



Republic of the Philippines  
Local Water Utilities Administration  
Department of Budget and Management



**JOINT MEMORANDUM CIRCULAR NO. 2018 - 01**

October 22, 2018

**TO :** All Heads of Local Water Districts

**SUBJECT :** Guidelines on the Grant of the Fiscal Year 2018 Performance-Based Bonus (PBB) for Local Water Districts (LWDs) issued pursuant to Executive Order No. 80 and Memorandum Circular No. 2018-1

**1.0 BACKGROUND AND RATIONALE**

- 1.1 In the pursuit of improving the lives of the Filipino people, President Rodrigo Duterte has laid out a socio-economic agenda towards more inclusive development. All government agencies are directed to be more transparent and expedient in their transactions with the public by reducing requirements and processing time of all applications and services, and making them accessible and convenient for the people. Achieving the desired sectoral outcomes would restore the confidence of the Filipino people in the capacity of the public servants to make people's lives better, safer and healthier.
- 1.2 Among the President's priorities is to ensure a citizen-centric public service to bring the government closer to people. The citizenry should be empowered to evaluate and give feedback on public services and bureaucracy, especially on frontline transactions. He reiterated his directive to all government offices to quickly respond and yield meaningful results in streamlining processes, working more efficiently, and providing high quality and genuine public service that Filipinos deserve without delay and bureaucratic red tape.
- 1.3 To tighten the advocacy for intensified public accountability, heightened transparency, strongest fiscal discipline and streamlined government processes, the government is leveraging the priorities of its Result-Based Performance Management System (RBPMS) and its people-centered Performance-Based Incentive System (PBIS) through requirements and conditions aiming to fight corruption, achieve higher citizen satisfaction and implement a firmer validation process to recognize outstanding performance in government service.

LWUA/RECORD DIVISION  
00681118OCT17PM11:43  
RECEIVED

449718

The PBIS consisting of the Productivity Enhancement Incentive (PEI) and the Performance-Based Bonus (PBB), which were authorized under Executive Order (EO) No. 80 s. 2012 is an integrated scheme of rewarding exemplary performance in the government through the grant of incentives linked with actual performance.

- 1.4 EO No. 201 s. 2016 also provided that the compensation and position classification shall be revised or updated to strengthen the PBIS in recognition of government personnel who play a greater role and carry a heavier responsibility in attaining performance targets and delivering results.
- 1.5 Further, EO No. 201 s. 2016 stipulated that the Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information and Reporting System created under Administration Order (AO) No. 25 s. 2011 shall prescribe the conditions on eligibility and procedures for the grant of the PBB, including the ranking system to recognize different levels of performance.
- 1.6 The PBB shall be given to officers and employees of local water district delivery units in accordance with their contribution to the accomplishment of their overall targets and commitments, subject to certain criteria and conditions set forth in EO No. 80 s. 2012 and other related issuances.
- 1.7 The grant of the PBB seeks to:
  - a) Recognize and reward exemplary performance in the public sector to enhance service delivery;
  - b) Rationalize the distribution of incentives across performance categories of groups and individuals thereby moving away from across-the-board incentives over time;
  - c) Nurture team spirit towards effective execution of operational plans by linking personnel incentives to the performance delivery units' and,
  - d) Strengthen the existing performance management systems like the Strategic Performance Management System (SPMS) of the Civil Service Commission, and the Results Based Performance Management System (RBPMS) provided under AO No. 25 s. 2011.

## **2.0 PURPOSE**

This Memorandum Circular is issued to prescribe the criteria and conditions for the grant of Performance-Based Bonus (PBB) for FY 2018 performance to be given in FY 2019.

## **3.0 COVERAGE**

- 3.1 This Joint Memorandum Circular covers Local Water Districts (LWDs) and applies to all officers and employees of Local Water Districts (LWDs) holding regular plantilla positions; contractual and casual personnel having an employer-employee relationship with the said agencies, and whose

compensation are charged against the lump sum appropriation under Personnel Services; and those occupying positions in the DBM-approved contractual staffing pattern of the agencies concerned are covered by this Circular.

- 3.2 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.

#### 4.0 DEFINITION OF TERMS

- 4.1 **Major Final Output (MFO)** - the good or service that a water district is mandated to provide to its external clients through the implementation of programs, activities, and projects. It may be a single output or group of outputs targeted at the same organizational/sectoral outcome and capable of being summarized by a common performance indicator.
- 4.2 **Performance Indicator (PI)** - a characteristic of performance (quality, quantity, timeliness or cost) that is to be measured and will illustrate the standard by which a water district is expected to deliver its MFO. Performance indicators should be verifiable, observable, credible and sustainable.
- 4.3 **Performance Target (PT)** - predetermined numerical target level of performance (quantity, quality, timeliness and cost of an output) against which actual performance can be compared.
- 4.4 **Delivery units** - departments and divisions of the LWD responsible for the achievement of the LWD's MFO and committed to performance targets which are tracked by a reporting system within the year and verified by the Local Water Utilities Administration (LWUA).
- 4.5 **Potability** - the quality of water that renders it safe and fit for human consumption. LWD performance with respect to this indicator shall mean compliance to the Philippine National Standards for Drinking Water (PNSDW) and all issuances and guidelines by the Department of Health (DOH) and LWUA.
- 4.6 **Adequacy and Reliability of Service** - performance of LWD rated in accordance with the 24/7 availability of supply, and capacity to meet the present and future water demand.
- 4.7 **Access and Coverage** - performance of LWD in pursuing the goal of providing access and water service to the greater percentage of the population within their respective service areas.

#### 5.0 ELIGIBILITY CRITERIA

- 5.1 To qualify for the PBB, a Local Water District must satisfy the following conditions:
  - a. Good Governance Conditions: Satisfy 100% of the Good Governance

Conditions set by the AO 25 IATF for FY 2018 provided in Section 5.0;

- b. Achieve 100% of each one of their performance targets for the delivery of MFOs, STO and GASS for the year;
- c. Use the CSC-approved SPMS in rating the performance of the officials and employees of the LWDs;

5.2 The inability to meet any of the criteria above will render LWDs ineligible for the PBB. Inconsistency and inaccuracy of the compliance reports/certifications made by the LWDs may also be considered grounds for disqualification from the PBB, upon proper determination and due process.

## 6.0 ELIGIBILITY OF INDIVIDUALS

- 6.1 The General Manager's PBB rate for FY 2018 shall be equivalent to 65% of his/her monthly basic salary. The General Manager shall not be included in the Form 1.0 Report on Agency Rating and Ranking.
- 6.2 The Performance Based Incentive (PBI) for the LWD Board of Directors shall be based on the provisions set by Executive Order No. 65, series of 2012 subject to the following conditions:
  - a. The LWD has qualified for the grant of the FY 2018 PBB;
  - b. The Board Member has 90% attendance to duly called board meetings and committee meetings as certified by the Board Secretary;
  - c. The Board Member has nine (9) months aggregate service in the position; and,
  - d. The LWD has submitted the appropriate annual Board-approved Corporate Operating Budget (COB) to LWUA.
  - e. Board Members Accomplishments for FY 2018 must be submitted (policies or resolutions made, that will help address the operations as well as guidelines of the WD).
- 6.3 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.
- 6.4 Personnel who transferred from one government agency to another 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.
- 6.5 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.
- 6.6 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 for the grant of PBB on a pro-rata basis 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 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; and
  - h. Sabbatical Leave
- 6.7 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.
  - 6.8 Personnel found guilty of administrative and/or criminal cases in FY 2018 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 from the PBB.
  - 6.9 Officials and employees who failed to submit the 2017 SALN as prescribed in the rules provided under CSC Memorandum Circular No. 3 s.2015, shall not be entitled to the FY 2018 PBB.
  - 6.10 Officials and employees who failed to liquidate all cash advances received 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.
  - 6.11 Officials and employees who failed to submit their complete SPMS Forms shall not be entitled to the FY 2018 PBB.
  - 6.12 Agency heads should ensure that officials and employees covered by RA 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.
  - 6.13 Excluded from the grant of the PBB are those hired without employer-employee relationships and paid from non-Personnel Services 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.

## 7.0 FY 2018 GOOD GOVERNANCE CONDITIONS (GGCs)

7.1 The AO 25 IATF sets the following Good Governance Conditions (GGC) based on the existing performance drivers of the RBPMS and the priorities of Duterte Administration for 1) heightened transparency, 2) stronger accountability, and 3) more inclusive and people-centered public service:

- a. **Maintain/Update the agency Transparency Seal (TS)** pursuant to Section 99 of the General Provisions of the FY 2018 General Appropriations Act (GAA). The TS page should be accessible by clicking the TS logo on the home page. See Annex 2: Guidelines on Transparency Seal for full details of requirements, which shall include the following:
  - a.1 Agency's mandate and functions, names of its officials with their position and designation, and contact information;
  - a.2 Quarterly and Annual Financial Reports for FY 2017 and 2018 (audited and verified by the Auditor).
  - a.3 DBM Approved Budget and Corresponding Targets for FY 2018
  - a.4 Major Projects and Programs, Beneficiaries, and Status of Implementation for FY 2018;
  - a.5 FY 2018 Annual Procurement Plan (FY 2018 APP Non-CSE), Indicative FY 2019 APP Non-CSE, and FY 2019 APP for Common-Supplies and Equipment (FY 2019 APP CSE).
  - a.6 Quality Management System (QMS) Certification to ISO 9001:2015 issued by any of the certification bodies (CBs) accredited by the International Accreditation Forum (IAF) members or similar standards relating to Total Quality Management (TQM), e.g. Philippine Quality Award, ISO/IEC 17025, ISO 17020, and Qmentum Accreditation Canada, of at least one (1) core process or frontline service. See also Section 6.3,
  - a.7 System of Agency Ranking Delivery Units for FY 2018 PBB. See Section 8.6;
  - a.8 The Agency Review and Compliance Procedure of Statements and Financial Disclosures (See Section 6.5.a); and
  - a.9 The Final People's Freedom to Information (FOI) Manual signed by head of agency. Agency Information Inventory 2017 and 2018 FOI Summary Report, and 2017 and 2018 FOI Registry (See Section 6.5.b)

- b. **Post/Update the PhilGEPS posting of all invitations to Bids and awarded contracts** pursuant to the Government Procurement Reform Act (RA No. 9184) for transactions from November 16, 2017 to January 31, 2018, including the Early Procurement of FY 2019 Non-CSE items. Agencies should track their status through PhilGEPS microsite: <http://data.philgeps.gov.ph/directory/pbb.aspx> See Annex 6 Guideline on PhilGEPS Posting.
- c. **Maintain/Update the Citizen's or Service Charter or its equivalent**, reflecting the agency's enhanced service standards for all its frontline services to citizens, businesses, and government agencies, consistent with the objectives of the Anti-Red Tape Act of 2007 (RA 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 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 LWDs for the FY 2018 PBB.

All CoCs shall be submitted to the Civil Service Commission through the AO 25 Secretariat not later than August 1, 2018. Assessment of agency compliance with GGC requirements shall be conducted starting October 1, 2018.

- 7.2 Non-compliance with any of the GGCs will render the entire department/agency ineligible for the PBB.
- 7.3 Payment of applicable taxes should also include all types of taxes, not only franchise taxes and real property taxes. It has been observed that there are WDs not compliant to taxes on goods/services and compensation.

## 8.0 FY 2018 PERFORMANCE TARGETS

- 8.1 LWDs shall be evaluated based on the accomplishment of their committed targets which shall be identified based on their existing performance indicators. LWUA shall evaluate the reasonableness of the LWD's targets based on their available resources (manpower, financial and facilities) and capability to provide necessary resources. *The LWDs Performance Targets should be submitted to LWUA on or before March 31, 2018.*

- 8.2 To establish standard MFO and PIs for all LWDs, the following MFOs and PIs under Operations shall be adopted, inclusive of the three (3) most significant customer-oriented indicators of output/outcome under each MFO (neither internal nor intermediate outputs/ "throughputs," nor demand-driven outputs) and the corresponding targets:

**A. Water Facility Service Management**

PI 1 (Quantity) Access to Potable Water	Percentage of households with access to potable water against the total number of households within the coverage of the LWD.
PI 2 (Quality) Reliability of Service	Percentage of household connections receiving 24/7 supply of water.
PI 3 (Timeliness) Adequacy should be $\geq 1.2:1$	Source capacity of LWD to meet demands for 24/7 supply of water.  To compute adequacy, use formula below: $\frac{\text{Rated Capacity of sources (cu.m/year)}}{\text{Demand (cu.m/year)}}$  Demand = No. Of Active Connection x 5 (average household size) x 100-130(lpcd) x 1cu.m/1000L.x 365 days.

**B. Distribution Service Management**

PI 1 (Quantity) NRW : NRW should not exceed 30%	Percentage of unbilled water to water production.
PI 2 (Quality) Potability	All water samples during the year should pass the physical-chemical and microbiological tests as required by PNSDW 2017. Daily chlorine residual requirement should be at least 0.3 ppm at the farthest point. In case the LWD is using chlorine dioxide, the allowable level should be at least 0.2 to 0.4 ppm.
PI 3 (Timeliness) Adequacy/reliability of Service	Average response time to restore service (major and minor repair) when there are interruptions due to line breaks and/or production equipment or facility breakdown as reflected in the CSC-approved Citizen's Charter of the LWD.

- 8.3 PIs under Support to Operations (STO) with the dimensions of quality and timeliness of services shall be the following:

PI 1 Staff Productivity Index	<i>Categories A, B, &amp; C</i> = 1 staff for every one hundred twenty (120) service connections.  <i>Category D</i> = 1 staff for every one hundred (100) service connections.
PI 2 Affordability	Reasonableness/affordability of water rates



	LWUA approved water rates.
PI 3 Customer Satisfaction	<sup>1</sup> 1. Ease of doing business – compliance to CSC Memo No. 14-2016. 2. Percentage of customer complaints acted upon against received complaints. <ul style="list-style-type: none"> <li>• Complaints through hotline #8888 acted upon within 72 hours.</li> <li>• Complaints received through the WD customer service unit within the period prescribed by ARTA and other issuances.</li> </ul>

8.4 PIs under General Administration and Support Services (GASS), with the dimensions of quality and timeliness of services are as follows:

PI 1 Financial viability and sustainability	<ul style="list-style-type: none"> <li>• Collection Efficiency <math>\geq</math> 90%;</li> <li>• <sup>2</sup>Positive Net Balance in the Average Net Income for twelve (12) months;</li> <li>• Current Ratio <math>\geq</math> 1.5:1</li> </ul>
PI 2 a.) Compliance with COA reporting requirements  b.) Compliance with LWUA reporting requirements in accordance to content and period of submission	In accordance with the prescribed content and period of submission (Submission of five financial reports, i.e. Statement of Financial Position, Statement of Comprehensive Income, Statement of Cashflows, Statement of Changes in Equity and Notes to Financial Statement.
PI 3 Budget Utilization Rate (BUR)	Actual Disbursement on CAPEX versus Approved CAPEX budget for the current year should not be less than 85%.

8.5 **STO Target. For LWDs under categories A and B, initial certification/recertification of the QMS for at least one (1) core process or frontline service as mandated under its existing pertinent laws.**

For the ISO 9001:2015 QMS certification, it must be issued by any of the certification bodies (CBs) accredited by the International Accreditation Forum (IAF) members. Preferably, the CB is accredited by the Philippine Accreditation Bureau under the Department of Trade and Industry, which is the Philippine Accreditation Body of the IAF. ISO 9001:2015 QMS equivalent certification/attestations granted by similar internationally recognized bodies promoting Total Quality Management (TQM) shall be considered e.g. Philippine Quality Award, ISO/IEC 17025. ISO 17020, and Qmentum Accreditation Canada.

The certification must be valid until December 31, 2018 or a later date, and must be posted in the agency TS page not later than December 31, 2018. A certified-true copy of the Agency's QMS Certificate/s shall be submitted to the Government Quality Management Committee (GQMC), through the DBM Secretariat –Systems and Productivity Improvement Bureau, immediately

<sup>1</sup>Certificate from HR Manager & GM on the compliance to CSC Memo # 14-2016

<sup>2</sup>Average Positive Net Income- EO 181-2015; LWUA MC 007-15; DBM-BC #007-2016

after obtaining a QMS Certificate or Recertification not later than December 31, 2018, for verification purposes.

For LWDs under categories C & D, adoption of New Government Accounting System (NGAS) with Philippine Financial Reporting Standards (PFRS). COA Circular No. 2015-003 prescribed the use of PFRS by all government agencies classified as Government Business Entities (GBEs).

8.6 **GASS Targets.** The common GASS targets shall include the following:

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

- a.1 **Obligations BUR** computed as obligation rates for Maintenance and Other Operating Expenses (MOOE) and Capital Outlays (CO) of all programs, activities, and projects funded in FY 2018 from all appropriation sources, including those released under the General Appropriations Act as the allotment order policy, net of savings from procurement, and implementation of cost-cutting measures; and
- a.2 **Disbursements BUR** which is measured by the ratio of total disbursements (cash and non-cash, excluding Personnel Services) to total obligations for MOOE and CO in FY 2018, net of goods and services obligated by December 31, 2018 but accounts payable and not yet due and demandable on the said date.

b. **Sustained Compliance with Audit Findings.** Fully implement 30% of the priors years audit recommendations as shown in the Report on Status of Implementation of 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 agency's internal control processes, enhance operational effectiveness, and eliminate, resolve and remedy most, if not all, of the agency audit findings, by the end of 2020.

c. **Submission of Annual Procurement Plan (APP non CSE)** approved by the Head of Procuring Entity (HOPE) to the Government Procurement Policy Board (GPPB) in the format prescribed under GPPB Circular No. 07-2015 by posting it in the agency TS.

c.1 **FY 2018 APP-non CSE** should have been submitted to the GPPB-TSO on January 31, 2018 per Section 7.3.5 of the 2016 Revised Implementing Rules and Regulations of RA No. 9184. The same should be posted on the agency TS page on not later than one month after the issuance of this Circular.

c.2 To support Early Procurement, the **Indicative FY 2019 APP –non CSE consistent with the FY 2019 National Expenditure Program (NEP)** should be posted on the agency TS page not later than August 31, 2018.

The APP non-CSE submissions must indicate: "APP for CY <Year>of<Complete Name of Head Office / Agency><Regions \_to \_ , if applicable> for PBB" in the subject line. The list of agencies

complying with the APP submission requirement shall be posted in the GPPB website ([www.gppb.gov.ph](http://www.gppb.gov.ph)).

- d. **Submission of FY 2019 Annual Procurement Plan-Common-Use Supplies and Equipment (FY 2019 APP-CSE)** to the DBM-Procurement Service on or before August 31, 2018 in the prescribed format by DBM-PS. The same should be posted in the agency TS page not later than August 31, 2018.

**8.7 Other cross-cutting requirements.** The AO 25 IATF sets the following cross cutting requirements:

- a. Establishment and Conduct of Agency Review and Compliance Procedure of SALN pursuant to Section 10 of the Code of Conduct and Ethical Standards for Public Officials and Employees (RA No. 6713), and CSC Resolutions Nos. 1300455 and 1500088. Each agency shall have a SALN Review and Compliance Committee to implement the provisions on reviewing and complying with SALN requirements to determine whether said statements have been submitted on time, are complete, and are in proper form.

Agency heads should ensure that officials and employees covered by RA No. 6713 submitted their 2018 SALN to the respective SALN repository agencies, as prescribed in the rules provided under CSC Memorandum Circular No. 3 s. 2015. The Agency Review and Compliance Procedure of SALN used by the agency's SALN Review and Compliance Committee should be cascaded to all employees. The scanned copy of the same shall be uploaded in the agency TS page not later than October 1, 2018.

- b. Compliance with the Freedom of Information (FOI) Program pursuant to Executive Order No. 2 s. 2016, based on the enhanced requirements of the Presidential Communications Operations Office (PCOO). Agencies should comply with the following FOI requirements within the set deadline.
  - b.1 The people's FOI Manual duly signed by the Head of the Agency and uploaded in the agency TS page on or before September 30, 2018;
  - b.2 The Agency Information Inventory uploaded in the agency TS page on or before September 30, 2018;
  - b.3 The 2017 and 2018 FOI Summary Report uploaded in the agency TS page on or before January 31, 2019;
  - b.4 The 2017 and 2018 FOI Registry uploaded in the agency TS page on or before January 31, 2019; and
  - b.5 A screenshot of the agency website's home page containing a visible and functional FOI logo linked to the electronic FOI portal ([www.foi.gov.ph](http://www.foi.gov.ph)) submitted through email: [foipco@gmail.com](mailto:foipco@gmail.com) on or before September 30, 2018.

Agencies should submit the accomplished FOI Reports strictly in Excel format (.xls) based on templates provided in this link: [www.bit.ly/2018FOIReports](http://www.bit.ly/2018FOIReports). Submissions which are not compliant to the

file format and templates will not be considered. All agencies including those already onboard the eFOI portal, are required to send the soft copy submissions to [foipco@gmail.com](mailto:foipco@gmail.com). Policy issuances and memoranda can be accessed in this link: [www.foi.gov.ph/resources](http://www.foi.gov.ph/resources).

- 8.8 Form A (see Annex 1) shall contain all MFO indicators and targets as in Section 6.2 and the common STO and GASS indicators and targets. The performance targets for FY 2018 should indicate an improving trend over the FY 2017 accomplishments.
- 8.9 Form A-1 (see Annex 2) shall contain the cascaded performance targets of the delivery units.

## 9.0 RANKING OF DELIVERY UNITS

LWDs and their corresponding delivery units that meet the criteria and conditions in Section 5.1 are eligible to the PBB for FY 2018.

- 9.1 Delivery units eligible to the PBB shall be forced ranked according to the following categories:

<b>RANKING</b>	<b>PERFORMANCE CATEGORY</b>
Top 10%	Best Delivery Unit
Next 25%	Better Delivery Unit
Next 65%	Good Delivery Unit

- 9.2 When identifying and determining delivery units, LWDs must be guided by the LWUA MC 015-2016. A delivery unit is the primary subdivision of the LWD performing substantive line functions, technical services or administrative support, as reflected in the LWD's organizational structure/functional chart.
- 9.3 Only the personnel belonging to eligible delivery units are qualified for the PBB. While individual ranking shall be the basis for promotion, further training and/or disciplinary action, individual ranking shall no longer be included in the Form 1.0.
- 9.4 Officials and employees who receive a "Below Satisfactory" rating under the CSC-approved SPMS shall not be eligible to the PBB.
- 9.5 Officials and employees who did not file SALN and failed to liquidate their cash advances in FY2018 shall not be eligible to the PBB.
- 9.6 The resulting ranking of offices/delivery units shall be indicated in Form 1.0 (Annex 3).

## 10.0 RATES OF THE PBB

- 10.1 The rates of the PBB for each individual shall be based on the performance ranking of the individual's delivery unit, with the rate of incentive as a multiple of the individual's monthly basic salary based on the following categories:

PERFORMANCE CATEGORY	MULTIPLE OF BASIC SALARY
Best Delivery Unit (10%)	0.65
Better Delivery Unit (25%)	0.57
Good Delivery Unit (65%)	0.50

## 11.0 SUBMISSION OF REPORTS

- 11.1 LWDs should submit duly completed and signed forms and reports to LWUA (one hard copy of Forms A, A-1, 1.0 and other supporting documents). All forms and reports shall be signed by the agency head or the officially designated OIC.
- 11.2 COA financial reports including the Report on Ageing of Cash Advances should be submitted directly to COA in accordance with the mandated period of submission. COA will provide the IATF the list of LWDs that complied with this condition.
- a. To be eligible, the LWD must have submitted the FY 2017 financial reports not later than February 14, 2018 per COA Circular No. 2015-004.
  - b. Meanwhile, LWDs should submit to COA the Report on Ageing of Cash Advances with a cut-off date of November 15, 2018 to the respective Resident Auditors on or before November 30, 2018. Upon validation, the Resident Auditor shall be responsible for forwarding the validated Report on Ageing of Cash Advances to their respective Supervising Auditor/Cluster Director for proper transmittal to the Risk Management and Budget Office of the COA Head Office.
  - c. The updated payments of audit fees and disallowances with COA Order of Execution (COE) should be submitted.
- 11.3 LWDs should submit FY 2018 accomplishments using Forms A, A-1 and Form 1.0 on or before February 2019.
- 11.4 The IATF shall conduct spot-checks to validate claims and certifications made by LWDs.
- 11.5 The AO 25 sets the following implementation timeline for the 2018 PBB:

REQUIREMENTS	VALIDATING AGENCY	DEADLINE OF SUBMISSION	START OF VALIDATION
<b>Physical Targets</b>			
<b>Operations</b>			
1. Citizen/Client Satisfaction	Composite Team from AOP 25 IATF agencies	February 28, 2019 (Category C & D LWDs) August 31, 2019 (Category A & B LWDs)	March 1, 2019 (Category C & D LWDs) September 1, 2019 (Category A & B LWDs)
2. Physical Targets	LWUA	February 28, 2019	March 1, 2019
<b>Support to Operations (STO)</b>			
1. QMS Certification <ul style="list-style-type: none"> <li>Post QMS Certification in TS page</li> <li>Submit certified true copy of QMS certificate to GQMC through DBM-SPIB</li> </ul>	GQMC	December 31, 2018	From January 1 to 31, 2019
<b>General Administration and Support Services (GASS)</b>			
1. BUR <ul style="list-style-type: none"> <li>Departments, OEOs and GOCCs covered by DBM</li> </ul>	DBM-BMBs concerned DBM Regional Offices and DBM-BMB-F	February 28, 2019 (Category C & D LWDs) August 31, 2019(Category A & B LWDs)	March 1, 2019(Category C & D LWDs) September 1, 2019(Category A & B LWDs)
2. Sustained Compliance with Audit Findings	COA	December 31, 2018	December 31, 2018
3. COA Financial Reports <ul style="list-style-type: none"> <li>LWD Category C &amp; D</li> <li>LWD Category A &amp; B</li> </ul>	COA	March 30, 2018 April 30, 2018	March 30, 2018 April 30, 2018
4. Procurement Documents <ul style="list-style-type: none"> <li>FY 2018 APP-non CSE</li> <li>Indicative FY 2019 APP-non CSE</li> <li>FY 2019 APP-CSE</li> </ul>	GPPB-TSO GPPB-TSO DBM-PS GPPB-TSO	January 31, 2018 August 31, 2018 August 31, 2018 January 31, 2019 August 31, 2018	One (1) month after the issuance of resolution August 31, 2018 August 31, 2018 January 31, 2018 August 31, 2018
<b>Good Governance Conditions</b>			
1. Transparency Seal	DBM-OCIO	October 1, 2018	October 1, 2018
2. PhilGEPS Posting (Transactions above P1,000,000 and with December 31, 2018 as cut-off), including the Early	PhilGEPS	January 31, 2019	February 1, 2019

REQUIREMENTS	VALIDATING AGENCY	DEADLINE OF SUBMISSION	START OF VALIDATION
Procurement of FY 2019 Non-CSE items.			
3. Citizen's Service Charter <ul style="list-style-type: none"> <li>Certificate of Compliance (CoC) pursuant to CSC MC No. 14, s. 2017</li> </ul>	CSC	August 1, 2018	August 1, 2018
<b>Other Cross-cutting Requirements</b>			
1. Submission of SALN of employees	Office Of the President, Ombudsman, CSC	April 30, 2018	April 30, 2018
2. Agency Review and Compliance Procedure of Statement and Financial Disclosures. Note: Departments/Agencies shall submit a list of SALN non-filers using Form 1.	CSC	October 1, 2018	October 1, 2018
3. FOI Compliance <ul style="list-style-type: none"> <li>People's FOI Manual</li> <li>Agency Information Inventory</li> <li>2017 and 2018 FOI Summary Report</li> <li>2017 and 2018 FOI Registry</li> <li>Screenshot of agency's home page</li> </ul>	PCOO	September 30, 2018 September 30, 2018  January 31, 2019  January 31, 2019 September 30, 2018	September 30, 2018 September 30, 2018  January 31, 2019  January 31, 2019 September 30, 2018
4. Posting of Agency's System Ranking Delivery Units	DAP	October 1, 2018	October 1, 2018
5. Submission of Agency Report on Ranking of Delivery Units (Form 1 and PBB Evaluation Matrix)	LWUA and DBM-BMB-C	February 28, 2019 (Category C & D LWDs)  August 31, 2019 (Category A & B LWDs)	March 1, 2019 (Category C & D LWDs)  September 1, 2019 (Category A & B LWDs)

## 12.0 EFFECTS OF NON-COMPLIANCE

- 12.1 LWDs that are unable to comply with all the Good Governance Conditions shall be considered ineligible for the PBB FY 2018

- 12.2 Upon determination after due process by the oversight agency of misrepresentation in the submitted reports for the PBB, commission of fraud in the payment of the PBB and violation of the provisions of these Guidelines, the LWD shall be disqualified from the PBB in the succeeding year of its implementation. Moreover, the CSC or Ombudsman shall file the appropriate administrative case.
- 12.3 LWDs 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 the bonuses of these LWDs.

### **13.0 FEEDBACK AND CHANGE MANAGEMENT**

- 13.1 The Head of the LWD, with the support of their Performance Management Group (PMG), shall develop and implement internal communications strategy on PBIS, and fulfil the following:
- a. Engage their respective employees in understanding the PBIS, the performance targets of their respective delivery units 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 delivery units to their employees through the internet and other means as well as publish these on their respective websites for public information.
  - d. Set up a Help Desk to respond to queries and comments on the targets and accomplishments of their delivery units. The Help Desk may be a facility that is embedded in the respective websites of LWDs.
  - e. Set up a Complaints Mechanism to respond to the PBIS-related issues and concerns raised by officials and employees of their respective units. Such may be incorporated in the functions of their Grievance Committee.

The LWD's Head shall designate a senior official 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 delivery units.

### **14.0 INFORMATION AND COMMUNICATION**

- 14.1 The Head of the LWD shall confirm with the IATF the names, positions and contact details (e- mail, landline, facsimile, cellular phone) of the senior officials designated as the PBB focal person and the spokesperson, respectively.
- 14.2 LWDs should strengthen the communications strategy, and ensure transparency and accountability in the implementation of the PBB.




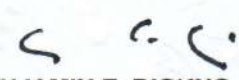
**15.0 FUNDING SOURCE**

- 15.1 The PBB of eligible LWDs shall be sourced from their respective corporate funds.
- 15.2 LWDs are prohibited to source payment of the PBB from the following:
- a. Loans;
  - b. Subsidy from the National Government for the LWD's operations; and
  - c. Sale of the LWD's assets for the sole purpose of paying the PBB and is otherwise not in the ordinary course of business.

**16.0 EFFECTIVITY**

This Circular shall take effect immediately.

  
**JECI A. LAPUS**  
Acting Administrator  
Local Water Utilities Administration

  
**BENJAMIN E. DIOKNO**  
Secretary  
Department of Budget and Management

OCT 15 2018

