



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



JOINT MEMORANDUM CIRCULAR
NO. 04

29 SEP 2020

TO : ALL PROVINCIAL GOVERNORS, CITY MAYORS, MUNICIPAL MAYORS, DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT (DILG) REGIONAL DIRECTORS, DILG-BANGSAMORO ADMINISTRATIVE REGION IN MUSLIM MINDANAO (BARMM) MINISTER OF LOCAL GOVERNMENT, AND HEADS OF CONCERNED OFFICES

SUBJECT : GUIDELINES ON THE GRANT OF THE PERFORMANCE-BASED BONUS (PBB) FOR OFFICIALS AND EMPLOYEES OF LOCAL GOVERNMENT UNITS (LGUs) FOR FISCAL YEAR (FY) 2020

1.0 BACKGROUND AND PURPOSE

- 1.1 Memorandum Circular No. 2020-1 of the Administrative Order 25 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 to be issued by the AO 25 IATF and the Department of the Interior and Local Government (DILG).
- 1.2 Essentially, the same criteria and conditions for FY 2019 PBB are being issued for FY 2020 PBB to support the Administration's focus on the streamlining of government services, integrity, transparency, accountability, proper management of public affairs and public property, as well as to establish effective practices, aimed at the efficient turnaround of the delivery of government services and the prevention of graft and corruption in government.
- 1.3 This Joint Memorandum Circular (JMC) is being issued to prescribe the criteria and conditions for the grant of the PBB for FY 2020 performance of local government officials and employees, to be validated and given in FY 2021. This shall be implemented in close coordination with the AO 25 IATF.

2.0 COVERAGE

This JMC covers 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 compensations are being paid wholly out of the Personnel Services budget.

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

3.0 ELIGIBILITY CRITERIA

3.1 Each LGU must satisfy ALL of the following conditions to be eligible for the grant of PBB:

a. *Passed minimum local governance standards:*

- An awardee of the Seal of Good Local Governance (SGLG) in any assessment year within CYs 2015 to 2019;
- Attained at least medium compliance on the functionality of Local Development Councils as of August 28, 2020; and
- Passer of the Good Financial Housekeeping as of August 28, 2020, except LGUs that availed remedies pursuant to DILG Memorandum dated February 16, 2015, particularly on items 2 and 3.

b. *Set-up Most Current and Updated Citizen's or Service Charter, reflecting* the LGU's improved and streamlined/re-engineered system and procedure for all its government services to citizens, businesses, and government agencies pursuant to Section 6 of **RA No. 11032** and the President's directive to reduce the processing time of all public transactions with government and ensure accessible and convenient delivery of services to the public.

Relative to this, an LGU shall submit its Certificate of Compliance (CoC) to the Anti-Red Tape Authority (ARTA) at compliance@arta.gov.ph and copy furnish AO 25 Secretariat at ao25secretariat@dap.edu.ph not later than **December 4, 2020**.

The CoC, prescribed under ARTA Memorandum Circular No. 2019-02 (s. 2019, serves as the basis of the validation starting in January 2021. (*Full details of the requirements are contained in ARTA MC*)

- c. **Performance Rating System to be Used for Personnel in the First and Second Levels, and those occupying Career Executive Service (CES) positions** of departments/agencies in NGAs, GOCCs, and LGUs, including managerial or director positions, but are not Presidential appointees, shall be consistent with the Civil Service Commission (CSC)-approved Strategic Performance Management System (SPMS). For the CES officers and incumbents to CES positions, the rating of their performance shall be based on the guidelines issued by the CES Board (CESB).
 - d. **Sustained Compliance with Audit Findings** of at least 30% of prior years' audit recommendations must be fully implemented as shown in the Report on the Status of Implementation 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 2018 must 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 2021.
- 3.2 Non-compliance with any of the conditions prescribed in Section 3.0 will render the entire LGU ineligible for the FY 2020 PBB.

4.0 ENROLLMENT AND VALIDATION PROCESS

- 4.1 The grant of the PBB for FY 2020 to LGUs is not mandatory and shall be implemented through an enrollment process.
- 4.2 LGUs that intend to participate in the grant of the PBB for FY 2020 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 (ROs) shall compile the LOIs. These shall be officially transmitted to the DILG Central Office – Bureau of Local Government Supervision (BLGS) through email address lgupbb.dilg@gmail.com not later than **October 23, 2020**. Only the DILG ROs are encouraged to submit through this platform to ensure effective tracking of submission.

- 4.3 The BLGS shall prepare the List of LGUs with LOIs. This list shall be counter-checked against the first shortlist based on Item 3.1a. Those

LGUs that have met all the three requirements shall be the basis of coming up with the final roll of LGUs to be transmitted to the AO 25 Secretariat by **November 6, 2020**.

- 4.4 The AO 25 Secretariat shall then advise the ARTA, CSC, and 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, 2021**.
- 4.7 Based on the said List, the DILG shall issue Notices of Eligibility by **April 30, 2021**, to the qualified LGUs. These shall be prepared by the BLGS and signed by the DILG Secretary. Once signed, the Notices shall be transmitted to the concerned DILG Regional Offices for dissemination.
- 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 2020.
- 4.9 The List of Eligible LGUs shall be posted on 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. The maximum PBB rate is 65% of their monthly basic salary as of December 31, 2020. They are not included in the ranking of delivery units, however, their rates must be consistent with the rates indicated in Item 7.
- 5.2 To qualify, employees belonging to the first and second levels must receive a rating of at least "Satisfactory" based on LGU's CSC-approved SPMS.
- 5.3 Personnel in 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. The payment of the PBB shall come from the mother agency.



- 5.4 Personnel who transferred to an LGU from another government agency in FY 2020 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.
- 5.5 An official or employee who has rendered a minimum of nine (9) months of service during the fiscal year and with at least a "Satisfactory" rating may be eligible for the full grant of the PBB.
- 5.6 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 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
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. 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; or
 - h. Sabbatical Leave
- 5.7 An official or employee is disqualified to the grant of PBB due to ANY of the following reasons:
- a. On vacation or sick leave, with or without pay, for the entire year;
 - b. Found guilty of administrative and/or criminal cases by final and executory judgment in FY 2020; however, if the penalty meted out is only a reprimand, such penalty shall not cause the disqualification to the PBB;
 - c. Failure to submit 2019 SALN as prescribed in the rules provided under CSC MC No. 3 s. 2015, including those who are responsible for the non-compliance with the establishment and conduct of the review and compliance procedure of the SALN;

- d. Failure to liquidate all cash advances in FY 2020 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;
- e. Failure to submit complete SPMS Forms; or
- f. Failure to comply with the implementation of prior years' audit recommendations, or posting and dissemination of the LGU system of ranking performance of delivery units.

5.8 Heads of departments, offices, or delivery units shall ensure that officials and employees covered by Republic Act No. 6713 submitted their 2019 SALN to the respective SALN repository agencies, liquidated their FY 2020 Cash Advances, and completed the SPMS Forms, as these will be the basis for the release of FY 2020 PBB to individuals.

6.0 RANKING OF DELIVERY UNITS OF PROVINCES, CITIES, AND MUNICIPALITIES

6.1 Once eligible to the FY 2020 PBB, offices or delivery units shall be subjected to a 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 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 hereof; and

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, 2020, with reference to the following table:

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 rates, but at a 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 2020. The final numerical rating shall be derived by taking the average of the ratings of their first and second-semester OPCR ratings.
- 8.2 The Planning and Development Office (PDO) shall prepare the ranking of eligible offices or delivery units, while the Human Resource and Management Office (HRMO) 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). Results shall be presented to the heads of offices or delivery units for their concurrence; and
- 8.3 The results of the ranking shall be posted on the bulletin board of the HRMO of each LGU or the LGU website.

9.0 FUNDING SOURCES

The PBB shall be charged against LGU funds 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 PDO and HRMO 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, 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; or
 - 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.

10.3 The designated LGU-PBB Provincial Focal Person shall accomplish Form 2 (Provincial Consolidation Report) and submit such, together with the accomplished Form 1, to the concerned DILG Regional Office through the designated LGU-PBB Regional Focal Person, and

10.4 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 26, 2021**.

11.0 PAYMENT PERIOD

Considering fund availability, payment of FY 2020 PBB shall be made until December 31, 2022.

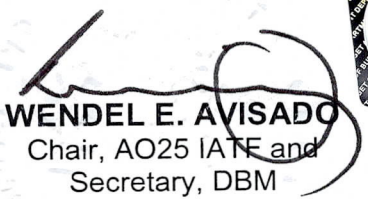
12.0 EFFECTIVITY

This JMC shall take effect immediately.

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


EDUARDO M. AÑO
Secretary, DILG




WENDEL E. AVISADO
Chair, AO25 IATF and
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 2020 PBB: PhP _____	

Ranking	Name of Offices/Delivery Units	List of Employees										Remarks		
		Names 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			
													<i>Check the appropriate box:</i>	
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)	Regular employees	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 2020 PBB for LGUs

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 2020 PBB FOR LGUs

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