



## **MEMORANDUM 2015**

**SUBJECT: Guidelines on the Grant of the Performance-Based Bonus for Fiscal Year 2015**

### **1.0 PURPOSE**

This Memorandum Circular contains the criteria and conditions for the grant of Performance-Based Bonus (PBB) in FY 2015. The guidelines specify new requirements such as:

1.1 Use of the Strategic Performance Management System (SPMS) as basis for ranking Performance of First and Second level employees;

1.2 Compliance to Public Financial Management (PFM) reporting requirements of the Commission on Audit (COA) and Department of Budget and Management (DBM);

1.3 Adoption and use of the Agency Procurement Compliance and Performance Indicators (APCPI) System;

1.4 Compliance with Section 3e of Administrative Order (AO) No. 46 s.2015 which requires agencies to submit their respective Annual Procurement Plan (APP);

### **2.0 COVERAGE**

2.1 This circular covers all NM officials and employees of eligible divisions holding regular plantilla positions; and contractual and casual personnel having an employer-employee relationship with the said agency, and whose compensation is charged to the lump sum appropriation under Personnel Services, or those occupying positions in the DBM approved contractual staffing pattern of the agencies concerned, are covered by this Circular.

### **3.0 ELIGIBILITY CRITERIA**

3.1 Each agency must satisfy the following conditions;

a. Achieve at least 90% of each one of the Congress-approved performance targets for the delivery of Major Final Outputs (MFOs) under the Performance Informed Budget (PIB) of the FY 2015 GAA, and the targets for Support to Operations (STO) and General Administration and Support Services (GASS)

b. Satisfy 100% of the good governance conditions set by the AO 25 Inter-Agency Task Force (IATF) for FY 2015; and

c. Use the CSC-approved SPMS in rating and ranking First and Second Level employees and officials of the NM, including officials holding managerial and director positions but are not

presidential appointees; and Career Executive Service Performance Evaluation System (CESPES) in rating and ranking of Career Executive Service (CES) officials and incumbents of CES positions.

#### **4.0 FY 2015 PERFORMANCE TARGETS**

4.1 All MFO indicators and targets in the FY 2015 Performance-Informed Budget approved by Congress shall be the basis for assessing eligibility for the PBB.

4.2 In addition to the STO indicators and targets in the FY 2015 Performance-Informed Budget, Departments/Agencies shall include the following:

a. Quality Management System (QMS) for at least one core process certified by any international certifying body approved by the IATF or the submission of an Operations Manual covering selected core processes or areas of operation.

a. STO target identified in accordance with the priority of the agency head.

4.3 The GASS targets shall be:

a. Budget Utilization Rate (BUR), which shall consist of:

a.1 Obligations BUR computed as obligations against all allotments issued for FY 2015, including those released under the "GAA as a release document" policy; and

a.2. Disbursement BUR which is measured by the ratio of total disbursement (cash and non-cash, excluding personnel services) to total obligations for maintenance and other (MOOE) and capital outlays (CO) in FY 2015.

b. Compliance to Public Financial Management (PFM) reporting requirements of the COA and DBM in accordance with the prescribed content and period of submission under existing laws, rules and regulations.

This includes the following:

Budget and Financial Accountability Reports (BFARs)

b.2. Report on Ageing of Cash Advances

b.3. COA Financial Reports (Statement of Financial Position; Statement of Financial Performance; Statement of Changes in Net Assets/Equity; Statement of Cash Flows; Statement of Comparison of Budget and Actual Amounts; and Notes to Financial Statements)[per COA Resolution 2014-003].

c. Adoption and use of the 2014 Agency Procurement Compliance and Performance Indicators (APCPI) System per GPPB Resolution No. 10-2012, (applicable to the agencies who are in the list of trained agencies for APCPI )

d. Submission -of agency Annual Procurement Plan (APP) based on the approved budget in the GAA to the Government Procurement Policy Board (GPPB) and its Technical Support Office (TSO), as prescribed by Section 3e of AO No. 46 s.2015.

3. Agencies should send a scanned copy of the APP to GPPB-TSO's email: **monitoringAcippb.gov.ph**, instead of an Excel file or hard copy.

4. In case a department/agency is assessed to have deficiencies in meeting its performance commitments, the Head of Agency may request for re-evaluation of their compliance status and submit the justification/s to warrant a reconsideration of the initial assessment results. For the purpose of re-evaluation, justifiable reasons are factors that are considered outside of the control of the agency.

## **5.0 GOOD GOVERNANCE CONDITIONS**

5.1 For FY 2015, the IATF has set three (3) good governance conditions based on the performance drivers of the Results-Based Performance Management System (RBPMS):

- a. Maintain/Update the Agency Transparency Seal;
- b. Maintain/Update the PhilGEPS posting; and
- c. Maintain/Update the Citizen's or Service Charter or its equivalent.

5.2 Agency Transparency Seal page should be accessible by clicking on the TS logo on the Home page.

Agency Transparency Seal should contain the following documents:

- a. Agency mandate, vision, mission and list of officials
- b. Quarterly and Annual Financial Reports
  - b.1 For NGAs/SUCs
    - b.1.1 FY 2013 to FY 2015 FAR No. 1: SAAOBDB
    - b.1.2 FY 2013 to FY 2015 Summary Report on Disbursements
    - b.1.3 FY 2013 to FY 2015 BAR No.1 — Quarterly Physical Report of Operations/Physical Plan
  - b.2.1 FY 2013 to FY 2015 Annual Reports
- c. DBM-Approved Budget and Targets for FY 2015
- d. Programs, Projects, and Activities, Beneficiaries, and Status of Implementation for FY 2015. If this portion is not applicable, agencies should indicate "not applicable" (NA).
- e. Annual procurement plan (APP) FY 2015

5.3 Agency Transparency Seal should include the posting of the agency's i) system of ranking delivery units and individuals; and agency Operations Manual

5.4 The system of ranking delivery units and individuals should be posted in the agency transparency seal

## **6.0 ELIGIBILITY OF INDIVIDUALS**

6.1 The eligibility of the Executive Director, Heads of Other Executive Offices, shall be based on the eligibility of the respective department/agency. Their PBB rate shall be fixed at P35,000 for FY 2015.

6.2 Employees belonging to the First and Second Levels should receive a rating of at least "Satisfactory" based on the agency's CSC-approved Strategic Performance Management System (SPMS).

6.3 Third Level officials should receive a rating of at least "Very Satisfactory" under the CESPES. CESPES covers all incumbents of CES positions in various agencies of the national government including GOCCs with original charters, for an uninterrupted period of at least three (3) months. Payment of the PBB to Third Level officials shall be contingent on the release of results of the CESPES.

6.4 Other officials performing managerial and executive functions who are not presidential appointees are covered by the agency's CSC-approved SPMS and should receive a rating of at least "Satisfactory".

6.7 Personnel on detail to another government agency for six (6) months or more shall be included in the ranking of employees in the recipient agency that rated his/her performance. Payment of the PBB shall come from the mother agency.

6.8 Personnel who transferred from one government agency to another agency shall be rated and ranked by the agency where he/she served the longest. If equal months were served for each agency, he/she will be included in the recipient agency.

6.9 An employee who has rendered a minimum of nine (9) months of service during the fiscal year and with a performance rating in accordance with items 6.4 and 6.5 hereof may be eligible to the full grant of the PBB.

6.10 An employee who rendered a minimum of three (3) months but less than nine (9) months of service and with the required performance rating shall be eligible for the grant of PBB on a pro-rata basis.

The PBB of employees shall be pro-rated corresponding to the actual length of service rendered, as follows:

**Length of Service % of PBB**

8 months but less than 9 months 90%  
7 months but less than 8 months 80%  
6 months but less than 7 months 70%  
5 months but less than 6 months 60%  
4 months but less than 5 months 50%  
3 months but less than 4 months 40%

The following are the valid reasons for an employee who may not meet the nine-month actual service requirement to be considered for PBB on a pro-rata basis:

a. Being a newly hired employee;

- b. Retirement;
- c. Resignation;
- d. Rehabilitation Leave;
- e. Maternity Leave and/or Paternity Leave;
- f. Vacation or Sick Leave with or without pay;
- g. Scholarship/Study Leave;
- h. Sabbatical Leave

6.11 An employee who is on vacation or sick leave, with or without pay for the entire year, is not eligible to the grant of the PBB.

6.12 Personnel found guilty of administrative and/or criminal cases filed against them and meted penalty in FY 2015 shall not be entitled to the PBB. If the penalty meted out is only a reprimand, such penalty shall not cause the disqualification to the PBB.

6.13 Officials and employees who failed to submit the 2014 SALN as prescribed in the rules provided under CSC Memorandum Circular No. 3 (s.2015), shall not be entitled to the FY 2015. PBB.

6.14 Officials and employees who failed to liquidate Cash Advances received in FY 2015 within the reglementary period as required by the COA shall not be entitled to the FY 2015 PBB.

6.15 Agency heads should ensure that officials and employees covered by RA 6713 submitted their 2014 SALN to the respective SALN repository agencies as prescribed in the rules provided under CSC Memorandum Circular No. 3 (s.2015) and also liquidated FY 2015 Cash Advances, as this will be a basis for the release of FY 2015 PBB to individuals.

## **7.0 RANKING OF DELIVERY UNITS AND INDIVIDUALS**

7.1 Agencies and their corresponding offices/delivery units that meet the criteria and conditions in Section 3.1 are eligible to the PBB for FY 2015. Bureaus, offices or delivery units eligible to the PBB shall be forced ranked according to the following categories:

### **Ranking Performance Category**

Top 10% Best Bureau/Office/Delivery Unit

### **Ranking Performance Category**

Next 25% Better Bureau/Office/Delivery Unit

Next 65% Good Bureau/Office/Delivery Unit

7.2 Agencies that meet at least 90% of each one of the FY 2015 targets of the Head of Agency

in addition to the criteria and conditions in Section 3.1, shall force rank the offices/delivery units eligible to the PBB according to the following categories:

### **Ranking Performance Category**

Top 15% Best Bureau/Office/Delivery Unit

Next 30% Better Bureau/Office/Delivery Unit

Next 55% Good Bureau/Office/Delivery Unit

7.3 To facilitate the ranking of delivery units, agencies should consider similarities of task and responsibilities to determine the most appropriate grouping or clustering of delivery units and individuals for purposes of evaluating and ranking group and individual performance.

7.4 Only the personnel belonging to eligible bureaus, offices or delivery units are qualified for the PBB.

7.5 Officials and employees of bureaus, offices or delivery units that qualified for the PBB, based on the criteria and conditions set in Sections 7.1 and 7.2, shall be forced ranked subject to the estimated budget ceiling per agency for FY 2015 PBB.

### **For the best bureau, office or delivery unit: Ranking Individual Performance Category**

Top 20% Best Performer

Next 35% Better Performer

Next 45% Good Performer

### **For the better bureau, office or delivery unit: Ranking Individual Performance Category**

Top 15% Best Performer

Next 30% Better Performer

Next 55% Good Performer

### **For the good bureau, office or delivery unit: Ranking Individual Performance Category**

Top 10% Best Performer

Next 25% Better Performer

Next 65% Good Performer

7.6 Eligibility of attached agencies is no longer dependent on the eligibility of the entire department/agency. Payout to attached agencies will be given separately in case one of them is not eligible.

7.7 Officials belonging to the Third Level who receive "Satisfactory" rating under the CESPES, and employees belonging to the First and Second Levels who receive a "Below Satisfactory" rating under the CSC-approved SPMS shall **not** be eligible to the PBB.

7.8 The resulting ranking of offices/delivery units and the personnel therein shall be indicated in Form 1.0

## **8.0 SUBMISSION OF REPORTS**

8.1 Submit duly completed and signed forms and reports to the IATF (two hard copies and copy of Forms A, A-1, and other supporting documents) through the AO 25 Secretariat,

which shall endorse copies to the oversight/validating agencies for review/evaluation. All forms and reports should be signed by agency head.

8.2 COA financial reports including the Report on Ageing of Cash Advances shall be submitted to COA in accordance with the mandated period of submission. COA will provide the IATF the list of agencies that complied with this condition.

a. To be eligible, the agency must be able to submit the FY 2014 financial reports not later than March 31, 2015. Large Agencies are given consideration until April 30, 2015.

b. Meanwhile, agencies must submit to COA the Report on Ageing of Cash Advance with a cut-off date of November 15, 2015 to the respective resident Auditors on or December 1, 2015. Upon validation, the Resident COA Auditor will be responsible to forward the validated Report on Ageing of Cash Advances to their respective Supervising Auditor/Cluster Director for proper transmittal to Risk Management and Budget Office in the COA Head Office.

8.3 DBM financial reports including BFARs shall be submitted directly to DBM.

8.4 NM should directly submit to PhilGEPS e-copies of duly accomplished Certificate of Compliance (CoC) by the HOPE and BAC Chair thru pbb@philgeps.gov.ph.

8.5 For the Transparency Seal and ARTA, certification of compliance is no longer necessary since the concerned oversight agency shall be conducting random validation based on the agreed monitoring schedule.

8.6 The Agency should submit FY 2015 accomplishments using Forms A, A-1

8.8 The IATF shall conduct spot-checks to validate claims and certifications made by Departments / agencies.

## **9.0 COMPLIANCE VALIDATION**

As with the previous cycles of the PBB, the following oversight agencies are tasked to conduct the validation of the PBB requirement;

## **10.0 EFFECTS OF NON-COMPLIANCE**

10.1 For FY 2015 agencies that are unable to comply with all the good governance conditions

10.2 Upon determination, after due process by the oversight agency, of misrepresentation in shall be considered ineligible for the PBB FY 2015. The submitted reports for the PBB, commission of fraud in the payment of the PBB and violation of the provisions of these Guidelines, a Department/Agency shall be disqualified from the PBB in the succeeding year of its implementation. Moreover, the CSC or Ombudsman shall file the appropriate administrative case.

10.3 Agencies that are found to evenly distribute PBB among employees, shall be warned and investigated by the IATF. If found guilty, the Task Force has the right to withhold bonuses of these agencies.

## **11.0 FEEDBACK AND CHANGE MANAGEMENT**

11.1 Head of Agency with the support of their Performance Management Groups (PMGs) shall develop and implement an internal communications strategy on PBIS, and fulfill the following:

- a. Engage their respective employees in understanding the PBIS, the performance targets of their respective departments/agencies, as well as the services and outputs that they will need to deliver in order to meet these targets.
- b. Disseminate the performance targets and accomplishments of their departments/agencies to their employees through the intranet and other means, as well as publish these on their respective websites / transparency seal for the public's information.
- c. Set up a Help Desk to respond to queries and comments on the targets and accomplishments of their agencies. The Help Desk may be a facility that is embedded in the respective websites of departments/agencies.
- d. Set up a Complaints Mechanism to respond to the PBIS-related issues and concerns raised by officials and employees of their respective departments/agencies. Such may be incorporated in the functions of their Grievance Committee.

11.2 The Head of Agency shall designate 2 senior officials who shall serve as a PBB focal person. The offices responsible for the performance management may be tasked to provide secretariat support to the PMG and to recommend strategies to instill a culture of performance within the department/agency.

## **12. EFFECTIVITY**

This Memorandum Circular shall take effect immediately.

JEREMY BARNES  
Director IV