



INTER-AGENCY TASK FORCE ON THE HARMONIZATION OF  
NATIONAL GOVERNMENT PERFORMANCE MONITORING, INFORMATION AND REPORTING SYSTEMS  
(Administrative Order No. 25 S. 2011)

MEMORANDUM CIRCULAR NO. 2017- 2

December 21, 2017

**TO :** All Heads of Departments, Bureaus, Offices and Other Agencies of the National Government, including Constitutional Commissions, Congress, The Judiciary, Office of the Ombudsman, State Universities and Colleges, Government-Owned or-Controlled Corporations, Local Water Districts, and Local Government Units

**SUBJECT :** Procedures Ensuring Quality of Validation/Assessment of Requirements for the Grant of Performance-Based Bonus (PBB) for Fiscal Year (FY) 2017

**I. Background and Rationale**

On its fifth cycle in 2016, the AO 25 Inter-Agency Task Force (IATF) began the Continuous Improvement Phase implementing modified requirements and criteria for the eligibility grant of the Performance-Based Bonus (PBB) of National Government Agencies (NGAs). From its pilot years, the Results-Based Performance Management System (RBPMS) already intended to achieve the harmonization of all government reporting systems and the simplification of submission and validation process. It was able to include government-mandated reports of agencies to its requirements and showed significant results in improvement and compliance.

Moving forward to a People-Centered Performance-Based Incentive System (PBIS), its goal progressed to the tightening of requirements and establishing of the system to all government institutions down to the individuals. These, among others are believed to have enhanced the performance of NGAs and would aid in restoring the trust of the Filipino people in the capacity of public servants; as agents in making people's lives better, safer, and healthier. Our theme for FY 2017 is "Tightening the PBB Eligibility Process", in which we aim to incentivize agencies through a firmer validation process.

During the AO 25 Technical Working Group (TWG) meeting on July 31, 2017 and September 5, 2017, the proposed improvements and quality assurance processes were presented and discussed. Following the agreement of the body and approval of the IATF; herewith is the Procedures Ensuring Quality of Validation/Assessment of Requirements for the Grant of PBB for FY 2017.

## II. Guiding Principles

### Payout:

- a. For FY 2017 PBB, the target payout period to eligible Departments and Attached agencies, Other Executive Offices (OEOs), State Universities and Colleges (SUCs), and Government-Owned or Controlled Corporations (GOCCs) covered by the Department of Budget and Management (DBM), will be on **31 May 2018** for small Agencies and **30 November 2018** for big Departments.

GOCCs under GCG, Local Water Districts (LWDs), and Local Government Units (LGUs), target payout shall be based on the identified timeline in their respective General Guidelines for the FY 2017 PBB cycle.

- b. Oversight/Validating agencies, including their field offices, are still granted the authority to withhold the PBB.
- c. Oversight/Validating agencies are granted authority to appeal in behalf of the agencies they oversee/validate.

## III. Validation of Good Governance Conditions

- a. As stated in MC-2017-1 Section 10F, the Anti-Red Tape Act (ARTA), Citizen's Charter/Service Charter validation shall now be complemented with the reports on feedback and complaints covered until **15 November 2017** from citizens gathered by the Office of the President (OP), Presidential Management Staff (PMS), Presidential Communications Operations Office (PCOO), and the Civil Service Commission (CSC)'s Contact Center ng Bayan (CCB)/Hotline #8888. The said agencies shall issue a negative report on agencies, including those of GOCCs and LGUS. Data will be mainly regarding transactions, processing times, and frequency of these complaints. Based on the said reports, the AO 25 IATF will determine eligibility of reported agencies for FY 2017 PBB.
- b. Related to Item A, if complaints were not resolved by the agencies, they shall remain in the Non-Compliant (NC) list. For those who are able to address the complaints against their service, they must ensure that an improvement action plan and non-recurrence of the complaint will be implemented. Hence, the Oversight/Validating agencies will deliberate and determine if an agency can be cleared from the NC list based on the sufficiency of reports submitted and the implemented improvements.
- c. Further details on compliance may be found in the CSC Memorandum Circular No. 14, s. 2017 Guidelines on the Validation of the Citizen's Charter requirements for FY 2017 Performance-Based Bonus (PBB).
- d. For compliance to PhilGEPS, agencies may monitor their status through the PhilGEPS microsite: <http://data.philgeps.gov.ph/directory/pbb.aspx>. This system will guide agencies on the bid notice postings that need appropriate action through the

generation and downloading reports. Also, a guide on how to use the site is available in the homepage.

- e. Oversight/Validating agencies of Good Governance Conditions (GGCs) shall provide a status of agency compliance by **29 December 2017**. Agencies will be given a chance to remedy their deficiencies before the release of the NC List on **31 January 2018**.

#### IV. Validation of Physical and Financial Accomplishments

- a. Apart from the Oversight/Validating agencies, the AO 25 IATF will be designating a Composite Team that will review physical accomplishments and agency reports, in particular the Budget Utilization Rate (BUR) of agencies.
- b. Amendment to Section 6.3 (a.1 and a.2) of MC-2017-1 shall apply, in which the "Obligations BUR computed as obligations of all programs, activities, and projects funded in FY 2017<sup>1</sup>, both continuing and current year, from all appropriation sources, including those released under the General Appropriations Act as the allotment order policy, for Maintenance and Other Operating Expenses (MOOE) and Capital Outlays (CO) in FY 2017, net of savings from procurement, and implementation of cost-cutting measures."; and  
  
"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 2017, net of goods and services obligated by 31 December 2017 but not yet delivered on the said date or not yet due and delivered on the said date or not yet due and demandable."
- c. The guidelines on the submission of BUR for State Universities and Colleges (SUCs) including earmarked incomes shall be based on a separate circular to be issued by DBM.
- d. There will be a stricter review of physical accomplishments vs BUR, and justifications of agencies for not meeting their targets and the 100% Disbursements BUR will not be accepted starting this cycle, except for savings in Obligations and Disbursements arising from efficiency measures implemented in procurement and other agency operations. These savings must therefore be clearly specified in the explanations and justifications on submitted BUR reports.
- e. The Composite Team review shall take place from **March to April 2018** for small Agencies, until **October 2018** for big Departments to allow time in further studying issues, concerns, and justifications from the reports submitted by agencies.
- f. Procedures on the validation for physical and financial accomplishments of GOCCs under GCG, LWDs, and LGUs issued Memorandum Circulars by GCG, LWUA, and DILG for their Interim FY 2017 PBB, shall continue to be observed.

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<sup>1</sup> This is consistent with the President's veto message under the FY 2017 General Appropriations Act (GAA) for conditional implementation, directing all agency heads to ensure obligation of all programs, activities and projects funded under the GAA not later than 31 December 2017.

- g. GOCCs under GCG must adhere to the ISO/QMS requirement indicated in Sections 6.2 (a and b) of MC-2017-1 on STO Targets, which reads:
  - g.1 Certification/continuing certification of the Quality Management System (QMS) for at least one core process. The certification must be issued by any international certification body (ICB) accredited by the International Accreditation Forum (IAF) members. Preferably, the ICB is accredited by the Philippine Accreditation Board, Department of Trade and Industry, which is a member of the IAF and authorized to accredit ICBs. The certification must be valid until December 31, 2017 or later date and must be posted in the agency Transparency Seal. (See also Section 10.9)
  - g.2 If an agency is not yet ISO certified, it should have at least an ISO-aligned documentation for at least one (1) core process, to include the following:
    - g.2.1 Approved Quality Manual and approved Procedures and Work Instructions Manual, including Forms; and
    - g.2.2 Evidence of ISO 9001-aligned QMS implementation, i.e., (1) Certification of the Head of the Agency on the conduct of Internal Quality Audit; and (2) Minutes of the FY 2017 Management Review.
  - g.3 For frontline agencies, it is expected that the core process pertains to an agency process most demanded by citizens and businesses.” (emphasis and underscoring supplied).
- h. Submission of agency physical accomplishments and other requirements will be until **28 February 2018** for small Agencies and **31 August 2018** for big Departments. Agencies shall also ensure that all explanations and justifications are already attached in their submission.

**V. Rating and Ranking / Amount of Incentives**

- a. **Rating and Ranking** – eligibility of individuals to the grant of PBB shall remain based on the eligibility of the agencies and ranking of their respective delivery units. Kindly refer to MC-2017-1 Section 8.0 Ranking of Delivery Units for the ranking distribution which also reads as follows:

<b>Ranking</b>	<b>Performance Category</b>
Top 10%	Best Delivery Units
Next 25%	Better Delivery Units
Next 65%	Good Delivery Units

- b. **Amount of Incentives** – as provided in the Section 9.0 of MC-2017-1, the rates of PBB shall also maintain and be based on the performance ranking of the individual's bureau or delivery unit, with the incentive as a multiple of one's basic salary following the table below:

Performance Category	Multiple of Basic Salary
Best Delivery Unit	0.65
Better Delivery Unit	0.575
Good Delivery Unit	0.5

- c. Pertinent to FY 2017 PBB requirements, submission of agency's Form 1.0 and PBB Evaluation Matrix will be on or before **30 March 2018**.

## VI. Timeline

For purposes of assessing eligibility to the FY 2017 PBB, please be guided by the following deadlines as issued under MC 2017-1:

Activity	Deadline
a. Submission of FY 2017 4 <sup>th</sup> Quarter BFARS thru online URS	January 31, 2018
b. Submission of APP FY 2017 approved by the HOPE to GPPB-TSO	April 17, 2017
c. Submission of FY 2016 Financial Reports to COA d. Submission of APCPI Self-Assessment Results for FY 2016 to GPPB-TSO	On or before March 31, 2017
e. Submission of FY 2016 Financial Reports to COA ( <i>for Big Agencies</i> ) f. Submission of 2016 SALN	On or before April 30, 2017
g. Validation of Transparency Seal Compliance h. Validation of Citizen's Charter Compliance i. Validation of FOI Manual j. Posting of Agency system of ranking delivery units	October 1, 2017
k. Submission of FY 2018 APP-CSE to DBM-PS as prescribed under DBM Circular Letter No. 2017-12 dated October 19, 2017.	On or before November 30, 2017
l. Submission of Report on Ageing of Cash Advance Liquidation (November 15, 2017 as cut-off) m. Submission of Letter of explanation/justification if unable to post in PhilGEPS (for transactions above P1, 000,000 and November 15, 2017 as cut-off)	On or before December 1, 2017
n. Posting of QMS Certification in Agency Transparency Seal o. Submission of report on compliance with 30% of the audit recommendations as shown in the Status of Implementation of Prior Year's Recommendations in the Annual Audit Report p. Submission of report on all improvements made by the agency to implement CSC Memorandum Circular No. 14 s. 2016.	On or before December 31, 2017

q. Submission of physical accomplishments using Forms A and A1, (December 31, 2017 as cut-off date) - see Annexes 2, 3, 4, 5	On or before January 31, 2018
r. Validation of QMS Certification	
s. Validation of STO Indicator as identified by Head of Agency	
t. Submission of agency's Form 1.0 and PBB Evaluation Matrix	March 31, 2018
u. Submission of DepEd physical accomplishments using Forms A, A1, and Form 1.0 (April 1, 2018 as cut-off date) - see Annexes 2, 3, 4, 5	On or before April 30, 2018

**VII. Effectivity**

This Supplemental Guidelines shall take effect immediately.

C. C. S.

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 Secretary, Department of Budget and Management  
 and Chairman, AO 25 Inter-Agency Task Force

