

FY 2020 PROPOSED REALIGNED BUDGET PREPARATION

HIGHLIGHTS, ASSUMPTIONS & GENERAL GUIDELINES

1. BUDGET PREPARATION INCLUSIONS:

- 1.1 Other Operating Expenses (OPEX) – corresponds to items of expenditures necessary for a Plant/Monitoring Center (MC) to carry-out its regular (day-to-day) activities as in the normal operation and maintenance of plants, areas, projects and other offices composed of the following major accounts:
 - 1.1.1 Personnel Services (PS)
 - 1.1.2 Maintenance and Other Operating Expenses (MOOE)
- 1.2 Capital Expenditures (CAPEX) – refers to the cost of equipment to be acquired and/or work to be undertaken in the construction of power projects, improvements, rehabilitation of existing plants and facilities which will form part of the corporate assets. CAPEX budgetary provisions cover Work Order, General Plant Equipment, and Spares acquisition.

2. SIGNIFICANCE OF BUDGET:

- 2.1 Serves as primary authority to implement projects/programs and enter into agreement/contract, recognize obligations and disburse funds.
- 2.2 Basis of bidding out projects – limit or ceiling for acceptable bids.

3. GENERAL GUIDELINES/BUDGET EVALUATION CRITERIA:

- 3.1 All MCs to realign/re-prioritize the FY 2020 budget for the P2/C2, P3/C3 and other accounts not subject for procurement (Non-PPMP items), if necessary, using the previous Budget Call as take-off data. Any anticipated changes in programs/plans for the ensuing year should be considered following the DBM/PSALM recommended budget as prescribed for Non-OMA and OMA, respectively.
- 3.2 The previously determined items in the Budget Call for **P1/C1** carried-over in the approved FY 2020 Interim PPMP/APP data were already **locked** in the BPS are not subject to realignment and shall proceed with early procurement starting September 2019 (short of award).
- 3.3 All MC's are directed to plan well their realigned budget considering programs/projects which are implementation ready to avoid underspending and budget reversions.
- 3.4 To strictly follow DBM's direction to implement Annual Cash-Based appropriations whereby, all are instructed to only propose programs, activities, and projects that can be fully implemented within FY 2020. For multi-year contracts, the annual cash requirements should be included in the budget proposals.

- 3.5 All are enjoined to focus on the most essential requirements as well as revisit the nature, quantity, and timing (month/quarter when needed) of resources as required by the MC’s work program constitute the critical components of the MC’s proposed budgetary plans.
- 3.6 All items/activities should be proposed **Gross of 12% VAT**, if applicable.
- 3.7 Corporate plans consistent with management directions and pronouncements on corporate developments.
- 3.8 Propose budget according to funding source:

Group	Funding		Remarks
	Indicator	Description	
OMA – <i>Mindanao Generation (Mingen), Dams Management Department (DMD), Resource Management Services (RMS), Power Engineering Services (PES) & Head Office (HO) Support</i>	I	Internal Cash Generation (ICG – OMA)	Funding provided by PSALM per OMA Agreement
NON-OMA – <i>Small Power Utilities Group (SPUG), Watershed Management Department (WMD), Bataan Nuclear Power Plant (BNPP), Power Engineering Services (PES) & Head Office (HO) Support</i>	M	Universal Charge – Missionary Electrification (UC-ME)	SPUG funding for its operations and capital projects in the Missionary Areas which is collected from all electricity end-users.
	S	NG Subsidy/SARO	Budgetary support/ funding from the National Government
	E	Universal Charge – Environmental Compliance (UC-EC)	Watershed funding for its operations and for projects dedicated to environmental maintenance and protection.

- 3.9 Consideration of Personnel Services (PS) budget following the DBM and PSALM approved number of positions and adoption of the NPC Interim Compensation Framework per Circular No.2018-08. The PS budget shall be automatically provided in the BPS with the following assumptions:
 - 3.9.1 Filled and Vacant positions per Salary Grade following GCG approved equivalent position titles;
 - 3.9.2 Salaries and Wages shall be budgeted based on the Modified Salary Schedule (MSS) at 4th Tranche, with step increment;
 - 3.9.3 P2,000 per employee, per month shall be allocated for Personal Economic Relief Allowance (PERA);
 - 3.9.4 Provision for Terminal Leave and Separation Benefits for qualified employees in FY 2020 intended for:
 - 3.9.4.1 Compulsory retirement (65 yrs old)
 - 3.9.4.2 Optional retirement (60 to 64 yrs old)
 - 3.9.4.2 SPUG Plants Privatization

4. NEW ACCOUNTING TREATMENT

In compliance with COA Circular No. 2017-004 dated 14 December 2017 with directive for a separate recording, monitoring and reporting, the following accounts shall be revised:

FROM		TO	
SL No.	Account Name	SL No.	Account Name
026	Transport. & Representation Allow.	101	Transportation Allowance
		102	Representation Allowance
025	13 th Month Pay/Bonus/Cash Gift	103	Mid-Year Bonus
		104	Year-End Bonus
		105	Cash Gift
074	Light & Water	106	Electricity Expenses
		107	Water Expenses
073	Postage, Telephone & Telegram	108	Postage & Courier Services
		109	Telephone Expenses
		110	Internet Subscription Expenses
		111	Cable Satellite, Telegraph & Radio Exp.
079	Licenses	112	Transport Vehicle Registration & Firearms Registration
		113	Computer Software License and DENR Permits/Clearances

The prescribed accounting treatment for the above accounts are defined in the Specific Guidelines in the Preparation of FY 2020 OPEX budget.

5. POOLED/CENTRALIZED BUDGET

The following accounts/activities should be proposed by specific Monitoring Centers (MC):

Account No.	Description	Responsible MC	
		MC No.	MC Name
058	Foreign Travel – Corporate Requirements Foreign Travel – HAPUA/CEPSI/etc.	2001000	OP & CEO
		2700002	OVP – Corporate Affairs
063	In-house Training Programs	2502990	Training & Development Div.
069	Rental – Corporate Computer Leasing Contract Rental – HO Printer Leasing Contract	2013000	Information & Technical Services Dept.
073	Postage, Telephone & Telegram – For Corporate Cellphone Subscriptions: - All OMA & Non-OMA (HO/PES) - SPUG - Watershed Management	2602014	Telecom & Security Services Div.
		5800000	OVP – SPUG
		4306000	OM-Watershed Mgt. Dept.
082	Financial Aid	2502001	OVP-Admin & Finance
083	Injuries & Damages	2502001	OVP-Admin & Finance
541	Financial Assistance for SPUG plants per ER1-94	5800000	OVP-SPUG

6. MACRO-ECONOMIC ASSUMPTIONS:

- 6.1 Exchange Rate – P53.50/US\$
- 6.2 Local Inflation – 3%

7. CONFORMITY WITH ACTION PLANS AND WORK PROGRAMS AS STATED IN BPS FORM 200 & 201:

Budgetary requirement shall be finalized in accordance with the programs/activities projects planned for implementation in FY 2020.

8. FY 2020 PROJECT PROCUREMENT MANAGEMENT PLAN (PPMP):

8.1 **P1/C1** - Priority 1 (Purchase Requisition-P1/Contact-C1) shall be automatically included in the proposal, items were already locked in the BPS.

8.2 Identification of remaining priority items for procurement:

P2/C2 – Priority 2 (Purchase Requisition-P2/Contact-C2) shall refer to project items that must be delivered on the 3rd quarter of the budget year.

P3/C3 – shall refer to project items that must be delivered on the 4th quarter of the budget year.

8.3 Factors for consideration of projects/items for inclusion in the FY 2020 PPMP in the Oracle-Budget Preparation System (BPS):

8.3.1 Item for PR preparation in 2020 and for implementation/completion/delivery/ services to be rendered in FY 2020 or beyond.

8.3.2 Deliveries of items which are currently in procurement process/stage which may be delayed and uncertain to be completed in FY 2019 and would probably transpire in FY 2020.

8.4 Editing of Mode of Procurement (MOP) in the BPS:

8.4.1 After completion of the budget realignment data entry, editing of the Mode of Procurement (MOP) should be undertaken the following day or at 6:00 pm after 5:00 pm cut-off of initialization process done at Head Office on a daily basis.

8.4.2 In case the MOP editing was completed and another budget adjustment in the BPS is necessary, revise the proposed budget and edit the MOP on the following day or at 6:00 pm after cut-off of 5:00 pm initialization process done at HO.

8.5 Printing of FY 2020 PPMP Report generated from the Oracle-BPS is required.

9. REALIGNMENT OF NON-PPMP ITEMS

9.1 Shall refer to projects/items which will no longer subject to procurement in FY 2020, included for **Budget Purposes Only**. With PPMP indicator **N**.

9.2 If necessary, these items may be realigned/adjusted in the BPS.

10. OTHER BUDGET ITEMS FOR CONSIDERATION:

- 10.1 Compliance with specific budget guidelines/policies emanating from DBM and NPC circulars and memoranda which institutes policy on fiscal responsibility and cost cutting measures.
- 10.2 Appropriate classification of expenses/accounts following the existing accounting manual.
- 10.3 Consideration of other factors such as bidding and procurement process, manpower compliment and funding constraints in the implementation of projects.
- 10.4 Basis for the regular and recurring expenses should consider historical/actual budget utilization.

11. ORACLE-BUDGET PREPARATION SYSTEM (BPS)

All MC's shall update/realign their FY 2020 MOOE and CAPEX budget using the Oracle-Budget Preparation System (BPS) on date prescribed by FPBPRD.

12. DIVISION/DEPARTMENT RECOMMENDED BUDGET LEVEL

Recommended budget cap distribution was prescribed in accordance with:

- Line-up of activities submitted in for the 3-Year (FY 2020-2022) Budget Call requirement; and
- Based on actual 2018 utilization for regular and recurring expenses.

13. REQUIRED PROPOSED BUDGET FORMS FOR SUBMISSION

13.1 BPS Forms:

FORMS		
	200	SUMMARY STATEMENT OF FUNCTIONS AND OBJECTIVES
	201	SUMMARY STATEMENT OF ACTIO PLAN/ASSUMPTIONS/RATIONALE
OPEX		
	ALL BPS-OPEX FORMS	ALL FORMS WITH DATA ENTRY
	BPS – 301 A to C	MANPOWER SERVICES BUDGET
	BPS – 200G	SUMMARY OF PROPOSED OPERATING EXPENSES (GROSS)
	BPS – 202G	QUARTERLY SUMMARY OF OPERATING EXPENSES (PS & MOOE) (GROSS)
	BPS – 209G	SUMMARY OF MAINTENANCE (JO) BUDGET (GROSS)
	BPS – 213G	SUMMARY OF OPERATION EXPENSES - PLANTS, T/L & S/S (GROSS)
CAPEX		
	BPS – 407	PROPOSED PURCHASE OF EQUIPMENT (PER MC)
	BPS – 414	PROPOSED PURCHASE OF SPARES (PER MC)
	BPS – 418	PROPOSED OF WORK ORDER BUDGET (PER MC)
PPMP		
	BPS_PPMP.RDF	PROPOSED BUDGET & PPMP

13.2 Schedule 2 – FY 2020 Proposed Realigned OMA - Work Order/Spares/GPE/Job Order Maintenance/Operation Justification (PSALM required schedule for the Technical Budget Review)

- Accomplish schedule for any proposed new item/activity/project which is not part of the PSALM original recommended level which should be supported by an explanation/justification. Likewise, the identified activity/project source should be accompanied by explanation as to why this is for non-inclusion.