



## AMENDED GUIDELINES ON THE SYSTEM OF RANKING AND RATING AS BASIS FOR THE GRANT OF PERFORMANCE-BASED BONUS (PBB)

### 1.0 BACKGROUND

Pursuant to Executive Order (EO) No. 80, s.2012 (Directing the Adoption of a Performance-Based Incentive System for Government Employees) and Memorandum Circular (MC) 2012-01 (Guidelines on the Cascading of Department Performance Targets in line with EO. No. 80) issued by the Administrative Order (AO) 25 Inter-Agency Task Force (IATF), a Performance Based Incentive System (PBIS) consisting of the Productivity Enhancement Incentive (PEI) and the Performance-Based Bonus (PBB) shall be adopted in the National Government beginning Fiscal Year (FY) 2012.

The PBB shall be characterized by a system of rating and ranking Delivery Units within the Agency according to their contribution to their respective Department/Agency performance. Such performance shall be measured by verifiable and sustainable indicators based on their Major Final Outputs (MFOs), commitments to the President supportive of the priorities under EO 43, s. 2011; and good governance conditions specified in MC 2012-02, MC 2012-02-A, MC 2013-01, MC 2014-1, MC 2014-2, MC 2015-1, MC 2016-1, MC 2016-2, MC 2017-1 issued by the AO 25 IATF on October 16, 2012, October 31, 2012, August 2, 2013, April 21, 2014, October 8, 2014, August 12, 2015, May 12, 2016, October 12, 2016, March 9, 2017 and June 3, 2021 respectively.

### 2.0 AGENCY'S CRITERIA FOR ELIGIBILITY TO THE PBB

Per AO25 IATF MCs, the grant of the PBB shall be based on the measurement and evaluation of the performance of agencies with emphasis on the public's satisfaction on the realization of the agencies' performance targets, quality of service delivery, efficiency in the use of resources, and strengthened agency stewardship. The conditions shall be categorized according to four (4) dimensions of accountability: PERFORMANCE RESULTS, PROCESS RESULTS, FINANCIAL RESULTS AND CITIZEN/CLIENT SATISFACTION RESULTS.

To be eligible to the grant of the PBB, the Agency must satisfy the criteria and conditions under the abovementioned criteria and conditions and **attain a total score of at least 70 points** based on the PBB Scoring System.

#### I. Performance Results

Performance Results refer to the accomplishment of the Congress-Approved performance targets under the Performance-Informed Budgeting (PIB) of the General Appropriations Act (GAA). The Target under the Performance Results will enable the Agency to concentrate its efforts on its mandates and core functions, as well as ensure delivery of high quality and high impact activities.

The Agency performance is closely monitored through the use of the submitted Unified Reporting System (URS) – generated Budget and Financial Accountability Reports (BFARs) to indicate progress towards accomplishment of broader sectoral and societal outcomes targeted by the agency for improving the lives of Filipinos.

The Performance Results shall be assessed and scored as follows:

| Table 1: RATING SCALE FOR PERFORMANCE RESULTS   |   |  |  |  |
|---|---|--|--|--|
| 1   | 2   | 3  | 4  | 5  |
| Met less than 80% of performance indicators of the Congress-approved performance targets: <b>deficiencies due to controllable factors</b> | Met less than 80% of performance indicators of the Congress-approved performance targets: <b>deficiencies due to uncontrollable factors</b> | Met at least 80% of performance indicators of the Congress-approved performance targets: <b>deficiencies due to controllable factors</b> | Met at least 80% of performance indicators of the Congress-approved performance targets: <b>deficiencies due to uncontrollable factors</b> | Met each one of the Congress-approved performance targets (all performance indicators) |

II. Process Results

The Process Results refer to the achievement in ease of doing business/ease of transaction with the Agency as a result of streamlining, standardization i.e. through the ISO-Certified QMS or its equivalent, digitization, and related improvements in the delivery of services. The target under Process Results is the greater ease of transaction of frontline services covering all government-to-citizens (G2C), government-to-business (G2B), and government-to-government (G2G) transactions.

The Agency shall report and provide the objectively verifiable evidence of their achievements in ease of doing business or ease of transaction from the perspective of the transacting public.

The Process Result shall be assessed and scored as follows:

| Table 2: RATING SCALE FOR PROCESS RESULTS  |   |   |  |  |
|--|---|---|--|--|
| 1  | 2   | 3   | 4  | 5  |
| <b>No demonstrated ease of transaction</b> | Achieved targets to ease of transaction (streamlining, digitization, standardization) only of <b>non-frontline services</b> | Achieved targets to ease of transaction (streamlining, digitization, standardization) in <b>less than 80% of frontline services</b> | Achieved targets to ease of transaction (streamlining, digitization, standardization) of <b>at least 80% of frontline services</b> | Achieved certification or its equivalent certification for <b>all frontline services</b> |

III. Financial Results

The Process Results refer to the actual spending of the Agency’s budget allotment vis-a-vis the realization of the committed programs and projects. The Disbursements of BUR as well is a prevailing common target of all agencies. Targets under Financial Results reflect final payments made from the Agency’s annual budget allotment to realize their committed programs and projects based on the valid appropriations.

BUR for GOCCs (as stated in the AO25 IATF Memorandum Circular No. 2021 – 01 dated June 3, 2021) is computed as follows:

$$\text{Disbursements BUR} = \text{Total Actual Disbursement} / \text{Total Actual Obligation}$$

The Financial Result shall be assessed and scored as follows:

| Table 3: RATING SCALE FOR PROCESS RESULTS |                             |                             |                             |                              |
|---|-----------------------------|-----------------------------|-----------------------------|------------------------------|
| 1   | 2                           | 3                           | 4                           | 5                            |
| 1-19%<br>Disbursements BUR                | 20-39%<br>Disbursements BUR | 40-59%<br>Disbursements BUR | 60-79%<br>Disbursements BUR | 80-100%<br>Disbursements BUR |

IV. Citizen/Client Satisfaction Results

The Citizen/Client Satisfaction Results refer to the achievements in satisfying the quality expectations of the transparency public. To determine the effectiveness of streamlining, standardization, digitization, and other process improvements in easing transactions with the public, agencies have been encouraged to embed feedback mechanisms and systematically measure citizen/client satisfaction in the delivery of service.

The Agency shall provide a objectively verifiable evidence and report of its achievements in ease of doing business or ease of transactions from the perspective of the transacting public.

The Citizen/Client Satisfaction I Result shall be assessed and scored as follows:

| Table 4: RATING SCALE FOR PROCESS RESULTS |   |   |  |  |
|---|---|---|--|--|
| 1   | 2   | 3   | 4  | 5  |
| No submission / Did not conduct CCSS      | Average to low satisfaction rate with unresolved #8888 / CCB Complaints | Average satisfaction rate with 100% #8888 / CCB Complaints Resolved | High satisfaction rate with 100% #8888 / CCB Complaints Resolved | High satisfaction rate with no #8888 / CCB Complaints Resolved |

3.0 PBB ASSESSMENT AND SCORING SYSTEM

The Agency accomplishment for each of the criteria shall be rated using a scale of 1 to 5 (where 5 is the highest). Each criterion has an assigned weight, as shown on Table 5. The maximum score that may be obtained by the agency is 100 points. To ne eligible for the Performance-Based Bonus, the Agency must attain a **total score of 70 points.**

| Table 5: PBB Scoring System         |                      |                    |           |           |           |           |
|-------------------------------------|----------------------|--------------------|-----------|-----------|-----------|-----------|
| CRITERIA AND CONDITIONS             | WEIGHT               | PERFORMANCE RATING |           |           |           |           |
|                                     |                      | 1                  | 2         | 3         | 4         | 5         |
| Performance Results                 | 5                    | 5 points           | 10 points | 15 points | 20 points | 25 points |
| Process Results                     | 5                    | 5 points           | 10 points | 15 points | 20 points | 25 points |
| Financial Results                   | 5                    | 5 points           | 10 points | 15 points | 20 points | 25 points |
| Citizen/Client Satisfaction Results | 5                    | 5 points           | 10 points | 15 points | 20 points | 25 points |
| Total Score                         | MAXIMUM = 100 POINTS |                    |           |           |           |           |

#### 4.0 PURPOSE

This Guideline aims to provide the mechanics for:

1. Rating of Delivery Units of the Agency based on the achievement of performance targets and other criteria; and,
2. Granting of the PBB to qualified personnel of the Agency.

#### 5.0 COVERAGE

5.1 All Delivery Units (Departments/Offices).

5.2 Officials and employees holding a regular, government contractual, co-terminus, and casual positions with an employer-employee relationship with the Agency, and have rendered at least three (3) months of service within the PBB Fiscal Year.

#### 6.0 AGENCY ACCOUNTABILITIES

To sustain the institutionalization of compliance to existing government-mandated laws, and standards, the Agency and the Performance Management Group shall continue to implement, monitor, and enforce compliance with the following requirements:

- A. Updating of Transparency Seal
- B. Compliance with the Freedom of Information (FOI) Program
- C. Updating of Citizen's or Service Charter
- D. Compliance to Audit Findings and Liquidation of Cash Advances
- E. Submissioj and Review of SALN

While the above conditions is no longer required in determining the overall PBB eligibility of agencies, compliance with these conditions shall be used as the basis in determining the eligibility of responsible units and individuals. The Agency must submit these legal requirements directly to the oversight agencies.

#### 7.0 THE PERFORMANCE MANAGEMENT GROUP (PMG)

Per AO25 IATF MC 2012-03, the Head of the Agency may task a Performance Management Group (PMG) consisting of **senior officials** (Senior Deputy Administrator, Deputy Administrator, and Department/Office Head) who shall assist the Head of the Agency on the following:

- a) Set consultation meeting with Heads of offices/departments for the purpose of discussing the targets set in the department/office performance commitment and review form;
- b) Ensure that Office/Department targets and measures, as well as the budget, are aligned with those of the Agency's, and that work distribution of offices/departments is rationalized;
- c) Recommend approval of the office/department commitment and rating to the Head of Agency;
- d) Identify potential top performers and provide input to the PRAISE Committee for grant of awards and incentives;
- e) Adopt its own internal rules, procedures and strategies in carrying out the above responsibilities including schedule of meetings and deliberations.
- f) Assist in the ranking of Delivery Units according to performance criteria;

- g) Adopt and undertake a communications strategy on matters pertaining to the PBB;
- h) Publish the performance targets and its progress in the Agency's website for the employees to access;
- i) Set up of a Help Desk to respond to queries and comments on the Agency targets and accomplishments;
- j) Set up an appeal mechanism which can respond to and redress PBB issues and concerns brought forward by an official or employee, and act as appeals body and final arbiter for performance management issues of the Agency;
- k) Ensure adherence to the criteria and guidelines of the PBB;
- l) Conduct spot checking or audit on the Delivery Unit's accomplishment reports and submittals; and,
- m) Develop and implement an internal communications strategy on PBIS for the Feedback and Change Management **as stated in Section 13.0 of AO 25 IATF MC 2016-01**. The PMG shall make sure that the following activities are implemented:

1. Engage all employees in understanding the PBIS, the performance targets of their respective delivery unit, as well as the services and outputs that they will need to deliver in order to meet the set targets;
2. Disseminate the performance targets and accomplishments of the agency to all employees through the intranet and other means, as well as the publication to the agency website for public information.
3. Adopt and undertake a communications strategy to disseminate the Delivery Unit performance targets and accomplishments to their employees through the intranet and other means;
4. Set up a Help Desk to respond to queries and comments on the targets and accomplishments of the agency.
5. Set up a complaints mechanism to respond to the PBIS-related issues and concerns raised by officials and employees.

## **8.0. DETERMINING ELIGIBILITY OF DELIVERY UNITS FOR PBB**

8.1 The Delivery Units/Departments (DUs) of eligible agencies shall no longer be ranked. However, the unit/s most responsible for deficiencies shall be isolated.

8.2 To be considered to the PBB, Delivery Units must have achieved by December 29 of the Fiscal Year 100% of each of their performance targets laid in the PDO-DPCR form. The said form may also include additional criteria set forth by the PMG.

8.3 All Delivery Units must also comply with the applicable good governance conditions (please refer to item 2.2) as an eligibility requirement for the PBB including the set target on Budget Utilization Rate (BUR) for Obligation and Disbursement.

8.4 The performance indicators determined for PBB and the additional criteria developed to supplement them shall be the main parameters to be used by the PMG to determine eligibility.

8.5 The PMG may require additional MFO/PI and/or Strategic Priority depending on the Chairman and Administrator's directive.

8.6 The PMG may identify additional requirements that is considered as a non-performance-based criteria. However, additional requirements must be identified at least three (3) months before the start of the PBB Fiscal Year.

8.7 The Unit/s most responsible (including its HEAD) for the non-compliance / non – achievement of the Agency accountabilities and its performance targets shall be isolated from the grant of the PBB.

8.8 Eligible DUs shall be granted PBB at uniform rates across the Agency including its officials and employees. The corresponding rates of the PBB shall be based on the Agency’s achieved total score as shown in Section 9.

## **9.0 ELIGIBILITY OF INDIVIDUALS**

9.1 The eligibility of the Chairman and Administrator will depend on the eligibility and performance of the Agency. The PBB rate shall be based on the monthly basic salary as of December 31 of the PBB Fiscal Year as follows:

9.2 Non-ex officio Board Members of GOCCs covered by DBM may be eligible subject to a fixed PBB rate based on the current MC Circular issued by the AO25 IATF subject to the following conditions:

- a. The Agency has qualified for the grant of the 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 as Members of the Board; and,
- d. The Agency has submitted its Fiscal Year Corporate Operating Budget (COB) to DBM within the set deadline.

9.3 To be eligible to the PBB, personnel must have achieved by December 29 at least 100% of each of their performance targets for the fiscal year laid in the PDO-IPCR for reporting.

9.4 Employees belonging to the First and Second Levels should receive a rating of at least "Satisfactory" based on the Agency's CSC-approved Strategic Performance Management System (SPMS).

9.5 Personnel on detail to another government agency for six (6) months or more shall be included in the recipient agency that rated his/her performance. Payment of the PBB shall come from the mother agency.

9.6 Department/Office Heads and Supervisors must ensure that all qualified personnel are included in the Department Consolidated Individual Rating Summary Sheet (DCRISS). Non-inclusion of a qualified personnel in DCRISS submitted to the PMG Secretariat for consolidation of the Agency’s Form 1.0 submitted to the DBM would mean disqualification for both the Department/Office Head and the Supervisor.

9.7 Personnel who has rendered a minimum of nine (9) months of service during the fiscal year and with at least “Satisfactory” performance rating may be considered to the full grant of the PBB.

9.8 Personnel who rendered a minimum of three (3) months but less than nine (9) months of service and with the required performance rating shall be eligible for the grant of PBB on a pro-rata basis.

The PBB of employees shall be pro-rated corresponding to the actual length of service rendered, as follows:

**TABLE 7. PBB Pro-rated Table**

| Length of Service               | % of PBB |
|---------------------------------|----------|
| 8 months but less than 9 months | 90%      |
| 7 months but less than 8 months | 80%      |
| 6 months but less than 7 months | 70%      |
| 5 months but less than 6 months | 60%      |
| 4 months but less than 5 months | 50%      |
| 3 months but less than 4 months | 40%      |

The following are the valid reasons for an employee who may not meet the nine-month actual service requirement to be considered for PBB on a pro-rata basis:

- a. Being a newly hired employee;
- b. Retirement;
- c. Resignation;
- d. Any form of leave with or without pay such as the ff:
  - d.1 Rehabilitation Leave;*
  - d.2 Maternity Leave and/or Extended Paternity Leave;*
  - d.3 Vacation or Sick Leave;*
  - d.4 Scholarship/Study Leave;*
  - d.5 Sabbatical Leave*

9.9 Retired and resigned employees who met the minimum length of service must still submit their IPCR to HRMD to be eligible for pro-rata computation.

9.10 Personnel who is on vacation or study leave, sick leave, with or without pay for the entire year, is not eligible to the grant of the PBB.

9.11 Personnel found guilty of administrative and/or criminal cases filed against them and meted penalty in the PBB Fiscal Year 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.

9.12 Officials and employees who failed to submit their Statement of Assets Liabilities and Networth (SALN) as prescribed in the rules provided under CSC Memorandum Circulars shall not be entitled to the PBB Fiscal Year.

9.13 Officials and employee who failed to liquidate Cash Advances received in the PBB Fiscal Year within the reglementary period as required by the COA shall not be entitled to the PBB.

9.14 Personnel belonging to the First and Second Levels who received 'Unsatisfactory' or 'Poor' ratings under the CSC guidelines, shall not be eligible to the PBB.

9.15 The Department/Office Head is responsible for the inclusion of all its employees under their direct supervision (where the employee is currently assigned or detailed) in the Department Consolidated Rating Summary Sheet(DCRSS).

9.16 The following are the **sanctions** for Supervisors and Heads of Office who failed to include an employee in the DCIRSS under their direct supervision:

9.22.1. Administrative sanction for violation of reasonable office rules and regulations and simple neglect of duty for the supervisors for the delay or non-submission of the Individual Performance Commitment and Review form.

9.22.2. Failure on the part of the Head of the Office to comply with the required notices to their subordinates for their unsatisfactory or poor performance during the rating period shall be a ground for an administrative offense for neglect of duty.

9.17 The Department/Office shall collate the performance of all personnel using the Department Consolidated Individual Rating Summary Sheet and must be submitted to the PMG Secretariat within the required time.

**10.0 RATES OF THE PBB**

The total score as stated in Section 3 shall be the basis in determining the amount of the PBB the Agency is eligible for. The Maximum Rate of the PBB if the Agency achieve 100 points shall be 100% of the 65% monthly basic salary (MBS) of an individual as of Decemembr 31 of the Fiscal Year. For illustration see table 6 below:

| Table 6: RATES OF THE PBB |  |
|---------------------------|--|
| TOTAL SCORE               | PBB RATES  |
| 100 POINTS                | <b>65%</b><br>(100% of the 65% monthly basic salary)   |
| 95 POINTS                 | <b>61.75%</b><br>(95% of the 65% monthly basic salary) |
| 90 POINTS                 | <b>58.5%</b><br>(90% of the 65% monthly basic salary)  |
| 85 POINTS                 | <b>55.25%</b><br>(85% of the 65% monthly basic salary) |
| 80 POINTS                 | <b>52%</b><br>(80% of the 65% monthly basic salary)    |
| 75 POINTS                 | <b>48.75%</b><br>(75% of the 65% monthly basic salary) |
| 70 POINTS                 | <b>45.5%</b><br>(70% of the 65% monthly basic salary)  |

**11.0 APPEAL**

11.1 Individual employees who are disqualified to the grant of the PBB can file an appeal with the PMG within ten (10) days from the date of the grant of PBB to all personnel. No appeal shall be entertained before the formal qualification of the Agency on the grant of the PBB.

11.2 The PMG shall decide on the appeals within one (1) month from receipt.



## **12.0 SOURCE OF PBB FUND**

The SBMA-PBB shall be charged against Miscellaneous Personnel Benefits Fund (MPBF).

## **13.0 ADOPTION OF NEW MEMORANDUM CIRCULARS ISSUED BY INTER AGENCY TASK FORCE**

The SBMA shall automatically adopt forthcoming Memorandum Circulars Issued by the Inter-Agency Task Force, inconsistent with this Guideline.

## **14.0 EFFECTIVITY**

This Guideline shall take effect immediately and amends/ supersedes all other Office Orders/ Memoranda which are inconsistent herewith.

## **15.0 References**

**INTER-AGENCY TASK FORCE MEMORANDUM CIRCULAR No. 2021-1:** Guidelines on the Grant of the Performance-Based Bonus for Fiscal year 2021 Under Executive Order No. 80, s. 2012 and Executive Order No. 201, s. 2016.

**INTER-AGENCY TASK FORCE MEMORANDUM CIRCULAR No. 2012-1:** Guidelines on the Cascading of Department Performance Targets in Line with Executive Order (EO) No. 80

**INTER-AGENCY TASK FORCE MEMORANDUM CIRCULAR No. 2012-02:** Guidelines to Clarify the Good Governance Conditions for Fiscal Year 2012 in Line with the Grant of the Performance-Based Bonus under Executive Order (EO) No. 80

**INTER-AGENCY TASK FORCE MEMORANDUM CIRCULAR No. 2012-02-A:** Amendment to MC 2012-02 on Guidelines to Clarify the Good Governance Conditions for Fiscal Year 2012 in Line with the Grant of the Performance-Based Bonus under Executive Order (EO) No. 80

**INTER-AGENCY TASK FORCE MEMORANDUM CIRCULAR No. 2012-03 :** Guidelines on Determining Eligibility and Ranking Bureaus, Delivery Units, and Individuals Based on Performance in Line with the Grant of the Performance-Based Bonus (PBB) in FY 2012

**INTER-AGENCY TASK FORCE MEMORANDUM CIRCULAR No. 2012-04:** Guidelines on the Submission of Accomplishment Reports and Requests for Release of Funds for Payment of the FY 2012 Performance-Based Bonus (PBB)

**INTER-AGENCY TASK FORCE MEMORANDUM CIRCULAR No. 2012-05:** Guidelines to Clarify the Eligibility and the Ranking of Personnel in Line with the Grant of Performance-Based Bonus (PBB) for FY 2012

**INTER-AGENCY TASK FORCE MEMORANDUM CIRCULAR NO. 2013-01:** Supplemental Guidelines on the Grant of the Performance-Based Incentives for Fiscal Year 2013 under Executive Order No. 80

**INTER-AGENCY TASK FORCE MEMORANDUM CIRCULAR NO. 2014-01:** Guidelines on the Grant of the Performance-Based Incentives for Fiscal Year 2014 under Executive Order No. 80

**INTER-AGENCY TASK FORCE MEMORANDUM CIRCULAR NO. 2014-03:** Clarification on the Provision on the Nine-Month Service Requirement

**INTER-AGENCY TASK FORCE MEMORANDUM CIRCULAR NO. 2015-01:** Guidelines on the Grant of the Performance-Based Incentives for Fiscal Year 2015 under Executive Order No. 80

**INTER-AGENCY TASK FORCE MEMORANDUM CIRCULAR NO. 2016-01:** Guidelines on the Grant of the Performance-Based Incentives for Fiscal Year 2015 under Executive Order No. 80

**INTER-AGENCY TASK FORCE MEMORANDUM CIRCULAR NO. 2016-02:** Guideline on the Identification and Determination of Delivery Units Relative to the Grant of the Performance Based Bonus for Fiscal Year (FY) 2016

**INTER-AGENCY TASK FORCE MEMORANDUM CIRCULAR NO. 2017-01:** Guideline on the Identification and Determination of Delivery Units Relative to the Grant of the Performance Based Bonus for Fiscal Year (FY) 2017

**DBM-ORGANIZATIONAL PERFORMANCE INDICATOR FRAMEWORK (OPIF) Manila April 2012:** A Guide to Results-Based Budgeting in the Philippines

**CIVIL SERVICE COMMISSION DEPARTMENT OF BUDGET AND MANAGEMENT JOINT CIRCULAR NO. 1, S. 2012:** Rules and Regulations on the Grant of Step Increment/s Due to Meritorious Performance and Step Increment Due to Length of Service.

