



REPUBLIC OF THE PHILIPPINES
Commission on Audit
Commonwealth Avenue, Quezon City



MEMORANDUM

NO. 2010-007
DATE: February 16, 2010

TO : Asst. Commissioners, Cluster Directors, Regional Directors, Officers-In-Charge, Chiefs of Staff, Budget Officers and All Others Concerned

SUBJECT : Preparation and Submission of FY 2011 Budget Estimates

The guidelines and procedures in the preparation and submission of FY 2011 budget estimates and the schedules and forms to be accomplished are hereby prescribed:

1.0 Budget Thrust

All Offices shall ensure that their respective budget proposals shall be formulated in line with the continuing commitment to achieve fiscal discipline, strategic allocation of limited resources and operational efficiency. The budgetary requirements of an office should consider the policy directions and strategic plans.

2.0 Coverage

2.1 The budget proposals shall include estimates for Current Operating Expenditures for Personal Services, Maintenance and Other Operating Expenses (MOOE) and Capital Outlays as well as estimates for Retirement Gratuities and Terminal Leave Benefits of officials and employees who will retire in the year 2011. (*Schedule 1*)

3.0 Specific Guidelines

3.1 Personal Services

3.1.1 Salaries of Permanent Positions

Salaries of filled itemized positions, based on the Commission's Organizational Restructuring and in accordance with Executive Order No. 811 dated June 17, 2009 authorizing compensation adjustments to government personnel. The salaries shall be adjusted to include the Second Tranche Salary increase in accordance with the above Executive Order. For the Regional Offices, this has to be prepared by the Budget Officer and approved by the Regional Director (*Schedule2*).

3.1.2 Representation Allowance (RA) and Transportation Allowance (TA)

Appropriations for RA and TA shall be provided for the following officials and those of equivalent ranks in accordance with the monthly rates for each type of allowance as indicated in RA 9524 (General Appropriations Act, FY 2009) supported by *Schedule 3*.

3.1.2.1 Chairman	=	11,000
Commissioners	=	8,700
Asst. Commissioners	=	7,800
Directors IV	=	7,000
Directors III and Head Exec.Asst.	=	6,300
State Auditors V and Attorney VI	=	5,500
State Auditors IV/Chiefs of Division	=	4,000

Note: Under COA Resolution No. 2000-007 dated June 22, 2000, Attorney IV and V positions were determined as equivalent rank to Chiefs of Division, and, therefore, entitled to same rate of RATA.

3.1.3 Terminal Leave Benefits

3.1.3.1 Terminal Leave Benefits (TLB) for employees who retired effective January 1, 2002 onwards shall be computed as follows:

$$\text{TLB} = S \times D \times \text{CF}$$

Where:

TLB = Total TLB

S = Highest monthly salary received by the employee

D = No. of days of leave credits of personnel scheduled to retire

CF = Constant Factor is .0478087

TLB of compulsory retirees shall be separately computed from that of optional retirees.

3.1.4 Fixed Personnel Expenditures

3.1.4.1 GSIS Retirement and Life Insurance Premium – 12% of total salaries

3.1.4.2 PAG-IBIG Contributions – P1,200 per annum

3.1.4.3 PHILHEALTH Contributions – in accordance with PhilHealth Circular No. 16, s.2001 and under item A of PHIC Circular No. 22, s.2003, and DBM Circular Letter No. 2009-12 dated November 12, 2009, details as follows:

Monthly Salary Range	Salary Base	Total Monthly Contribution	Personal Share (PS) (PS=SBx1.25%)	Employer Share (ES) ES = PS
P 4,999.99 and below	P 4,000.00	P 100.00	P 50.00	P 50.00
5,000.00 to 5,999.99	5,000.00	125.00	62.50	62.50
6,000.00 to 6,999.99	6,000.00	150.00	75.00	75.00
7,000.00 to 7,999.99	7,000.00	175.00	87.50	87.50
8,000.00 to 8,999.99	8,000.00	200.00	100.00	100.00
9,000.00 to 9,999.99	9,000.00	225.00	112.50	112.50
10,000.00 to 10,999.99	10,000.00	250.00	125.00	125.00
11,000.00 to 11,999.99	11,000.00	275.00	137.50	137.50
12,000.00 to 12,999.99	12,000.00	300.00	150.00	150.00
13,000.00 to 13,999.99	13,000.00	325.00	162.50	162.50
14,000.00 to 14,999.99	14,000.00	350.00	175.00	175.00
15,000.00 and up	15,000.00	375.00	187.50	187.50

3.1.4.4 Employees Compensation Insurance Premium (ECIP) – 1% of the annual basic salary or P 1,200/annum, whichever is lower

3.1.5 Retirement Benefits (740)

Retirement Benefits shall reflect only the requirements of personnel scheduled to retire compulsorily in FY 2011 who have been in the government service prior to June 1, 1977 (the cut-off date for government employees entitled to opt for the retirement package under CA 660, RA 1616 or RA 8291.) These shall be stated under **Schedule 4** (to be accomplished by HRMO), computed as follows:

3.1.5.1 Determine the total creditable services in accordance with the guidelines prescribed under NBC No. 395 dated March 15, 1988, as amended.

3.1.5.2 Convert the total creditable services into gratuity months as follows:

- 1 month for every creditable year of service not exceeding 20 years
- 1.5 months for every creditable year of service over 20 years but not exceeding 30 years
- 2 months for each creditable year of service over 30 years

3.1.5.3 Compute the amount of Retirement Gratuity using the following formula:

$$\text{Retirement Gratuity} = \text{Total gratuity months} \times \text{highest Salary received}$$

Example:

Mr. Juan P. San Pedro, State Auditor II, a mandatory retiree, effective Feb. 18, 2011, under RA 1616, whose first day of government service is Feb. 18, 1971, with total creditable service of 40 years .

Computation:

1 month each for 1 st 20 years	-	20 months
1.5 months for each year over 20 up to 30 years	-	15 months
2 months for each year over 30 years	-	20 months

	Total	- 55 months
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Amount of Gratuity:	P27,251 x 55	= P 1,498,805
		=====

3.1.5.4 Employees who are retiring shall be encouraged to avail of the GSIS retirement package under RA 8291.

3.1.5.5 Separate listing shall be made for optional retirees, if any.

3.2 Maintenance and Other Operating Expenses (MOOE)

MOOE shall be computed based on the actual needs and shall be broken down by object classification, properly supported with schedules and breakdowns and justifications.

751	-	Traveling Expenses (Local)
752	-	Traveling Expenses (Foreign)
753	-	Training Expenses
754	-	Scholarship Expenses
755	-	Office Supplies Expenses
756	-	Accountable Forms Expenses
759	-	Drugs and Medicines Expenses
760	-	Medical, Dental & Laboratory Supplies Expenses
761	-	Gasoline, Oil and Lubricants Expenses
763	-	Textbooks & Instructional Materials Expenses
765	-	Other Supplies Expenses
766	-	Water Expenses
767	-	Electricity Expenses
771	-	Postage and Deliveries
772	-	Telephone Expenses - Landline
773	-	Telephone Expenses – Mobile
774	-	Internet Expenses
775	-	Cable Satellite, Telegraph & Radio Expenses
778	-	Membership Dues & Contributions to Organizations
780	-	Advertising Expenses
781	-	Printing and Binding Expenses
782	-	Rent Expenses
783	-	Representation Expenses
784	-	Transportation and Delivery Expenses
786	-	Subscription Expenses
791	-	Legal Services

792	-	Auditing Services
793	-	Consultancy Services
795	-	General Services
796	-	Janitorial Services
797	-	Security Services
799	-	Other Professional Services
802	-	Repairs and Maintenance – Land Improvements
811	-	Repairs and Maintenance – Office Buildings
815	-	Repairs and Maintenance – Other Structures
821	-	Repairs and Maintenance – Office Equipment
822	-	Repairs and Maintenance – Furniture & Fixtures
823	-	Repairs and Maintenance – IT Equipment & Software
826	-	Repairs and Maintenance – Machineries
829	-	Repairs and Maintenance – Communication Equipment
833	-	Repairs and Maintenance – Medical, Dental & Laboratory Equipment
835	-	Repairs and Maintenance – Sports Equipment
836	-	Repairs and Maintenance – Technical & Scientific Equipment
840	-	Repairs and Maintenance – Other Machineries & Equipment
841	-	Repairs and Maintenance – Motor Vehicles
850	-	Repairs and Maintenance – Other Property, Plant & Equipment
883	-	Extraordinary Expenses
884	-	Miscellaneous Expenses
891	-	Taxes, Duties and Licenses
892	-	Fidelity Bond Premiums
893	-	Insurance Expenses
969	-	Other Maintenance and Operating Expenses
971	-	Bank Charges
975	-	Interest Expenses
979	-	Other Financial Charges

3.2.1 Traveling Expenses – Local (751) and Traveling Expenses –Foreign (752)

Traveling Expenses shall be computed pursuant to EO No. 298 supported by data in **Schedule 5** for local travel and **Schedule 6** for foreign travel and other pertinent details such as the names of employees who shall go on official travel, their destination, the duration of the travel, purpose of the travel, including the type of engagement and the corresponding amount required.

The reimbursable transportation allowance of audit team leaders and members under Audit Team Approach shall be reflected under **Schedule 5B**.

In addition, the out of pocket expenses (transportation expenses) of Liaison Officers and others who are on field work shall also be reflected under **Schedule 5C**.

3.2.2 Training Expenses (753)

Training Expenses shall cover attendance of COA officials and employees to trainings/seminars conducted by PDC, COA Regional Training Centers, in-house training and other seminars conducted by non-government entities. (**Schedule 7**)

3.2.3 Scholarship Expenses (754)

Expenses for scholarships granted to government personnel

3.2.4 Office Supplies Expense (755) shall be reflected under **Schedule 8**.

3.2.5 Medical, Dental and Laboratory Supplies Expenses (760)

The cost of medical, dental and laboratory supplies used in government operations/projects shall be reflected under **Schedule 9**

3.2.6 Gasoline, Oil and Lubricants Expenses (761)

An estimated quantity and amount of gasoline, oil and lubricants to be consumed for government vehicles assigned to the particular office shall be reflected under **Schedule 10**.

3.2.7 Water Expenses (766) and Electricity Expenses (767)

The estimated water consumption on cubic meters and the estimated amount shall be reflected under **Schedule 11**.

The estimated number of kilowatt hour and the estimated amount shall be reflected under **Schedule 12**.

3.2.8 Communications Expenses (771 – 775)

Communication expenses which covers postage; delivery of official forms, documents, records; telephone (Mobile and landline); Internet; cable, satellite, telegraph and radio shall be itemized .

The number of cell cards recipients and/or the estimated equivalent amount shall be reflected under **Schedule 13**.

3.2.9 Representation Expenses (783)

The reimbursable representation allowance of audit team leaders under Audit Team Approach shall be reflected under **Schedule 14**.

3.2.10 Repairs and Maintenance

Repairs and maintenance shall be supported with a breakdown of each item of expenditure to be covered by repairs/maintenance, with the corresponding amount per item, categorized as follows:

3.2.10.1 Land improvements (802)

3.2.10.2 Buildings and structures include office buildings and other structures (811, 815) (**Schedule 15**)

- 3.2.10.3 Office equipment including furniture and fixtures, IT equipment and software (821 – 823)
- 3.2.10.4 Machineries and equipment include machineries, communication, medical, dental and laboratory equipment, sports equipment, technical and scientific equipment and other machineries and equipment (826, 829, 833, 835, 836, 840)
- 3.2.10.5 Transportation equipment includes motor vehicles (841)
- 3.2.10.6 Other Property, Plant and Equipment includes property, plant and equipment not classified under specific repair and maintenance accounts (850)

3.2.11 Extraordinary Expenses (883)

The annual appropriations for Extraordinary Expenses shall be provided for the following officials at rates not exceeding:

₱ 220,000	=	Chairman
90,000	=	Commissioners
50,000	=	Asst. Commissioners
38,000	=	Director IV

3.2.12 Miscellaneous Expenses (884)

Miscellaneous Expenses not exceeding ₱ 72,000 per annum for each office under the above named officials shall also be included.

3.2.13 Fidelity Bond Premiums (892)

Fidelity Bond Premiums shall include expenses for premium on fidelity bond of accountable officers, to be reflected under **Schedule 16**.

3.2.14 Insurance Expenses (893)

Insurance Expense shall include premiums for the insurance of government properties, to be reflected under **Schedule 17**.

3.2.15 Other Maintenance & Operating Expenses (969)

Provision for Other Maintenance & Operating Expenses shall be reflected under **Schedule 18**.

3.3 Capital Outlay

- 3.3.1 The cost of on-going construction projects, particularly buildings, shall be given priority over the construction of new ones.

- 3.3.2 The major repair and rehabilitation of occupied buildings and structures may be allowed if undertaken, in lieu of any new building construction.
- 3.3.3 Office Equipment and Furniture and Fixtures
 - 3.3.3.1 Equipment directly needed in the performance of line functions shall be given priority over items intended for administrative and support activities.
 - 3.3.3.2 Requests to replace non-serviceable equipment considered extremely necessary shall also be given priority over the purchase of additional items. Proposals for replacement shall be supported by Inventory and Inspection Report of Unserviceable Property.
 - 3.3.3.3 IT Equipment and Software shall include provision for IT Equipment and software to be acquired, purchased or developed.
 - 3.3.3.4 Library Books shall include provision for purchase and/or acquisition of reference books needed in the intellectual and professional advancement of government personnel.
- 3.3.4 The provision for Office Equipment (221), Furniture and Fixtures (222), IT Equipment and Software (223) and Library Books (224) shall be supported by **Schedule 19**.
- 3.4 The Inventory of Motor Vehicles (241) and Heavy Equipment shall be presented under **Schedule 20**.
- 3.5 The Inventory of Property/Buildings including on-going projects shall be presented under **Schedule 21**.
- 3.6 All proposals shall be supported with sufficient justifications.
- 3.7 For purposes of uniformity, budget estimates shall be presented in accordance with the format provided under **Schedule 1**.
- 3.8 For other budgetary requirements in the National Budget Memorandum to be issued by DBM for FY 2011 Budget Proposals, a supplemental memorandum will be issued for compliance/submission of such budgetary requirements.
- 3.9 Should there be any observations/suggestions thereto, please coordinate with Planning, Finance and Management Sector (PFMS).

4.0 Timetable

All budget proposals for FY 2011, including soft copy, shall be submitted to the Budget Preparation Services, Risk Management and Budget Office, Planning, Financial and Management Sector on or before March 31, 2010.

5.0 Budget Preparation Calendar

All offices/sectors are enjoined to adhere to the following schedule:

ACTIVITY	DATE
Issuance of the COA Budget Call for FY 2011	Feb. 15, 2010
Deadline for the submission of FY 2011 Budget Proposals	March 31, 2010
Evaluation, Coordination and Consolidation of Budget Proposals	April 1, 2010 - May 7, 2010
Presentation of Consolidated Budget Proposals to the Commission Proper	May 10-18, 2010
Preparation of Revised Consolidated Budget Proposals	May 19-27, 2010
Submission of Finalized Budget Proposals to the DBM	May 28, 2010

For strict compliance.



REYNALDO A. VILLAR
Chairman

Attachments:

[Schedules 1- 22 - FY 2011 Budget Forms](#)