

PROVIDING GUIDELINES FOR THE BOARDS AND MANAGEMENT OF GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS IN THE PERFORMANCE OF THEIR FUNCTIONS

ADMINISTRATIVE ORDER NO. 156, January 17, 1969

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WHEREAS, government-owned or controlled corporations have been organized to effectively contribute to the economic development of the country, particularly in those areas where the Government, by itself, has been found rather inadequate;

WHEREAS, the functions of the Board of Directors of government-owned or controlled corporations are primarily to formulate and determine corporate policies;

WHEREAS, the performance of government-owned or controlled corporations have, in some cases, been discovered as being hampered by the active participation of members of the Board of Directors in the day-to-day operations and activities of their respective corporations;

WHEREAS, such acts encroach upon the proper functions of Management and tend to create confusion and friction between Board and Management;

WHEREAS, a harmonious relationship between Board and Management would be most conducive to the implementation and achievement of the respective pre-determined goals of government-owned or controlled corporations;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by law, do hereby promulgate the following guidelines, for the proper observance of Board of Directors and Managements of all government-owned or controlled corporations:

1. The Board is a policy-determining body and shall provide only major guidelines for Management to carry out administrative responsibility for the corporation. As such, it should limit itself to policy matters and major corporate decisions along the following areas of responsibility, in addition to the functions enumerated in, and provided that these do not contravene, the respective corporate charters.

- a. To draw up broad policies of the corporation which shall serve as guideposts for the operation of Management;
- b. To appoint, remove for cause, and fix the compensation of the General Manager, Assistant General Manager and departments heads, and to assess their performance, as may be allowed by applicable law;
- c. To safeguard corporation assets, and approve issues of securities, pledge of assets and conveyance of properties ;
- d. Upon recommendation of the General Manager, to approve important financial matters such as budgets, supplementary appropriations, award of contracts and financial audits;
- e. To delegate special powers to sign contracts, open bank accounts, sign checks and such other activities as

may require its approval.

2. Subject to the provisions of the respective charters of the corporations, the Board shall limit the frequency of its regular and special meetings to such number as is really necessary or required by the exigencies of its functions.
3. The Board should act as a body collectively and not individually, its responsibility being along specific areas of guidance, policy determination, review and consideration of action taken by management, or formulation of judgment on management performance, and taking such corrective action with respect to certain actuations previously pursued, as may be necessary or advisable.
4. Board members, as such, shall not represent the corporation in transaction with third parties nor should they concern themselves with day-to-day detailed business operations and activities of the corporation.
5. Management, through a regular system, must provide the Board with continuing information and data to enable the Board to exercise intelligently its policy-making powers as well as its other functions.

As used herein, the term "Board of Directors" or "Board" shall also refer to its equivalent in other government-owned or controlled corporations, such as the Commission, Board of Governors, Board of Trustees, and the like.

Done in the City of Manila, this 17th day of January, in the year of Our Lord, nineteen hundred and sixty-nine.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

By the President:

(Sgd.) RAFAEL M. SALAS
Executive Secretary

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