 refers to the following:

Remarks

**Excess Provision:**

(in '000)

|  |   |       |  |
|--|---|-------|--|
| Salaries of permanent positions                  | P | 7,598 | Limited to 69 authorized positions based on 3rd and 4th tranches of salary schedule. (January to May and June to December) |
| Salaries and Benefits of non-permanent positions |   | 1,734 | Excess provision for PS of 6 authorized contractual positions.   |
| Wages of Contractuals                            | P | 423   | Salary is based on the 3rd tranche and 4th tranche salary schedule.  |
| Year-end Bonus                                   |   | 32    | Limited to one month basic salary.   |
| Hazard Pay                                       |   | 43    | No legal basis   |
| Longevity Pay                                    |   | 134   | Chargeable against savings   |
| Rice Subsidy                                     |   | 130   | No legal basis   |
| Children's Allowance                             |   | 5     | - do -   |
| Meal Subsidy                                     |   | 238   | - do -   |
| Productivity Incentive Benefits                  |   | 60    | Limited to P2,000/yr. x 6 pos.   |
| Amelioration Allowance                           |   | 122   | No legal basis   |
| Cost of Living Allowance                         |   | 488   | No legal basis   |
| Life & Retirement Insurance Premium              |   | 50    | Limited to 12% of total salaries   |
| Philhealth Contributions                         |   | 9     | Excess from rates under PhilHealth Circ.1, s. 2005.  |
| Year-end Bonus                                   |   | 520   | Equivalent to one month basic salary   |
| RATA   |   | 6,585 | Limited to authorized rates and officials entitled thereto per No.10155, FY 2012 General Appropriations Act (GAA).         |
| Productivity Incentive Bonus                     |   | 690   | Limited to P2,000/annum per employee.  |
| Retirement and Life Insurance Premium            |   | 912   | Equivalent to 12% of basic salary.   |
| Philhealth Contributions                         |   | 117   | Excess from rates under PhilHealth Circ.1, s. 2005.  |
| Monetization                                     |   | 1,437 | Chargeable against savings   |
| Loyalty Bonus                                    |   | 440   | Chargeable against savings   |
| <b>No legal basis:</b>                           |   |       |  |
| Longevity Pay                                    |   | 1,853 |  |
| Meal Allowance                                   |   | 2,732 |  |

**TO: METROPOLITAN WATERWORKS AND SEWERAGE SYSTEMS REGULATORY OFFICE (MWSS-RO)**

|                                  |                 |
|----------------------------------|-----------------|
| Children's Allowance             | 54              |
| Rice Subsidy                     | 1,490           |
| Hazard Pay                       | 497             |
| Productivity Incentive Allowance | 5,057           |
| Employee's Welfare Fund          | 12,704          |
| Amelioration Allowance           | 2,722           |
| Cost of Living Allowance         | 10,889          |
| <b>Total</b>                     | <b>P 58,031</b> |

MWSS-RO shall strictly adhere to the following provisions of laws:

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 rate, 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 also provides that allowances, honoraria, and other fringe benefits shall be subject to the approval of the President upon recommendation of the DBM.

Section 5 of Executive Order No. 286 s. 1995 requires the final approval of the President, among others, before the MWSS may adopt a revised and upgraded position classification and compensation package for its officers and employees.

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 pay rationalization plan for senior officer positions and members of the board to reduce the actual pay package to not exceeding two (2) 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.

Further, Section 9 of Joint Resolution No. 4 s. 2009 provided that exempt entities shall observe 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.

Section 8 to 10 of Executive Order 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 increases in the rates of salaries, and the grant of new or increases in the rates of allowances, incentives and other benefits is imposed until specifically authorized by the President.
3. Except reasonable per diems, the grant of allowances, bonuses, incentives, and other perks to members of the board of directors/trustees of GOCCs/GFIs is suspended until December 31, 2010, pending the issuance of new policies and guidelines on the compensation of board members.

b/ MOOE level computed considering the previous year's actual/audited amounts, FY 2010 and 2011 COB and effects of inflation. Extraordinary and Miscellaneous Expenses pegged at P 562,000 computed based on authorized rates and positions under Section 23, General Provisions of R.A. No. 10155, FY 2012 GAA.

c/ The breakdown of capital outlays is as follows:

|   |                      |
|---|----------------------|
| Furniture, Fixtures and Equipment<br>and Books Outlay | P 7,672,000          |
| Others  | 99,225,000           |
| <b>Total</b>  | <b>P 106,897,000</b> |

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.

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2. Disbursements for personnel amelioration/benefit shall be subject to the pertinent compensation laws, rules and regulations, including E.O No. 7 dated Sept. 8, 2010. Such expenditures shall also be conditioned on any specific law or approval of the President of the Philippines or Secretary of Budget and Management, as the case may be.
3. Disbursements for extraordinary and miscellaneous expenses shall be subject to Section 23, General Provisions of R.A. No. 10155.
4. Disbursements from the Confidential and Intelligence Fund shall be covered by an approval from the President of the Philippines.
5. 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 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, and Office of the President Memorandum Circular No. 9 dated December 14, 2010 and A.O No. 15 dated May 25, 2011, among others.
6. The fiscal discipline measures prescribed under A.O. No. 103 dated August 31, 2004 shall be observed.
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.
8. 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:**

**Approved:**

**By authority of the Secretary**

  
**RENZO C. DRAPETE**  
Director

  
**MARIO L. RELAMPAGOS**  
Undersecretary

Date: February 13, 2013

COB No. F3-12-0069

cc: The Chairman  
Board of Directors, MWSS-CO  
  
Assistant Commissioner Lourdes M. Castillo  
Commission on Audit (COA) - Central Office  
COA Building, Quezon City  
  
The Resident Auditor  
COA - MWSS-RO