



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

21 NOV 2019

JOINT MEMORANDUM CIRCULAR
NO. 2019-01

TO : ALL PROVINCIAL GOVERNORS, CITY MAYORS, MUNICIPAL MAYORS, DILG-REGIONAL DIRECTORS, BARM-MILG MINISTER, AND OTHERS CONCERNED

SUBJECT : GUIDELINES ON THE GRANT OF THE PERFORMANCE-BASED BONUS FOR OFFICIALS AND EMPLOYEES OF LOCAL GOVERNMENT UNITS FOR FISCAL YEAR 2019

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. 2019-1 of the Administrative Order (AO) No. 25 Inter-Agency Task Force (IATF) on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems, 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 *Modifying the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of Additional Benefits for Both Civilian and Military and Uniformed Personnel*

- 1.4 This Joint Memorandum Circular is issued to prescribe the criteria and conditions for the grant of the PBB for FY 2019 performance of local government officials and employees, to be validated and given in FY 2020.

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 issuance shall be done in close coordination with the 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 PBB:
 - a. **Passed the CY 2019 Seal of Good Local Governance (SGLG) assessment criteria** (*DILG Memorandum Circular No. 2019-44 dated March 15, 2019*);
 - b. **With Maintained/Updated Citizen's or Service Charter** or its equivalent, reflecting the agency's enhanced service standards for all its government services to citizens, businesses, and government agencies, consistent with the objectives of Republic Act (RA) No. 11032 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.

LGUs shall submit their respective Certificates of Compliance (CoC) based on the format prescribed by the Anti-Red Tape Authority (ARTA) on or before **December 06, 2019** to this email address: compliance@arta.gov.ph. The ARTA shall conduct a validation of

the Citizen's or Service Charter or its equivalent beginning January 2020;

- c. **With a fully-functional Strategic Performance Management System (SPMS)** as approved and certified by the Civil Service Commission (CSC); and
 - d. **Sustained Compliance with Audit Findings.** Thirty percent (30%) of the prior years' audit recommendations must have been fully implemented as shown in the Report on the Status of Implementation of Prior Years' Recommendations. These recommendations exclude the Property, Plant and Equipment (PPE)-related items of the Annual Audit Report (AAR). Audit findings closed in FY 2019 should also not recur. The inclusion of this criterion aims to: improve the LGU's internal control processes; enhance operational effectiveness; and eliminate, resolve, and remedy most, if not all, of the audit findings by end of 2020.
- 3.2 Non-compliance with any of the conditions prescribed in Section 3.1 will render the entire LGU ineligible for the FY 2019 PBB.

4.0 ENROLLMENT AND VALIDATION PROCESS

- 4.1 The grant of the FY 2019 PBB for LGUs is not mandatory and shall be implemented through an enrollment process.
- 4.2 LGUs that intend to participate in the grant of the FY 2019 PBB shall signify their intention by writing a Letter of Intent (LOI) 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 Offices shall compile the LOIs and officially transmit the same to the DILG Central Office through the Bureau of Local Government Supervision (BLGS) not later than **November 29, 2019**.

Electronic copies of the LOIs may also be submitted through this email address: lgupbb.dilg@gmail.com. Only the Regional Offices are encouraged to submit through the provided email address to enable the BLGS to effectively track the submission of LOIs.

- 4.3 The BLGS shall prepare the List of LGUs which signified their intent to participate. To validate compliance with Item 3.1a, the said list shall then be set against the Official List of CY 2019 SGLG Awardees. The list of LGUs that have met both requirements shall be the basis of coming up with the shortlisted LGUs to be transmitted to the AO 25 Secretariat by **December 16, 2019**.
- 4.4 The AO 25 Secretariat shall then advise the ARTA, CSC, and the Commission on Audit (COA) to validate the compliance of the shortlisted LGUs with items 3.1b, 3.1c, and 3.1d, respectively.
- 4.5 After the validation, ARTA, CSC, and COA shall submit their findings to the AO 25 Secretariat which, in turn, shall consolidate and process the findings to generate the List of Eligible LGUs or those LGUs that satisfy all the conditions prescribed in Section 3.0 of this issuance.
- 4.6 The **List of Eligible LGUs** shall be provided by the AO 25 Secretariat to DILG, through the BLGS, by **March 31, 2020**.
- 4.7 Based on the said List, the DILG shall issue the **Notices of Eligibility to all LGUs** that met all the criteria, by **April 30, 2020**. These shall be prepared by the BLGS to be signed by the DILG Secretary. Once signed, the Notices shall be transmitted to the DILG Regional Offices concerned for dissemination to the eligible LGUs.
- 4.8 The Notice of Eligibility serves as the authorization of an LGU to grant the PBB; therefore, only LGUs receiving such document shall be eligible to the grant of the PBB for FY 2019.
- 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 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 as of December 31, 2019.
- 5.2 To qualify, employees belonging to the First and Second Levels should receive a rating of at least "Satisfactory" based on the LGU's CSC-approved SPMS.

- 5.3 Personnel who transferred to an LGU from another government agency in FY 2019 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 2019 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 2018 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 2019 PBB.

- 5.9 Officials and employees who failed to liquidate all cash advances in FY 2019 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 2019 PBB.
- 5.10 Employees who failed to submit their complete SPMS Forms shall not be entitled to the FY 2019 PBB.
- 5.11 Officials and employees responsible for the implementation of the prior years' audit recommendations, or posting and dissemination of the LGU system of ranking performance of delivery units shall not be entitled to the FY 2019 PBB if the LGU 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 2018 SALN to the respective SALN repository agencies, liquidated their FY 2019 Cash Advances, and completed the SPMS Forms, as these will be the basis for the release of FY 2019 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 grant of FY 2019 PBB. Offices or delivery units shall be subjected to forced-ranking 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 an LGU 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 PBB rate 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, 2019, with reference to the table below:

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

If funds are insufficient for the grant of the PBB at the above rates, the PBB may be given at lower rates, 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 2019. The final numerical rating shall be derived by taking the average of the ratings of their first and second semester OPCR ratings for FY 2019. Offices or delivery units that failed to submit their OPCR Forms shall not be entitled to the FY 2019 PBB.
- 8.2 The Planning and Development Office shall prepare the ranking of eligible offices or delivery units, while the Human Resource Management Office shall prepare the list of eligible individuals. Both Offices shall take the lead in the consolidation of ratings and ranking of all offices or delivery units and shall prepare Form 1 (Report of Ranking of Offices/Delivery Units).
- 8.3 The results of the ranking must be posted in the bulletin board of the Human Resource Management Office or in the website of each LGU.

9.0 FUNDING SOURCES

The PBB shall be charged against LGU funds for FY 2020, subject to the Personnel Services (PS) limitation in LGU budgets pursuant to Sections 325 (a) of the Local Government Code of 1991 (RA 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 PAYMENT PERIOD OF THE FY 2019 PBB

Payment shall be made beginning **May 29, 2020** until **December 31, 2020**.

11.0 SUBMISSION OF ACCOMPLISHED FORMS

11.1 The Planning and Development Office and the Human Resource Management Office of the eligible Province, City, or Municipality shall accomplish Form 1 (Report on Ranking of Offices/Delivery Units).

11.2 Prior to the release of the PBB to eligible individuals, 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 Forms 1 to the concerned Provincial Director through the designated LGU-PBB Provincial Focal Person.

11.3 The designated LGU-PBB Provincial Focal Person shall accomplish Form 2 (Provincial Consolidation Report) and submit such, together with accomplished Forms 1.0, to the DILG Regional Office concerned through the designated LGU-PBB Regional Focal Person.

11.4 The designated LGU-PBB Regional Focal Person shall accomplish Form 3 (Regional Consolidation Report) and submit such, together with accomplished Forms 1 and 2, to the BLGS, not later than **November 27, 2020**.

12.0 EFFECTIVITY

This Joint Memorandum Circular shall take effect immediately.

Certified true copies of this Circular shall be posted in the websites of the DILG and RBPMS. This shall also be posted in the Official Gazette and to be filed in the University of the Philippines (UP) Law Center.


EDUARDO M. AÑO
Secretary, DILG




WENDEL E. AVISADO
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 2019 PBB: PhP _____	

List of Employees												
Ranking	Name of Offices/Delivery Units	Name of Individuals	Elected	Appointed (Co-term)	Regular employees	Contractual	Casual	Salary Grade	Date of Assumption of Duty	Months in Service in 2018	Amount of PBB	Remarks
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: _____

Ranking	Name of Offices/Delivery Units	List of Employees							Amount of PBB	Remarks		
		Names of Individuals					Date of Assumption of Duty	Months in Service in 2019			Salary Grade	
		Elected	(Co-term) Appointed	Regular employees	Contractual	Casual			<i>Check the appropriate box:</i>			
2.1 BEST (10%)												
2.2 BETTER (25%)												

FORM 2 – PROVINCIAL CONSOLIDATION REPORT ON THE GRANT OF FY 2019 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 FY 2019 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