

6.8.002



Management System
ISO 9001:2008
certified
ID 1901601998

GCG MEMORANDUM CIRCULAR NO. 2017 – 01

SUBJECT : INTERIM PERFORMANCE-BASED BONUS (PBB)

DATE : 09 June 2017

1. **BACKGROUND AND PURPOSE.** – This Circular has been issued to establish the rules and regulations for the grant of the Interim Performance-Based Bonus (PBB) to qualified GOCC Officers and Employees pursuant to Executive Order (E.O.) No. 80, s. 2012¹ pending the approval of the Total Compensation Framework (TCF) and Index of Occupational Services, Position Titles and Job Grades (IOS) of GOCCs pursuant to the Compensation and Position Classification System (CPCS).²

2. **ELIGIBILITY OF A GOCC TO GRANT THE PBB.** – The grant of PBB shall be based on the overall company performance, and then distributed to individual Officers and Employees based on their performance ranking. Pursuant to the “*Performance Evaluation System for the GOCC Sector*” [GCG M.C. No. 2013-02 (Re-Issued)] or any revised version thereof, a GOCC, in order to be eligible to grant PBB to its qualified Officers and Employees, must:
 - 2.1. Achieve a weighted-average score of at least 90% in its applicable Performance Scorecard;
 - 2.1.1. Measures wherein the accomplishments for the same cannot be objectively verified by GCG on account of inadequate or incomplete documentation by the GOCC on how such accomplishments were determined may be given an automatic zero score.
 - 2.2. Submit a Quality Management System (QMS) for at least one core process certified by any international certifying body approved by the A.O. No. 25, s. 2011³ Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems (IATF), or ISO-aligned documentation of its QMS for one core process as evidenced by the presence of the following documents in the agency Transparency Seal:
 - a. Approved Quality Manual; and
 - b. Approved Procedures and Work Instructions Manual including Forms.

¹ E.O. No. 80, entitled “*Directing the Adoption of a Performance-Based Incentive System for Government Employees,*” was issued to, among others, provide incentives that support and encourage performance-driven, productive and efficient GOCCs.

² *Adopting a Compensation and Position Classification System (CPCS) and a General Index of Occupational Services (IOS) for the GOCC Sector Covered By Republic Act No. 10149, and for Other Purposes.*

³ *Creating An Inter-Agency Task Force On The Harmonization Of National Government Performance Monitoring, Information And Reporting Systems.*

Ⓟ

Ⓟ [Handwritten signature]

- 2.3. Comply with the Good Governance Conditions provided in GCG M.C. No. 2013-02 and 2014-02⁴:

Conditions Common to National Government Agencies and GOCCs:

- (a) Transparency Seal;
- (b) PhilGEPS Posting;
- (c) Cash Advance Liquidation;
- (d) Citizen's Charter or its equivalent;
- (e) Government Quality Management System Standards (GQMSS) pursuant to E.O. No. 605, s. 2007; and
- (f) Compliance with submission and review of SALN of officials and employees.⁵

Conditions Specific to GOCCs Covered by R.A. No. 10149:

- (a) The GOCC has satisfied all statutory liabilities, including the payment of all taxes due to the Government as certified by the BIR, declaration and payment of all dividends to the State as of the end of the applicable calendar year, whenever applicable, and NG Advances, as certified by the Department of Finance (DOF). Liabilities that are still under dispute and there has been no final and executory judgment/decision as of the date of the release of the PBB by the GOCC shall be excluded for the purpose of this provision.
- (b) Submission and execution of concrete and time bound action plans for addressing Notices of Disallowances and Audit Observation Memoranda from the Commission on Audit (COA), if any;
- (c) Maintain/update and implement the GOCC's "Manual of Corporate Governance" and "No Gift Policy" approved by the GCG and uploaded on the GOCC's website pursuant to the "Code of Corporate Governance for GOCCs" (GCG M.C. No. 2012-07); and
- (d) Compliance with posting on the GOCC's website the information enumerated under Section 43 of GCG M.C. No. 2012-07.

- 2.4. Comply with all Good Governance Conditions and other reportorial requirements as validated directly by the following oversight/validating agencies:

PBB Requirement	Validating Agency
Transparency Seal	DBM-OCIO
PhilGEPS Posting	PhilGEPS
Citizen's Charter	CSC
Submission of SALN of employees	Office of the President, Office of the Ombudsman and CSC. <i>Note: The SALN validating agencies</i>

⁴ Policies and Guidelines on the Integrated Corporate Reporting System (ICRS) for the GOCC Sector.

⁵ See Civil Service Commission Memorandum Circular No. 3, s. 2013.



PBB Requirement	Validating Agency
	<i>shall provide the list of SALN non-filers</i>
PES Accomplishments	GCG
STO - accomplishment <ul style="list-style-type: none"> QMS Certification or ISO-aligned QMS documentation STO identified by agency head (If Applicable) 	GQMC DBM-BMB concerned; OP-OES
GASS <ul style="list-style-type: none"> Public Financial Management Reports Submission of Financial Statements, Ageing of Cash Advances Report Budget and Financial Accountability Reports (BFARs) APCPI Submission of APP 	DBM COA DBM and COA GPPB-TSO GPPB-TSO
Agency Rating and Ranking Report	GCG

All other compliances required under the applicable IATF M.C. on PBB shall be coordinated directly by the GOCC to the respective validating agencies.

- 2.5. **COMMUNICATION AND INFORMATION.** – The GOCC CEO shall confirm with the GCG and 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.

GOCCs should strengthen their communication strategy and ensure transparency and accountability in the implementation of the PBB.

The IATF oversight/validating agencies may be contacted through the following communication channels:

- (a) AO 25 Secretariat at ***ao25secretariat@dap.edu.ph***
- (b) PBIS Info Board
- (c) RBPMS website www.dap.edu.ph/rbpms
- (d) PCDSPO e-mail at ***pbb@gov.ph***
- (e) Text hotline (Smart: +63920.498.9121)
- (f) Facebook (www.facebook.com/PBBsecretariat)
- (g) Twitter: ***@pbbsecretariat***

3. **COVERAGE AND ELIGIBILITY.** – All Officers and Employees of GOCCs who occupy regular, casual or contractual positions shall be entitled to full grant of the PBB from their employer at the time of the payout of the PBB; *Provided*, they have rendered an aggregate of at least nine (9) months of service in the public sector for the applicable PBB year. Officers and Employees who do not meet the 9-month service requirement but have served at least 3 months of service shall be entitled to PBB on a *pro-rata*

U

PO

basis as provided in Section 3.1.7 herein.

3.1. **Eligibility of Individual Officers and Employees of GOCCs**

- 3.1.1. 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), or equivalent.
- 3.1.2. Third Level officials should receive a rating of at least "Satisfactory" under the Career Executive Service Performance Evaluation System (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.
- 3.1.3. Other officials performing managerial and executive functions who are not presidential appointees are covered by the agency's CSC-approved SPMS, or equivalent, and should receive a rating of at least "Satisfactory."
- 3.1.4. 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.
- 3.1.5. 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.
- 3.1.6. An employee who has rendered a minimum of nine (9) months of service during the fiscal year and with at least "Satisfactory" rating may be eligible to the full grant of the PBB.
- 3.1.7. An employee who rendered a minimum of three (3) months but less than nine (9) months of service and with at least "Satisfactory" 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; and
 - (i) Other leaves provided for by law.
- 3.1.8. 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.
- 3.1.9. Personnel found guilty of administrative and/or criminal cases in the applicable year by formal and executory judgment 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.
- 3.1.10. Officials and employees who failed to submit the latest SALN as prescribed in the rules provided under applicable CSC rules, shall not be entitled to the PBB of the applicable year.
- 3.1.11. Officials and employees who failed to liquidate Cash Advances received in the applicable year within the reglementary period as stated in the prevailing COA Circular, shall not be entitled to the PBB for the same year.
- 3.1.12. Officials and employees who failed to submit their complete SPMS Forms, or its equivalent, shall not be entitled to the PBB of the applicable year.
- 3.1.13. Agency heads should ensure that officials and employees covered by R.A. No. 6713 submitted their SALN of the preceding year to the respective SALN repository agencies, liquidated their Cash Advances of the corresponding year, and completed SPMS Forms, as these will be the basis for the release of the PBB of the applicable year to individuals.
- 3.2. **Exclusions.** – Excluded from the grant of the PBB are those hired without employer-employee relationships and paid from non-Personal Services appropriations/budgets as follows:
- (a) Consultants and experts hired to perform specific activities or services with expected outputs;
 - (b) Laborers hired through job contracts (*pakyaw*) and those paid on piecework basis;
 - (c) Student laborers and apprentices; and
 - (d) Individuals and groups of people whose services are engaged through job orders, contracts of service, or others similarly situated.





4. **DISTRIBUTION SYSTEM.** – Distribution of PBB among qualified Officers and Employees of a GOCC who have complied with the eligibility rules in Section 4 above shall be in accordance with the following procedure:

4.1. **Grouping of Personnel.** – In determining the distribution of the PBB among qualified GOCC Officers and Employees, all personnel shall be ranked on a percentile basis within their respective levels as determined by the GOCC Governing Board through Management in accordance with the following guidelines:

(a) **Senior Management:** This refers to the executive officers of the GOCC, and includes all heads of functional units, which are primarily involved in the development, evolution, and approval of long-term vision across a function or area of specialization. It includes those who lead the development of function strategy, implement and maintain policies of the organization for area of responsibility. (e.g., Deputy Administrator, Sr. Deputy Administrator, Assistant General Manager, Executive Vice President, Sr. Vice President, Vice President, etc.)

The President/CEO, or whoever is the highest ranking executive officer, has the prerogative to avail of either the Performance-Based Incentive (PBI) under GCG M.C. No. 2017-02, or the PBB, *but not both*. In the event the CEO is included in the PBB application, he/she must meet the eligibility requirements for the PBI and shall be ranked separately on his/her own and shall not be included in the forced ranking of Officers and Employees.

(b) **Middle Management:** This covers those whose work is primarily achieved through others, with direct accountability for setting direction and deploying resources. Responsible for people management, including performance evaluation and pay reviews and typically hire/fire decisions. Includes individual contributors who are recognized as subject matter experts with in-depth technical knowledge, project management and significant influence skills in area of expertise (e.g., Head of Department or Service).

(c) **Professional and Supervisory:** This level comprises the personnel whose work is primarily achieved by an individual or through project teams. Requires the application of expertise in professional or technical area(s) to achieve results. Typically has a university degree or equivalent work experience that provides knowledge and exposure to fundamental theories, principles and concepts. Includes supervisors and junior management that may not have full management authority (e.g., Financial Analyst/Specialists, Accountant, HR Officer, etc.)

(d) **Clerical/General Staff:** This category includes all clerical, administrative and secretarial staff with little or no supervisory responsibility but who contribute independently to the organization. It also covers basic computing/data processing staff such as operators, customer service assistants and skilled craftsmen/technicians (e.g., Secretary, Clerk, Finance Processor, Administrative Assistant, Chauffeur, Utility Worker, Messenger).

4.2 **Distribution for Qualified Officers and Employees.** – In each level provided for in Section 4.1 above, the ratings of Officers and Employees under the

GOCC's SPMS or its equivalent shall be quantified to allow for ranking on a percentile basis for the purpose of distribution as follows:

- 4.2.1. **Rates of PBB.** – The grant of the PBB shall be based on the performance of the individual Officers and Employees with the rate of incentive as a multiple of the individual's monthly basic salary (MBS) as of 31 December of the applicable year based on the table below, but not lower than ₱5,000:

Percentile	<u>PBB as % of MBS</u>
Top: Maximum 10%	<u>65.0%</u>
Next: Maximum 25%	<u>57.5%</u>
Remaining: Minimum 65%	<u>50.0%</u>

**The percentile of the "Top" and "Next" levels are maximum figures with the discretion on the part of the Governing Board/Management to decrease the figures and distribute them to the "Remaining" level.*

Provided, that the total cost of the PBB shall not result in a net loss for the applicable year computed before subsidy and unrealized gains/losses, and after payment of all statutory obligations and liabilities.

- 4.3. **Posting of the Distribution of PBB.** – The GOCCs shall post in their respective Transparency Seals the schedule and summary of the distribution of the PBB according to the mechanism herein stated using PBB Forms 3a and 3b, in lieu of the System of Ranking Delivery Units provided under the applicable IATF M.C. on PBB.
5. **FLEXIBILITY.** – The multiples and amounts herein are intended to provide a cap on the PBB that may be distributed by a GOCC. However, nothing herein shall be construed to limit the business judgment or authority of the Governing Board, when giving due regard to the financial condition and existing policies of a particular GOCC, to reduce (a) the actual amounts to be distributed, and/or (b) the distribution rates under Section 4.
6. **SUPERVENING EVENT.** – The foregoing provisions notwithstanding, the GCG may deny or adjust the PBB to be granted a GOCC in case of supervening events that significantly prejudice the financial position of the GOCC for that year, as determined by the GCG.
7. **GRIEVANCE MECHANISM.** – The Governing Board through Management shall set up a Complaints Mechanism to respond to the PBB-related issues and complaints raised by Officers and Employees.
8. **FUNDING FOR THE PBB.** – The funding to support the PBB System herein shall be charged by GOCCs from their respective corporate funds, subject to the approval of their respective Governing Boards in accordance with applicable laws, rules and regulations. However, it shall be prohibited to source the payment of the PBB from the following:
- (a) Loans;





- (b) Subsidy from the NG for the GOCC's operations, except for subsidy income or subsidy given by DBM precisely for the payment of the PBB; and
- (c) Sale of the GOCC's asset(s) for the sole purpose of paying the PBB and is otherwise not in the ordinary course of business.

9. CHECKLIST AND TIMELINE. – GOCCs applying to grant the PBB within their respective corporations shall submit the required documents enumerated in **Annex A** on or before 15 July 2017 for FY 2016 PBB, and last working day of April for the years thereafter.

The schedule for the PBB submissions for the Good Governance Conditions Common to National Government Agencies and GOCCs, except for the posting of the schedule and summary of the distribution of the PBB which shall follow the provisions stated in Section 4.3 herein, shall follow the implementation timeline provided for under the applicable IATF M.C. on the PBB.

10. EFFECT OF SUBMISSION AND NON-SUBMISSION ON THE PRESCRIBED PERIOD. – GOCCs that submitted all the required documents on the given deadline may be authorized to grant their PBB upon receipt of the authorization letter from the GCG. Failure to submit the required documents within the deadline shall automatically disqualify the GOCC to grant the PBB to its Officers and Employees and PBI to its Appointive Directors for the applicable year.

11. EFFECTS OF NON-COMPLIANCE/ PROHIBITED ACTS. – A GOCC, which after due process by the GCG, has been determined to have committed the following prohibited acts, may be disqualified from the PBB in the **succeeding year** of its implementation. Moreover, the CSC or Ombudsman shall file the appropriate administrative case:

- a. Misrepresentation in the submitted reports required for the PBB, commission of fraud in the payment of the PBB, and violation of the provisions of this M.C.; and
- b. Evenly distributing the PBB among employees in an agency, in violation of the policy of paying the PBB based on the individual ranking.

Provided, however, that if the misrepresentation was discovered during the validation stage, the GOCC shall be ineligible to the grant of PBB for the current performance period.

12. APPEALS FOR DENIAL OF PBB. – Any appeal for the denial of the grant of PBB based on failure to comply with the Good Governance Conditions Common to National Government Agencies and GOCCs shall be made directly to the respective IATF oversight/validating agency, as indicated in Section 2 herein. All other issues shall be appealed with the GCG.

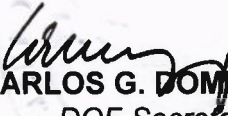
13. PBI APPLICATION DEEMED AUTOMATICALLY FILED. – The Performance-Based Incentive (PBI) for Appointive Directors is deemed to have been applied for by every GOCC which applies for the PBB grant; *Provided that*, the actual authorization for the distribution of PBI shall be conditioned upon compliance with the requirements provided for under the GCG Memorandum Circular on the grant of Performance-Based Incentive.

①

J. O. ...


14. EFFECTIVITY. – This Circular shall take effect immediately upon its publication in the Commission's website at www.gcg.gov.ph.


SAMUEL G. DASPIN, JR.
Chairman


CARLOS G. DOMINGUEZ
DOF Secretary




MICHAEL P. CLORIBEL
Commissioner


BENJAMIN E. DIOKNO
DBM Secretary




MARITES C. DORAL
Commissioner



**CHECKLIST OF DOCUMENTS TO BE SUBMITTED FOR THE GRANT OF
PERFORMANCE-BASED BONUS (PBB)**

DOCUMENTARY REQUIREMENTS	SUPPORTING DOCUMENTS	FORM OF SUBMISSION ¹
(a) Annual Scorecard/Monitoring Report using <i>PES Form 3</i>	<ul style="list-style-type: none"> • Data/documents indicated in the GOCC Annual Scorecard 	Electronic and hard copies
(b) Board Resolution authorizing the grant of PBB in accordance with applicable laws, rules and regulations (<i>PBB Form 1</i>)		Hard copy
(c) Omnibus Certification signed by the Chairperson and the Chief Executive Officer of the GOCC (<i>PBB Form 2</i>)	<ul style="list-style-type: none"> • Time bound action plan for addressing NDs and AOMs from COA • Certification issued by the ff. agencies for payment of mandatory premiums: <ul style="list-style-type: none"> - GSIS - SSS - Pag-IBIG - PhilHealth 	Hard copy
(d) Schedule and summary of the distribution of the PBB to qualified Officers and Employees who will receive the PBB and those who are in the "Below Satisfactory" category (<i>PBB Forms 3a and 3b</i>)		Electronic and hard copies

¹ Electronic copies shall be submitted to the GCG through a CD.

