



**INTER-AGENCY TASK FORCE ON THE HARMONIZATION OF
NATIONAL GOVERNMENT PERFORMANCE MONITORING, INFORMATION AND REPORTING SYSTEMS**
(Administrative Order No. 25 s. 2011)

MEMORANDUM CIRCULAR NO. 2014-01

April 21, 2014

TO : All Heads of Departments, Bureaus, Offices and other Agencies of the National Government, including State Universities and Colleges, and Government-Owned or-Controlled Corporations

SUBJECT: Supplemental Guidelines on the Grant of the Performance-Based Bonus for Fiscal Year 2014 under Executive Order No. 80

1.0 PURPOSE

This Memorandum Circular contains the criteria and conditions for the grant of Performance-Based Bonus (PBB) in FY 2014. The guidelines specify new requirements such as (a) the adoption of targets based on the Congress-approved Performance Informed Budget (PIB) in the FY 2014 Government Appropriations Act (GAA) and OP Planning Tool; (b) the use of the Strategic Performance Management System (SPMS) as the preferable basis for the individual ranking of First and Second level employees for agencies whose SPMS has been approved by the Civil Service Commission (CSC); (c) changes in percentage distribution in ranking; and (d) simplified submission of requirements.

2.0 COVERAGE

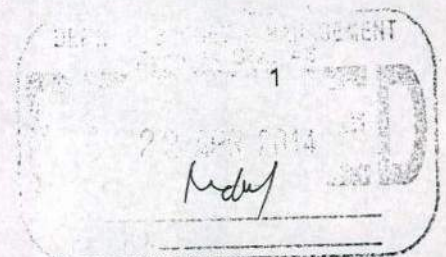
The agencies covered by the PBB are the same as those provided in MC 2013-01 with the inclusion of local water districts (LWDs).

The PBB implementation for LWDs shall be coordinated with the Local Water Utilities Administration (LWUA). The performance bonus of eligible LWDs shall be sourced from their respective corporate funds.

3.0 ELIGIBILITY CRITERIA

3.1 To be eligible for FY 2014 PBB, a department/agency must satisfy the following criteria:

- 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)/GAA of 2014 and the targets for Support to Operations (STO) and General Administrative and Support Services (GASS);



- b. Achieve at least 90% of each one of the priority program/project targets agreed with the President under the five Key Result Areas of Executive Order (EO) No. 43; and,
 - c. Satisfy 100% of the good governance conditions set by the AO 25 Interagency Task Force (IATF) for FY 2014.
- 3.2 To be eligible for a higher percentage distribution in the ranking of delivery units (as in Section 6.2), a department/agency must achieve at least 90% of each one of the additional targets of the Secretary/Head of Agency as reflected in the OP Planning Tool Form 1 and under the Ease of Doing Business targets, in addition to the criteria in Section 3.1.

4.0 FY 2014 PERFORMANCE TARGETS

- 4.1 Form A (*Annex 1*) shall contain all MFO indicators and targets as reflected in the 2014 Performance-Informed Budget approved by Congress, and the common STO and GASS indicators and targets. These Congress-approved PIB/GAA targets shall be updated in cases where the agency has achieved a higher accomplishment in 2013 since the PBB is intended as a reward for improved levels of performance.
- a. For STO, the common target should be the establishment of a Quality Management System aligned with ISO standards or the continuing certification of one front line service, whichever is applicable (Refer to *Annex 1* for sample milestone targets). The agency can identify the second performance target according to the priority of the agency head.
 - b. For GASS, the budget utilization rate (BUR), will consist of two measures: 1) "obligations BUR" which shall be computed as obligations against all allotments issued for FY 2014, including the additional releases from special purpose funds; and 2) the "disbursement BUR" as provided for in the 2013 PBB guidelines (as clarified in MC 2013-01-A; refer to *Annex 1* for the computation of these ratios. The compliance to COA reporting requirements in accordance to the content and period of submission under Section 41 of PD 1445; as well as the COA mandated submission of the Report on Ageing of Cash Advances, shall be adopted as common performance indicators.
- 4.2 Form A-1 (*Annex 2*) shall contain the cascaded performance targets of the delivery units.
- 4.3 As in previous guideline, Form B (*Annex 3*) shall contain the priority program/project targets agreed with the President under the five KRAs of EO 43 (*Annex 4*). The Ease of Doing Business targets set by the National Competitive Council (NCC) shall also be added to the targets of agencies concerned under Form B.

- 4.4 The FY 2014 commitments of the Department Secretary/Head of Agency approved by the President/Office of the Cabinet Secretary as reflected in the OP Planning Tool Form 1 (i.e. for performance targets for activities or strategies over and above/not reflected in the Congress-approved PIB/GAA targets) shall be treated as additional accomplishments which could qualify the department/agency to a higher percentage of distribution in ranking delivery units (as in Section 6.2).

5.0 GOOD GOVERNANCE CONDITIONS

For FY 2014, the IATF set four 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;
- c. Maintain/Update the Citizen's Charter or its equivalent Service Charter, completing the reflection of 3 improvements in the front line services specified in the 2013 PBB guidelines (MC 2013-1); and,
- d. Compliance with submission and review of SALN of officials and employees.

6.0 ELIGIBILITY AND RANKING

For FY 2014, the ranking of eligible delivery units would be according to Section 6.1 or Section 6.2 depending on the physical accomplishments of the department/agency.

- 6.1 Departments/agencies and their corresponding bureaus/offices/delivery units that meet the criteria and conditions in Section 3.1 are eligible to the PBB for FY 2014. Bureaus or 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
Next 25%	Better Bureau/Office/Delivery Unit
Next 65%	Good Bureau/Office/Delivery Unit

- 6.2 Departments/Agencies that meet at least 90% of each one of the FY 2014 targets of the Secretary/Head of Agency for activities/strategies other than those in the Congress approved PIB/GAA as reflected in the OP Planning Tool Form 1 and under the Ease of Doing Business targets, in addition to the criteria and conditions in Section 3.1, shall force rank the bureaus/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

- 6.3 Only the personnel belonging to eligible attached agencies, bureaus, offices or delivery units are qualified for the PBB. The personnel covered is the same as in previous guideline.
- 6.4 Officials and employees of bureaus, offices or delivery units that qualified for the PBB, based on the criteria and conditions set in Sections 6.1, 6.2 and 6.3, shall be forced ranked as follows:

For the best bureaus:

Ranking	Individual Performance Category
Top 20%	Best Performer
Next 35%	Better Performer
Next 45%	Good Performer

For the better bureaus:

Ranking	Individual Performance Category
Top 15%	Best Performer
Next 30%	Better Performer
Next 55%	Good Performer

For the good bureaus:

Ranking	Individual Performance Category
Top 10%	Best Performer
Next 25%	Better Performer
Next 65%	Good Performer

- 6.5 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.
- 6.6 The resulting ranking of bureaus/offices/delivery units and the personnel therein shall be indicated in Form 1.0 (*Annex 5*).

7.0 SUBMISSION OF TARGETS, REPORTING AND VALIDATION

- 7.1 Submission of duly completed and signed forms and reports to the IATF (two hard copies and e-copy) shall be made through the AO 25 Secretariat, which shall in turn endorse copies to the oversight agencies for review/evaluation.
- 7.2 Departments/Agencies shall submit Forms A, A-1 and B indicating the PBB targets for FY 2014 on or before 15 May 2014. The targets finally approved by the IATF shall update the PIB targets submitted under

National Budget Circular 550 and the agencies shall adopt and reflect these and their quarterly breakdown in the Online BED System of the DBM.

- 7.3 The quarterly accomplishment of the updated PIB targets shall be reported as required by DBM under NBC 550. The Online BAR System being developed by DBM will be used by the IATF to monitor the compliance of agencies to their Form A and Form A-1 targets under PBB.
- 7.4 Departments/Agencies shall submit the certification of compliance with SALN together with the list of personnel who submitted (*Annex 6*) on or before 31 July 2014.
- 7.5 Departments/Agencies shall submit the consolidated financial reports of the department and its regional offices/attached agencies, as well as the consolidated Report on Ageing of Cash Advances directly 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 financial reports not later than March 31, 2014. (Large Agencies are given consideration until April 30, 2014 – see *Annex 7 for list of Large Agencies*).
 - b. Meanwhile, the agency must submit to COA the Report on Ageing of Cash Advance on or before December 1, 2014. The cut-off date for the report on cash advances is November 15, 2014.
- 7.6 PhilGEPS will provide a system where the department/agency can directly generate the "Certificate of Compliance" in an Excel file, and update the status of bid activities whether "on-going", "cancelled", "failed", etc. The cut-off date for PhilGEPS transactions is November 15, 2014. The electronic and signed hard copies of the Certification shall be submitted to the AO 25 Secretariat on or before December 1, 2014.
- 7.7 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.
- 7.8 Departments/Agencies who already met at least 90% of all physical targets by November 30, 2014 shall submit FY 2014 accomplishments using Forms A, A-1 and B and Form 1.0 on or before December 10, 2014. For those who need to take until December 31, 2014 to meet at least 90% of their physical targets, the accomplishment reports should be submitted on or before January 30, 2015. The March 31, 2015 cut-off date to accomplish physical targets is only applicable to the Department of Education in which case, the submission of the DepEd accomplishments is on or before April 10, 2015.

Departments/Agencies shall also submit the accomplishments under the OP Planning Tool targets together with the other Forms to be entitled to

the higher incentives under Section 6.2. The units responsible for the accomplishment of the Planning Tool targets should be reflected in the submission.

- 7.9 The IATF shall conduct spot-checks to validate claims and certifications made by departments/agencies. Selected CSOs may also be invited to the discussion of targets and accomplishments of departments/agencies for greater transparency and accountability. Third party validation on selected program accomplishments may also be employed.

8.0 INFORMATION AND COMMUNICATION

- 8.1 The Department Secretary/Head of Agency shall confirm with the IATF the name, position and contact details (e-mail, landline, facsimile, cellular phone) of the senior officials designated as the PBB focal person and the spokesperson, respectively.
- 8.2 Departments/Agencies should strengthen their communications strategy and ensure transparency and accountability in the implementation of the PBB.
- 8.3 The IATF shall maintain the following communication channels:
- a. AO 25 Secretariat at ao25secretariat@dap.edu.ph
 - b. PBIS Info Board
 - c. PCDSPO e-mail at pbb@gov.ph
 - d. Text hotline (Smart: +63920.498.9121)
 - e. Facebook (www.facebook.com – search “Performance based Bonus”)
 - f. Twitter: [@govph_pbb](https://twitter.com/govph_pbb)

9.0 TIMELINE FOR FY 2014 IMPLEMENTATION

Activity	Deadline
Submission of PBB Targets using Forms A, A1 and B to the IATF	On or before May 15, 2014
Submission of Financial Reports to COA	On or before March 31, 2014
Submission of Financial Reports to COA (<i>for Big Agencies</i>)	On or before April 30, 2014
Submission of Certification of Compliance with SALN	On or before July 31, 2014
Submission of Report on Ageing of Cash Advance Liquidation (with November 15, 2014 as cut-off)	On or before December 1, 2014
Submission of Certificate of Compliance with PhilGEPS (with November 15, 2014 as cut-off)	On or before December 1, 2014

Activity	Deadline
Submission of accomplishments using Forms A, A1 and B, and Form 1.0	
a. With November 30, 2014 as cut-off date	On or before December 10, 2014
b. With December 31, 2014 as cut-off date	On or before January 30, 2015
c. With March 31, 2015 as cut-off date (FOR DEPED ONLY)	On or before April 10, 2015

10.0 APPLICABILITY TO THE CONSTITUTIONAL BODIES, LEGISLATIVE AND JUDICIAL BRANCHES

Congress, the Judiciary, Constitutional Commissions, and the Office of the Ombudsman are encouraged to follow these guidelines to be eligible to the Performance-Based Bonus.

11.0 EFFECTIVITY

This Circular shall take effect immediately.

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FLORENCIO B. ABAD



Secretary, Department of Budget and Management
and Chairman, AO 25 Inter-Agency Task Force