



OFFICE ORDER NO. 19 - 652
Series of 2019

**GUIDELINES ON THE GRANT OF PERFORMANCE- BASED
BONUS (PBB) FOR CY2019**

I. BACKGROUND AND PURPOSE:

The following guidelines is being issued pursuant to Memorandum Circular No. 2019-02 dated 25 July 2019, issued by the Governance Commission for Government Owned or Controlled Corporations (GOCC) prescribing the criteria and conditions for the grant of the Performance-Based Bonus starting 2019 and onwards under Executive Order No. 80, s. 2012.

II. SUBMISSION OF PBB APPLICATION:

Applications for the grant of the PBB shall only be submitted to the GCG upon receipt of the GCG-validated scorecard, and; provided, it has obtained a weighted-average score of at least 90% in its Performance Scorecard for the applicable year.

Accordingly, GOCCs that achieved a score of less than 90% will automatically be deemed ineligible to the grant of PBB for the applicable year.

II. ELIGIBILITY TO GRANT THE PBB:

The grant of Performance Based Bonus (PBB) shall be based on overall ECC performance and distributed to individual Officers and Employees based on their performance ranking.

In order to be eligible to grant PBB to its qualified Officers and Employees, the ECC must:

1. Achieve a weighted-average score of at least 90% on its applicable Performance Scorecard;
 - 1.1. Measures wherein the accomplishments for the same cannot be objectively verified by GCG on account of inadequate or incomplete documentation by the GOCC on how such accomplishments were determined may be given an automatic zero score.
2. Satisfy 100% of the Good Governance Conditions (GGCs) as follows:
 - 2.1. Conditions Common to National Government Agencies and GOCCs as stated in the applicable A 25 IATF PBB Circular; and

2.2. Conditions Specific to GOCCs:

- a) The GOCC has satisfied all statutory liabilities, including:
 - i. the payment of all taxes due to the Government as certified/validated by the Bureau of Internal revenue (BIR);
 - ii. declaration and payment of all dividends to the State as of the end of the applicable calendar year, whenever applicable, as certified/validated by the Department of Finance (DOF);
 - iii. payment of NG Advances as certified/validated by the DOF;
 - iv. remittance of mandatory contributions as certified/validated by the following agencies: GSIS or SSS, Pag-IBIG, and PhilHealth.
- b) Maintain/update and implement the GOCC's *"Manual of Corporate Governance"* and *"No Gift Policy"* approved the GCG and uploaded on the GOCC's website pursuant to the *"Code of Corporate Governance for GOCCs"* and amendments thereto;
- c) Compliance with all the requirements mentioned in the *"Revised Whistleblowing Policy for the GOCC Sector"* and amendments thereto';
- d) Compliance with Executive Order on Freedom of Information: Executive Order No. 2, s. 2016; and
- e) Compliance with posting on ECC's website the information enumerated under Section 43 of *"Code of Corporate Governance for GOCCs"* and amendments thereto.

3. Other Conditions and Requirements (OCRs).

- a) Maintain and/or attain certification on the GOCCs Quality Management System (QMS);
- b) Timely submission of Annual Procurement Plan (APP) pursuant to applicable rules and regulations;
- c) Timely submission of Corporate Operating Budgets (COBs) to the Department of Budget and Management;
- d) Implementation of the prior year's audit recommendations, submission to the GCG of audit observations and notices of disallowance within seven (7) working days from the time it was received from the Commission On Audit (COA), all written communications between the ECC and COA on such matters, which shall include, but not limited to, the concrete and time-bound action plans for addressing the audit observations and notices of disallowances;
- e) Compliance and submission of reports through the Integrated Corporate reporting System (ICRS) pursuant to the policies and guidelines under "Policies and Guidelines on the Integrated Corporate Reporting System (ICRS) for the GOCC Sector" and amendments thereto;

- f) Compliance by all members of the Governing Board with the submission of all required forms for the Director Performance Review (DPR) pursuant to the Performance Evaluation for Directors (PE) and amendments thereto.

Officials and employees responsible for the compliance and implementation of the OCRs, shall not be entitled to the PBB for the applicable year if the GOCC fails to comply with any of these requirements.

III. COVERAGE:

All ECC officers and employees who occupy regular, casual or contractual positions with employer-employee relationship, shall be entitled to full grant of the PBB at the time of the release of the PBB; *Provided*, they shall have rendered an aggregate of at least nine (9) months of service in the public sector for the applicable PBB year. Officers and employees who do not meet the 9-month service requirement but have at least 3 months of service shall be entitled to PBB on a *pro-rata* basis provided in Item No. 7 below:

IV. ELIGIBILITY OF INDIVIDUAL OFFICERS AND EMPLOYEES:

1. Employees belonging to the First, Second and Third Levels should receive a rating of at least “Satisfactory” based on the agency’s CSC-approved Strategic Performance Management System (SPMS), or equivalent, or the requirement prescribed by the Career Executive Service Board (CESB);
2. 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.
3. Personnel who transferred from one government agency to another agency 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.
4. Officials and employees who transferred from government agencies that are non-participating in the implementation of the PBB, shall be rated by the agency where he/she served the longest; the official/employee shall be eligible for the grant of PBB on a pro-rata basis corresponding to the actual length of service to the participating agency, as stated below;
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. An employee who has rendered a minimum of three (3) months but less than nine (9) months of service and with at least “Satisfactory” 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:

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) 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; and
 - (i) Other leaves provided for by law.
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;
 8. Personnel found guilty of administrative or criminal cases in the applicable year by formal and executory judgement shall not be entitled to the PBB. If the penalty meted out is only reprimand, such penalty shall not cause the disqualification to the PBB;
 9. Officials and employees who failed to timely submit the latest Statement of Assts, Liabilities, and Networth (SALN) as prescribed under applicable CSC rules; or those who are responsible for the non-compliance with the establishment and conduct of the review and compliance procedure of SALN, shall not be entitled to the PBB of the applicable year;
 10. Officials and employees who failed to liquidate all Cash Advances received in the applicable year within the reglementary period, as stated in relevant and prevailing COA Circulars, shall not be entitled to the PBB of the applicable year;
 11. Officials and employees who failed to submit their complete SPMS Forms, or its equivalent, shall not be entitled to the PBB of the applicable year;

V. EXCLUSIONS:

Excluded from the grant of the PBB are those hired without employer-employee relationships with ECC and paid from non-Personnel Services appropriations/budgets as follows:

1. Consultants and experts hired to perform specific activities or services with expected outputs;
2. Laborers hired through job contracts (pakyaw) and those paid on piecework basis;
3. Student laborers and apprentices;
4. Individuals and groups of people whose services are engaged through job orders, contracts of service, or others similarly situated.

VI. PBB DISTRIBUTION SYSTEM:

The Executive Director should ensure that only eligible and qualified officers and employees of the ECC are included in the rating and ranking to be submitted to GCG. Distribution of PBB among qualified Officers and Employees who have complied with the eligibility rules mentioned above shall be in accordance with the following procedure:

1. Grouping of Personnel. – In determining the distribution of the PBB among qualified ECC officers and employees, all personnel shall be ranked on a percentile basis within their respective levels as determined by the Governing Board through Management in accordance with the following guidelines:

a. **Senior Management** – This refers to the executive officers of the ECC, and includes all heads of functional units, which are primarily involved in the development, evolution, and approval of long-term vision across a function or area of specialization. It includes those who lead the development of function strategy, implement and maintain policies of the organization for area of responsibility.

The President/CEO, or whoever is the highest-ranking executive officer, has the prerogative to avail of either the Performance-Based Incentive (PBI) under the applicable GCG M.C. on the PBI, or the PBB, but not both. In the event the CEO is included in the PBB application, he/she must meet the eligibility requirements for the PBI and shall be ranked separately on his/her own and shall not be included in the forced ranking of officers and employees.

b. **Middle Management** – This covers those whose work is primarily achieved through orders, with direct accountability for setting direction and deploying resources. Responsible for people management, including performance evaluation and pay reviews and typically hire/fire decisions. Includes individual contributors who are recognized as subject matter experts with in-depth technical knowledge, project management and significant influence skills in area of expertise.

c. **Professional and supervisory** – This level comprises the personnel whose work is primarily achieved by an individual or through project teams. Requires the application of expertise in professional or technical areas to achieve results. Typically has a university degree or equivalent work experience that provides knowledge and exposure to fundamental theories, principles and concepts.

d. **Clerical/General Staff** – This category includes all clerical, administrative and secretarial staff with little or no supervisory responsibility but who contribute independently to the organization. It also covers basic computing/data processing staff such as operators, customer service assistants and skilled craftsmen/ technicians.

2. Distribution for Qualified Officers and Employees. - In each of the level mentioned in #1 above, the ratings of officers and employees of the ECC under the OPCR shall be quantified to allow for ranking “on a percentile basis” for the purpose of distribution as follows:

Percentile	PBB as % of MBS
Top: Maximum 10%	65.0%
Next: Maximum 25%	57.5%
Remaining: Minimum 65%	50.0%

The percentile of the “*Top*” and “*Next*” levels are maximum figures with the discretion on the part of the Governing Board/Management to decrease the figures and distribute them to the “*Remaining*” level.

3. **Posting of the Distribution of PBB.** – The ECC shall post in its Transparency Seal, the guidelines/mechanics in ranking the officers and employees according to the mechanism stated herein

VII. ELIGIBILITY CRITERIA FOR THE PBB AND RANKING OF INDIVIDUAL PERFORMANCE:

The following weight allocations shall be observed to arrive at the PBB general rating of individual employees:

CRITERIA	WEIGHT (%)	RATING	CATEGORY/DESCRIPTION
A. Performance Rating (IPCR) 90%			
	90	4	Meeting the success indicators – Outstanding (O)
		3	90% to 99% of the success indicators – Very Satisfactory (VS)
		2	80% to 89% of the success indicators – Satisfactory (S)
		1	79% or below the success indicators – Unsatisfactory (US) – NOT ENTITLED TO PBB
B. Behavior, Attendance and Compliance 10%			
1. Integrity	1.0		
		4	No violation of ECC, CSC and DOLE Code of Conduct/ no administrative case during the rating period.
		2	With one (1) violation of the ECC, CSC and DOLE Code of Conduct/administrative case during the semester (final determination)
		0	With at least two (2) violations of the ECC, CSC and DOLE Code of Conduct/administrative case during the semester
2. Work Attitude	6.0		
		4	Shows remarkable interest in his job, a self-starter, always able to devise ways and means to accomplish tasks or with innovations. A team player.
		3	Sometimes shows initiative to devise ways and means to accomplish tasks. A team player.
		2	Shows normal interest in his job, does only what is required of him.
		1	Lacks interest in his job, must always be told to do his assignments, does not involve in group work
3. Punctuality (Tardiness/Undertime)	0.5		
		4	No tardiness/undertime during the year
		3	1-19 times tardy/undertime per semester during the year

		2	20-38 times tardy/undertime per semester during the year
		1	At least 39 times tardy/undertime or with warning per semester during the year
		0	Penalized for policy violation during the year (<i>Ten (10) times in 2 consecutive months in a semester or during the year – A.O. No.390 S.2003</i>) (<i>Ten (10) times in 2 consecutive months in a semester or during the year – CSC MC No. 16, S. 2010</i>)
4. Attendance	0.5		
		4	No absences during the rating period
		3	1-15 days absences per semester during the rating period
		2	16 and above days absences per semester during the rating period
		1	1-7 unauthorized absences or with warning during the semester
		0	Penalized for policy violation during the year (Exceeding 2.5 days of unauthorized absences in a month or at least 3 consecutive months during the year (Habitual Unauthorized Absences per A.O. No.390, S.2003)
Note: Excluded in the counting of absences: forced leave, maternity leave, paternity leave, parental leave, CSC Special Leave, rehabilitation leave, special leave for women)			
5. Compliance	2.0		
a. Compliance to Office Orders (For Head Office Personnel)	2.0	.4 .4 .4 .4 .4	Attendance in: Flag Ceremony Flag Retreat DOLE Flag Raising Public Assistance Center (PAC) Trainings/Seminars/Other Activities
b. Submission of Reports and other Administrative Requirements (For REU Personnel)	2.0	.4 .4 .4 .4 .4	On-time Submission of: DTRs, Locator Slips, Leave Application ECP In-house/On-Site Reports Accomplishment Reports Reimbursement Reports Liquidation Reports
TOTAL RATING	100%		

The IPCR rating of the employees shall also include intervening tasks with proof of actual performance and pioneering initiatives if there are any.

Officials and employees who do not submit their IPCR on or before the set deadline shall not be entitled to the PBB or to any other performance-based incentives.

The contractual and casual personnel who shall be entitled to the PBB shall be those whose compensation are charged to the lump sum appropriation under Personal Services; or those occupying positions in the GCG-approved contractual staffing pattern of agencies/offices concerned. They shall be included in the ranking along with the regular personnel.

Personnel who are assigned in more than one (1) division within the year shall base his/her IPCR rating on the average of his/her individual commitments in each office.

VIII. PERFORMANCE VALIDATION TEAM (PVT):

A Performance Validation Team (PVT)) created pursuant to the SPMS consisting of heads of divisions and representatives from the employee's union shall perform its functions as indicated in the order.

The PVT shall meet to come out with the ranking of employees based on GCG MC No. 2019-02. The ranking shall be discussed by the Division Chiefs with their respective staff. An employee can only raise clarifications/questions on his/her own IPCR rating and overall ranking.

IX. GRIEVANCE MECHANISM:

The ECC Grievance Committee created pursuant to Office Order No. 043, s. 2013 shall respond to the PBB-related issues and complaints raised by officers and employees.

X. PROHIBITED ACTS:

If a GOCC, after due process by the GCG, has been determined to have committed the following prohibited acts, may be disqualified from the PBB in the succeeding year of its implementation. The erring GOCC shall be subject to criminal and/or administrative action:

1. misrepresentation in the submitted reports required for the PBB, commission of fraud in the payment of the PBB, and violation of the provisions of the GCG Memorandum Circular. Provided, however, that if the misrepresentation was discovered during the validation stage, the GOCC shall be ineligible to the grant of PBB for the current performance period;
2. evenly distributing the PBB among employees in an agency, in violation of the policy of paying PBB based on individual ranking; and
3. releasing the PBB without authorization form the GCG.

XI. MISCELLANEOUS PROVISIONS:

Release of PBB:

The Governing Board shall ensure that the PBB will only be released to eligible and qualified officers and employees only upon receipt of the authorization letter from the GCG.

Flexibility:

The multiples herein are intended to provide a cap on the PBB that may be distributed by the ECC. However, nothing herein shall be construed to limit the business judgment or authority of the Governing Board, when giving due regard to the financial condition and existing policies of the ECC as determined by the GCG.

Funding for the PBB:

The funding to support the PBB System shall be charged to ECC's corporate funds, subject to the approval of the Governing Board in accordance with applicable laws, rules and regulations. However, it shall be prohibited to source the payment of the PBB from Loans; subsidy from the national government for the GOCC's operations, except for subsidy income or subsidy given by DBM precisely for the payment of the PBB; and, sale of the GOCC's assets for the sole purpose of paying the PBB and is otherwise not in the ordinary course of business.

Checklist and Timeline:

The ECC shall submit the complete required documents strictly in accordance with the prescribed forms and within one year from receipt of the GCG-validated Performance Scorecard.

GOCCs that submitted all the required documents on the given deadline may be authorized to grant the PBB upon receipt of the authorization letter from the GCG. Failure to submit the required documents within the deadline shall automatically disqualify the GOCC to grant the PBB to its Officers and Employees. For the applicable year.

Supervening Event:

The foregoing provisions notwithstanding, the GCG may deny or adjust the PBB to be granted to a GOCC in case of supervening events that significantly prejudice the financial position of the GOCC for that year as determined by the GCG.

For information and strict implementation.

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Executive Director

City of Makati
29 July 2019