



Republic of the Philippines
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
DEPARTMENT OF BUDGET AND MANAGEMENT

JOINT MEMORANDUM CIRCULAR
NO. 2018-Q1

October 11, 2018

TO : ALL PROVINCIAL GOVERNORS, CITY MAYORS, MUNICIPAL MAYORS, THE ARMM REGIONAL GOVERNOR, DILG REGIONAL DIRECTORS, AND OTHERS CONCERNED

SUBJECT : GUIDELINES ON THE GRANT OF THE PERFORMANCE-BASED BONUS FOR OFFICIALS AND EMPLOYEES OF LOCAL GOVERNMENT UNITS FOR FISCAL YEAR 2018

1.0 BACKGROUND AND PURPOSE

- 1.1 Executive Order (EO) No. 201 s. 2016¹ revised the Compensation and Position Classification System in order to, among others, strengthen the performance-based incentive system in recognition of government personnel who play a greater role and carry a heavier responsibility in attaining performance targets and delivering results.
- 1.2 EO No. 201 s. 2016 also stipulated that the grant of the enhanced Performance-Based Bonus (PBB) shall be subject to the achievement by departments or agencies, including Local Government Units (LGUs) and individual employees of their performance targets or commitments and compliance with good governance and other conditions.
- 1.3 Memorandum Circular No. 2018-1² of the AO25 Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems (AO 25 IATF), stated that, for LGUs, the performance targets shall be based on the Guidelines on the Grant of PBB for LGUs to be issued by the AO 25 IATF and the Department of the Interior and Local Government (DILG).
- 1.4 This Joint Memorandum Circular is being issued to prescribe the criteria and conditions for the grant of the PBB for the FY 2018 performance of local government officials and employees, to be validated and given in FY 2019.

¹ "Modifying the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of Additional Benefits for Both Civilian and Military and Uniformed Personnel"
² "Guidelines on the Grant of the Performance-Based Bonus for Fiscal Year 2017 under Executive Order (EO) No. 80 s. 2012 and EO No. 201 s. 2016"

2.0 COVERAGE

- 2.1 This Joint Memorandum Circular covers LGUs in all provinces, cities and municipalities; and applies to all their officials and employees holding regular plantilla positions, as well as contractual and casual personnel having an employer-employee relationship with these LGUs, and whose compensation are being paid wholly from the Personnel Services budget.

The term "officials" as used in this Joint Memorandum Circular shall refer to those holding local elective positions.

- 2.2 The implementation of this Joint Memorandum Circular shall be done in close coordination with the AO 25 Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems (AO 25 IATF).

3.0 ELIGIBILITY CRITERIA

- 3.1 Each LGU must satisfy all of the following conditions to be eligible to the grant of the PBB for FY 2018:
- a. **Pass all areas of the FY 2018 Seal of Good Local Governance** (*DILG Memorandum Circular No. 2018-49 dated April 6, 2018*), namely: a) Financial Administration, b) Disaster Preparedness, c) Social Protection, d) Peace and Order, e) Business-Friendliness and Competitiveness, f) Environmental Management, and g) Tourism, Culture and the Arts.
 - b. **Maintain/update the Citizen's or Service Charter** or its equivalent, reflecting the local government unit's enhanced service standards for all its front line services to citizens, businesses, and government agencies, consistent with the objectives of the Anti-Red Tape Act of 2007 (*Republic Act No. 9485*), and the President's directive to reduce processing time of all public transactions with government, and ensure accessible and convenient delivery of services to the public, as reiterated in Civil Service Commission (CSC) Memorandum Circular No. 14, s. 2016.

The Certificate of Compliance (CoC) submitted pursuant to CSC MC No. 14, s. 2017 shall be the basis for the validation for FY 2018. For local government units which have not submitted the CoC, the same shall be complied with pursuant to the guidelines set forth in CSC MC No. 14 s. 2017 and shall be submitted on or before August 1, 2018 to the CSC's Office of Strategy Management through the AO25 Secretariat. The CSC validation shall be complemented with reports on feedback and complaints from citizens gathered by the OP, PMS, CSC and PCOO from the 8888 Hotline and the FOI Portals.

Further, refer to CSC MC No. 9 s. 2018 or the Validation Guidelines on Citizen's Charter Compliance for the validation and submission of CoC of LGUs for the FY 2018 PBB.

- c. **Use of a fully-functional Strategic Performance Management System (SPMS)** as approved and certified by the CSC; and
 - d. **Sustained Compliance with Audit Findings.** Fully implement 30% of the prior years' audit recommendations as shown in the Report on the Status of Implementation Prior Years' Recommendations. These recommendations will exclude the Property, Plant and Equipment (PPE)-related items of the Annual Audit Report (AAR). Audit findings closed in FY 2017 should also not recur. The objective is to improve the local government unit's internal control processes, enhance operational effectiveness, and eliminate, and resolve and remedy most, if not all, of the local government unit's audit findings, by end of 2020.
- 3.2 Non-compliance with any of the conditions prescribed in Section 3.0 will render the entire LGU ineligible for the FY 2018 PBB.

4.0 ENROLMENT AND VALIDATION PROCESS

- 4.1 The grant of the PBB for FY 2018 to LGUs is not mandatory and shall be implemented through an enrolment process.
- 4.2 LGUs that intend to participate in the grant of the PBB for FY 2018 shall signify their intention by writing a letter of intent addressed to the DILG Regional Director concerned through the following DILG field officers:
 - a. DILG Provincial Director for Provinces;
 - b. City Director or City Local Government Operations Officer (CLGOO) for Cities; or
 - c. Municipal Local Government Operations Officer (MLGOO) for Municipalities.

The DILG Regional Director shall compile the letters of intent and officially transmit the same to the DILG Central Office through the Bureau of Local Government Supervision (BLGS) not later than **October 31, 2018**. Electronic copies of the letters of intent may also be submitted through email address lgupbb.dilg@gmail.com. Only the Regional Offices are encouraged to submit through the email address to enable the BLGS to effectively track the submission of letters of intent.

- 4.3 The BLGS shall consolidate and prepare a list of LGUs that signified their intention to participate. From this list, the BLGS will validate compliance with item 3.1a hereof and submit the names of the LGUs that satisfied this criterion to the AO25 Secretariat. Only LGUs with letters of intent shall be validated for item 3.1a. The BLGS shall transmit the **list of LGUs with Letters of Intent** to the AO 25 Secretariat by **November 16, 2018**.

- 4.4 The AO 25 Secretariat shall then advise the CSC to validate compliance with items 3.1b and 3.1c, and the COA to validate compliance with item 3.1d from the List of LGUs that the BLGS transmitted.
- 4.5 After the validation, the CSC and COA shall submit their findings to the AO25 Secretariat. The AO 25 Secretariat shall consolidate the findings submitted by the validating agencies on the compliance of the LGUs on all the eligibility criteria.
- 4.6 The AO 25 Secretariat shall then prepare the **list of Eligible LGUs** containing the names of all the LGUs that were able to satisfy all the conditions prescribed in Section 3.0 of this Joint Memorandum Circular and transmit the **List of Eligible LGUs** to the BLGS by **March 29, 2019**.
- 4.7 By **April 29, 2019**, the DILG shall issue a Notice of Eligibility to all the LGUs that were able to comply with all the eligibility criteria. The Notice of Eligibility shall be prepared by the BLGS to be signed by the DILG Secretary. Once signed, the BLGS shall transmit the Notices of Eligibility to the concerned DILG Regional Offices for dissemination to the eligible LGUs.
- 4.8 Only the LGUs that received the Notice of Eligibility from the DILG shall be eligible to the grant of the PBB for FY 2018. The Notice of Eligibility shall serve as the authorization for the LGU to grant the PBB.
- 4.9 The List of Eligible LGUs shall be posted in the Results-Based Performance Management System (RBPMS) and DILG websites.

5.0 ELIGIBILITY OF INDIVIDUALS

- 5.1 Local chief executives and the Sanggunian members are eligible only if their respective LGUs are eligible. If eligible, their maximum PBB rate shall be 65% of their monthly basic salary.
- 5.2 Employees belonging to the First and Second Levels should receive a rating of at least "Satisfactory" based on the local government unit's CSC-approved SPMS.
- 5.3 Personnel who transferred to a local government unit from another LGU/government agency in FY 2018 shall be rated and ranked by the agency/LGU where he/she served the longest. If equal months were served for each, he/she will be included in the recipient agency.
- 5.4 An official or 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.
- 5.5 An official or employee, who rendered less than nine (9) months but a minimum of three (3) months of service and with at least "Satisfactory" rating shall be eligible to the grant of the PBB on a pro-rata basis corresponding to the actual length of service rendered, as follows:

LENGTH OF GOVERNMENT SERVICE	% OF PBB RATE
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 the 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
- 5.6 An official or 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.
 - 5.7 Officials and employees found guilty of administrative and/or criminal cases by final and executory judgement in FY 2018 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.
 - 5.8 Officials and employees who failed to submit the 2017 SALN as prescribed in the rules provided under CSC Memorandum Circular No. 3 s. 2015, or those who are responsible for the non-compliance with the establishment and conduct of the review and compliance procedure of the SALN, shall not be entitled to the FY 2018 PBB.
 - 5.9 Officials and employees who failed to liquidate all cash advances in FY 2018 within the reglementary period, as prescribed in COA Circular 97-002 dated February 10, 1997 and reiterated in COA Circular 2009-002 dated May 18, 2009, shall not be entitled to the FY 2018 PBB.
 - 5.10 Employees who failed to submit their complete SPMS Forms shall not be entitled to the FY 2018 PBB.
 - 5.11 Officials and employees responsible for the implementation of the prior years' audit recommendations, or posting and dissemination of the local government unit system of ranking performance of delivery units shall not be entitled to the FY 2018 PBB if the local government unit fails to comply with any of these requirements.
 - 5.12 Heads of departments, offices or delivery units should ensure that officials and employees covered by Republic Act No. 6713 submitted their 2017 SALN to the respective SALN repository agencies, liquidated their FY 2018 Cash Advances, and completed the SPMS Forms, as these will be the basis for the release of FY 2018 PBB to individuals.

6.0 RANKING OF DELIVERY UNITS OF PROVINCES, CITIES AND MUNICIPALITIES

- 6.1 Provinces, cities, and municipalities and their corresponding offices or delivery units that meet the criteria and conditions in Section 3.0 are eligible to the FY 2018 PBB. Offices or delivery units eligible to the PBB shall be forced ranked according to the following categories:

RANKING	PERFORMANCE CATEGORY
Top 10%	Best Delivery Units
Next 25%	Better Delivery Units
Next 65%	Good Delivery Units

A delivery unit shall refer to the primary subdivision of a local government unit performing substantive line functions, technical services or administrative support, as reflected in the LGU's organizational structure/functional chart.

- 6.2 Only personnel belonging to eligible offices or delivery units are qualified for the PBB. Refer also to exclusion of individuals as cited in Section 5.0.
- 6.3 The results of the ranking shall be indicated in Form 1 (Report of Ranking of Offices/Delivery Units). There shall no longer be a ranking of individuals within an office or delivery unit.

7.0 RATES OF THE PBB

The rates of the PBB for each individual shall be based on the performance ranking of the individual's office or delivery unit with the rate of incentive as a multiple of one's monthly basic salary as of December 31, 2018, based on the table below:

PERFORMANCE CATEGORY	MULTIPLE OF BASIC SALARY
Best Delivery Units	0.65
Better Delivery Units	0.575
Good Delivery Units	0.50

If funds are insufficient for the grant of the PBB at the above rates, the PBB may be given at lower, but at uniform percentage of the prescribed rates.

8.0 RANKING SYSTEM FOR OFFICES OR DELIVERY UNITS

- 8.1 The offices or delivery units shall be ranked from the highest to the lowest numerical value based on the final numerical ratings of their Office Performance Commitment and Review (OPCR) Forms for 2018. The final numerical rating shall be derived by taking the average of the ratings of their first and second semester OPCR ratings for FY 2018. Office or delivery units that failed to submit their OPCR Forms shall not be entitled to the FY 2018 PBB.

- 8.3 The Planning and Development Office shall prepare the ranking of eligible offices or delivery units and the Human Resource and Management Office shall prepare the list of eligible individuals. The Planning and Development Office and the Human Resource and Management Office shall take the lead in the consolidation of ratings and ranking of the offices or delivery units and shall prepare Form 1 (Report of Ranking of Offices/Delivery Units).
- 8.4 The results of the ranking must be posted in the bulletin board of the Human Resource and Management Office of each LGU or in the website of the LGU.

9.0 FUNDING SOURCES

The PBB shall be charged against LGU funds for FY 2019, subject to the Personnel Services limitation in LGU budgets pursuant to Sections 325(a) and 331(b) of the Local Government Code of 1991 (R.A. No. 7160).

The LGU shall exercise prudence in the use of local funds. In determining the amount of the PBB, the Sanggunian concerned shall ensure that the same is reasonable and that the expenditure will not, in any way, adversely affect the delivery of services to the public.

10.0 SUBMISSION OF ACCOMPLISHED FORMS

- 10.1 The Planning and Development Office and the Human Resource and Management Office of the eligible Province, City or Municipality shall accomplish Form 1 (Report of Ranking of Offices/Delivery Units).
- 10.2 Prior to the release of the PBB to eligible individuals, the accomplished Form 1 shall be submitted to the following personnel:
- a. DILG Provincial Director for Provinces;
 - b. City Director or City Local Government Operations Officer (CLGOO) for Cities; and
 - c. Municipal Local Government Operations Officer for Municipalities (MLGOO).

The City Director or CLGOO and MLGOO shall transmit all submitted accomplished Form 1 to the concerned Provincial Director through the designated LGU-PBB Provincial Focal Person.

- 10.3 The designated LGU-PBB Provincial Focal Person shall accomplish Form 2 (Provincial Consolidation Report) and submit accomplished Forms 1 and 2 to the concerned DILG Regional Office through the designated LGU-PBB Regional Focal Person.
- 10.3 The designated LGU-PBB Regional Focal Person shall accomplish Form 3 (Regional Consolidation Report) and submit all accomplished Forms 1, 2 and 3 to the BLGS, not later than **November 29, 2019**.

11.0 Payment of the FY 2018 PBB shall be made beginning May 31, 2019 until October 31, 2019.


12.0 Effectivity

This Circular shall take effect immediately upon its publication in the DILG website.


EDUARDO M. AÑO
Officer in Charge, DILG



DILG-OSEC 07012016-26365


BENJAMIN E. DIOKNO
Secretary, DBM



FORM 1 – REPORT OF RANKING OF OFFICES/DELIVERY UNITS

NAME OF LGU: _____

REGION: _____

SUMMARY

Information Required:	TOTAL
1.1 Total No. of Offices/Delivery Units	
1.2 Total No. of Officials and Employees Eligible to the Grant of PBB	
1.3.1 Elected Officials	
1.3.2 Appointed Officials/Personnel (Co-terminus)	
1.3.3 Personnel Holding Regular Plantilla Positions	
1.3.4 Contractual Personnel	
1.3.5 Casual Personnel	
1.4 Total No. of Officials and Employees Not Eligible to the Grant of PBB:	
1.5 Total Amount Required for Payment of FY 2018 PBB: PhP _____	

Ranking	Name of Offices/Delivery Units	List of Employees										Remarks	
		Names of Individuals	Elected	Appointed (Co-term)	employees	Regular	Contractual	Casual	Salary Grade	Date of Assumption of Duty	Months in Service in 2018		Amount of PBB
			Check the appropriate box:										
2.1 BEST (10%)													
2.2 BETTER (25%)													

Ranking	Name of Offices/Delivery Units	List of Employees											Remarks
		Name of Individuals	Elected	Appointed (Co-term)	employees Regular	Contractual	Casual	Salary Grade	Date of Assumption of Duty	Months in Service in 2018	Amount of PBB		
2.3 GOOD (65%)													
Total Amount Required for Payment of PBB													

**Add additional rows if necessary*

Prepared by:

Head of HRMO

Head of PDO

Head of Budget Office

Certified by:

City/Municipal Mayor/Governor

Date: _____

FORM 2 – PROVINCIAL CONSOLIDATION REPORT ON THE GRANT OF FY 2018 PBB

PROVINCE: _____

Region: _____

Name of Component City/Municipality	No. of personnel eligible to the PBB	Total Amount of PBB	Remarks

**Add additional rows if necessary*

Prepared by:

LGU-PBB Provincial Focal Person

Certified by:

Provincial Director

FORM 3 – REGIONAL CONSOLIDATION REPORT ON THE F FY 2018 PBB

REGION: _____

Name of Province/ HUC/ICC	No. of personnel eligible to the PBB	Total Amount of PBB	Remarks

**Add additional rows if necessary*

Prepared by:

LGU-PBB Regional Focal Person

Certified by:

Regional Director