

[DBM CORPORATE BUDGET CIRCULAR NO. 17, February 09, 1996]

UPDATING AND CLARIFYING THE GUIDELINES IN THE GRANT OF AUTHORITY TO PURCHASE EQUIPMENT

1.0 OBJECTIVES

- 1.1 To update and clarify the guidelines in the grant of authority to GOCCs/GFIs to purchase equipment;
- 1.2 To simplify procedures in the grant of authority for the purchase of equipment incorporated in the corporate operating budgets of GOCCs/GFIs; and
- 1.3 To enable heads of GOCCs/GFIs to acquire the necessary equipment in time for the implementation of their respective programs and projects.

2.0 COVERAGE

All requests of GOCCs/GFIs for authority to purchase equipment , as incorporated in their respective corporate operating budgets submitted pursuant to Executive Order No. 518, dated 23 January 1979.

3.0 DEFINITION OF TERMS

For purposes of this Circular, the following terms shall mean:

- 3.1 *Budgetary Support to Government Corporations* — The National Government (NG) assistance to GOCCs in the form of equity, subsidy, relent loan proceeds or advances for servicing of debts guaranteed by the national government.
- 3.2 *Borrowings* — funds obtained from repayable sources including relent loans and/or advances for debt servicing from NG, from financial institutions and other sources , both domestic and external, to finance development projects and corporate programs.
- 3.3 *Communication Equipment* — electrical or electoracoustic device used to transmit data/ information/facts or a device that transmits data thru electromagnetic waves.
- 3.4 *Budget Estimates* — refers to the budget proposal of the GOCC/GFI for the ensuing year pursuant to the Annual Corporate Budget Call issued by DBM.
- 3.5 *Budget of Expenditures and Sources of Financing (BESF)* — refers to budget proposals of the National Government submitted by the President to Congress pursuant to Article VII Section 22 of the Constitution.

3.6 *Corporate Funds* — include the following:

3.6.1 Corporate Income — operating receipts earned during the year in the course of business transactions.

3.6.2 Equity Contribution from Private Sector and other Government Entity — capital contribution by private individuals or institutions and by public entities other than the national government as mandated by the respective charters of concerned GOOCs/GFIs.

3.6.3 Others — receipts from other sources not included but not limited to, collections of prior years' receivables, beginning cash balance, other non—operating receipts and retirement of investments.

3.7 *Corporate Operating Budget (COB)* — refers to the estimates of revenues, expenditures and other funding sources of the GOCC/GFI of a particular budget year as recommended by the Governing Board of the corporation and approved by the President pursuant to E.O. No. 518.

3.8 *Equipment* — those items provided under Section 378 of the COA Standard Government Chart of Accounts, 1992 Revised Edition, specifically categorized under the account code 4-36-000 which includes furniture, fixtures, equipment, and books, the cost of which shall not be lower than P1,500 as prescribed by COA, with serviceable life of more than one year and which add to the assets of the government.

3.9 *Furniture and Fixtures* — movable or immovable articles/equipment of necessity/convenience or decoration used to furnish living quarters, offices and public buildings.

3.10 *Information Technology Equipment* — totality of means employed to systematically collect, process, store, present and share information in support of human intellectual activities. It encompasses the use of computer technology and telecommunication as well as any technology that deals with modern application of computers or of telecommunications or both.

4.0 GENERAL GUIDELINES

4.1 GOCCs/GFIs are hereby authorized to purchase equipment proposed for the calendar year under the following conditions:

4.1.1 The annual equipment procurement program* (AEPP) has been included in the budget estimates submitted to the Department of Budget and Management (DBM) in compliance with the Corporate Budget Call.

4.1.2 The said budget estimate is part of the consolidated Financial Statements of GOCCs/GFIs as reflected in the BESF submitted by the President to Congress.

4.1.3 The same amount has been incorporated in the COB of the corporation duly approved by their respective Board.