



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- 02

October 8, 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: Clarification on the Coverage, Setting of Performance Indicators, Targets and the Good Governance Conditions in line with the Grant of FY 2014 PBB

1.0 FY 2014 Performance Indicators and Targets – Forms A, A1 and B

- 1.1. Section 4.1 of the Supplemental Guidelines on the Grant of the PBB for Fiscal Year 2014 under EO80 or MC 2014-01 states that “Form A 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.”
- 1.2. In setting 2014 PBB targets, departments with attached agencies are given flexibility to:
 - a. Enroll all MFOs and PIs of the department and its attached agencies but Form A1 should reflect the cascaded targets by Delivery Unit; or
 - b. Submit an integrated Form A with consolidated/summary PIs – covering both the agency proper and its attached agencies’ PIs – while all other indicators are reflected in Form A1.
- 1.3. The above provision (Section 1.2 of this MC) will only apply to Departments with attached agencies. Constitutional Offices (CO), Other Executive Offices (OEOs), State Universities and Colleges (SUCs) and Government Owned and Government Owned or Controlled Corporations (GOCCs) covered by DBM need only refer to the provision under section 4.1 of MC 2014-01.
- 1.4. Section 4.3 of MC 2014-01 states that “Form B shall contain the priority program/project targets agreed with the President under five KRAs of EO 43. The Ease of Doing Business targets set by the National Competitiveness Council shall also be added to the targets of agencies concerned under Form B.” In addition, 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 should also be indicated in the agency Form B.

- 1.5. In setting performance indicators and targets, agencies must bear in mind that to be eligible for the 2014 PBB, the agency must achieve the minimum threshold of 90% for each MFO indicators that they enrolled and reflected in Form A. The accomplishments as indicated in the forms shall be validated against those reflected in the full year Quarterly Physical Report of Operations (BAR No.1) submitted by the agency per COA-DBM Joint Circular No. 2014-1 dated 2 July 2014.
- 1.6. Per 4.1.b of MC 2014-01, agencies should adopt two (2) common GASS indicators, which are as follows:
 - a. Budget Utilization Rate (BUR) – obligations BUR¹ and disbursement BUR²; and
 - b. Compliance to COA of reporting requirements of PD 1445 Section 41 and the Report on the Ageing of Cash Advances.
- 1.7. Agencies/departments without budget for Support to Operations (STO) but whose STO functions are budgeted under General Administrative and Support Services (GASS), shall include the two (2) STO indicators prescribed by Form A and A-1 under the GASS.
- 1.8. For SUCs, the computation of the BURs for FY 2014, shall continue to exclude the utilization of the internally generated income from tuition fees, donations, and others. Hence, these ratios shall be the same from that used in the 2013 PBB cycle.
- 1.9. The validation of the BUR of the Departments, COs, OEOs, SUCs, and GOCCs covered by DBM will be conducted by the Budget Management Bureaus (BMBs). Meanwhile, validation of the BUR of the State Colleges and Universities will be conducted by DBM Regional Offices (ROs).
- 1.10. The Financial Accountability Reports (FARs) as prescribed under COA-DBM Joint Circular No. 2014-1 shall be utilized in validating the BUR of agencies. These include:
 - a. FAR No. 1 or the Statement of Appropriations, Allotments, Obligations, Disbursements and Balances (SAAODB);
 - b. FAR No. 1-A - Summary of Appropriations, Allotments, Obligations, Disbursements and Balances by Object of Expenditures;

¹ Obligations BUR refers to the ratio of obligations incurred to allotments received for FY 2014, including releases from Special Purpose Funds and Continuing Appropriations, as well as unobligated releases in 2013.

² Disbursement BUR is measured by the ratio of total disbursements (cash and non-cash, excluding personal services) to total obligations for maintenance and other operating expenses (MOOE) and capital outlays (CO) in 2014. The total disbursements shall also cover additional releases, transfers from other agencies and continuing appropriations in 2013, including payment of account payables (A/Ps) obligated (charged against Continuing Appropriations) and paid during the year.

- c. FAR No.1-B - List of Allotments and Sub-allotments;
- d. FAR No. 2 - Statement of Approved Budget, Utilizations, Disbursements and Balances (SABUDB);
- e. FAR No. 2-A - Summary of Approved Budget, Utilizations, Disbursements and Balances by Object of Expenditures (SABUDBOE); and
- f. FAR No. 4 - Monthly Report of Disbursements (MRD).

All agencies should coordinate with their respective BMBs or ROs to facilitate the validation of their BUR.

- 1.11. The Report on Ageing of Cash Advances for local and foreign travels from January 1 to November 15, 2014 should be submitted by the department/agency/regional field offices to their respective COA Resident Auditors by November 30, 2014. Upon validation, the Resident Auditor will be the one responsible to forward the validated Report on Ageing of Cash Advances to their respective Supervising Auditor/Cluster Director for proper transmittal to the COA Head Office.
- 1.12. To facilitate COA's validation of the Report on the Ageing of Cash Advances, attached agencies, regional offices and other field offices should also submit a copy of the Report on the Ageing of Cash Advances duly received by their respective COA Resident Auditors to their mother/head agency (i.e. TESDA to submit to DOLE head office, DTI Reg 2 to submit to DTI head office, CHED Reg. 10 to CHED head office). The mother/agency proper shall then consolidate all Reports on the Ageing of Cash Advances and submit to COA Main Office.
- 1.13. In addition to the Report on Ageing of Cash Advances, agencies must ensure compliance with COA's reporting requirements under PD 1445 Section 41 (i.e., Balance Sheet, Statement of Income and Expenses, Statement of Cash Flow, Statement of Government Equity and Notes to Financial Statements), which under MC 2014-01, should have been submitted last March 31, 2014. Large agencies were given until April 30, 2014 to submit these financial statements. To facilitate COA's validation of these financial reports, the agency should also submit a copy of the financial reports duly received by their respective COA Resident Auditors to their mother/agency proper. The mother/agency proper shall then consolidate all financial reports and submit to COA Main Office.

2.0 Compliance with Good Governance Conditions and Submission of Certificate of Compliance

2.1 Submission of Certificate of Compliance with SALN

- a. The Secretary/Head of Agency must certify the agency/department (including regional offices and attached agencies) compliance with the submission of 2013 SALN. The accuracy, completeness and truthfulness of the Certification

of Compliance must be ensured by the Agency Head. Attached agencies shall also prepare their respective certifications and submit the same to their mother agencies.

- b. The agency/department should submit the SALN supporting document bearing the following information: a) names of officials and employees who filed their SALN; b) positions/designations of said employees and officials; and c) their respective salary grades. The data should be disaggregated into office/unit and region. Agencies/departments should use the prescribed IATF template (Annex 6 of MC 2014-01).
- c. For employees who jointly filed 2013 SALN with their spouses, the full name of the spouse (co-filer), the name of the spouse's agency, salary grade and position must also be provided in the remarks column.

2.2. Submission of Certificate of Compliance with PhilGEPS

- a. To clarify Section 7.6 of MC 2014-01, PhilGEPS developed a system where the agencies can download the "Certificate of Compliance" with PhilGEPS thru the URL www.philgeps.gov.ph. The COC that could be generated online has two (2) types:
 - i. Certificate of Compliance with PhilGEPS Posting for agencies with posted opportunities with an Approved Budget for the Contract (ABC) of above Php 500,000.00; and
 - ii. Certificate of **No** PhilGEPS Posting for agencies with no posted bid opportunities with an ABC of above Php 500,000.00.

The procedures for generating the COCs and how to accomplish the COCs are in *Annex A*.

- b. For agencies with posted bid opportunities of above Php 500,000.00 the generated COC will have the following information:

#	Reference Number	Date of Posting of Invitation to Bid/REI	Bid Notice Title	Closing Date	Date of Posting of Notice of Award	Date of Posting of P.O./Approved Contract and Notice to Proceed	Bid Notice Status	Created By	Remarks*

- c. The agency needs to indicate in the "Remarks" column the status of each ITB's, REI's and RFQ's as either "No Results" or "Awarded without NTP" (i.e. "Failed", "Cancelled", Ongoing Evaluation", "Ongoing Post Qualification", "For Signature of the HOPE/BAC", etc). The head of procuring entity/BAC Chair must ensure that the status of notices reflected in the PhilGEPS Certification is supported by the postings in the PhilGEPS system.

- d. For agencies with **no** posted bid opportunities of above Php 500,000.00, the agency should identify reason/s for not having bid opportunities with ABC of above Php 500,000.00.
- e. The generated COCs should be signed by the Head of Procuring Entity (HOPE) and BAC Chair.
- f. The Secretary/Head of Agency must certify compliance of department (including regional offices and attached agencies) with PhilGEPS. The accuracy, completeness and truthfulness of the Certification of Compliance must be ensured by the Agency Head. Attached agencies shall also prepare their respective certifications and submit the same to their mother agencies to facilitate the validation process.

2.3. Compliance with Transparency Seal and ARTA

- a. Reiterating Section 7.7 of MC 2014-01, a certification of compliance with the Transparency Seal and ARTA is no longer required since the oversight agencies- DBM and CSC- shall be conducting random validation based on the agreed schedule.
- b. As in 2013, the posting of previous notices in Transparency Seal to address deficiencies in PhilGEPS is no longer allowed. The Transparency Seal should only contain the information required by Section 91 of the General Appropriations Act of 2014 (RA10633).

2.4. Curing of deficiencies in Good Governance Conditions

- a. For FY 2014 PBB, stricter validation of the good governance conditions shall be implemented.
- b. As in 2013, agencies will no longer be given opportunity to cure deficiencies in Citizen's Charter/Service Charter.
- c. Agencies will be given only one (1) opportunity to cure deficiencies in Transparency Seal, PhilGEPS and compliance with submission of SALN.
- d. All agencies should ensure submission of correct, truthful and complete information relevant to the Certificate of Compliance with the Good Governance Conditions

3.0 Coverage

- 3.1. As in 2013, this MC covers all officials and employees of Departments/Agencies, SUCs, and GOCCs holding regular plantilla positions, and contractual and casual personnel having an employer-employee relationship with the said agencies, and have rendered at least nine (9) months of service as of December 31, 2014.
- 3.2. Employees belonging to the First and Second level and other officials not covered by CESPES should receive a rating of at least "Satisfactory" under the CSC approved Strategic Performance Management System (SPMS) or its equivalent. Meanwhile

CESO Officials, should receive a rating of at least "Very Satisfactory" under the Career Executive Service Performance Evaluation System (CESPES).

- 3.3. Personnel **on detail or on secondment** to another government agency for six (6) months or more as of November 30, 2014 shall be included in the ranking of employees in the recipient agency.
- 3.4. Personnel who are **transferred** from one government agency to another government agency and who have already rendered six (6) months of service or more as of November 30, 2014 in the recipient agency shall be included in the rating and ranking of employees in the recipient agency. However, should the personnel rendered more than six months of service in the former agency, said personnel shall be included in the ranking of employees of the previous agency.

For your guidance.

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FLORENCIO B. ABAD

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



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