



Office of the President of the Philippines
GOVERNANCE COMMISSION
FOR GOVERNMENT OWNED OR CONTROLLED CORPORATIONS
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21 February 2022

MAJ. GEN. EDUARDO D. DEL ROSARIO (RET.)

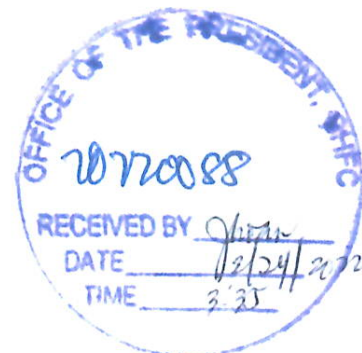
*Secretary, Department of Human Settlements
and Urban Development and SHFC Chairperson*

ATTY. ARNOLFO RICARDO B. CABLING

President

SOCIAL HOUSING FINANCE CORPORATION (SHFC)

BDO Plaza, 8737 Paseo de Roxas
Salcedo Village, Makati City



**RE: VALIDATION RESULT OF 2020 PERFORMANCE
SCORECARD OF SHFC**

Dear Secretary Del Rosario and President Cabling,

This is to formally transmit the validation result of SHFC's 2020 Performance Scorecard. Based on the Governance Commission's validation of the GOCC's documentary submissions, SHFC gained an over-all score of **33.36%** (See **Annex A**). The same is to be posted in SHFC's website, in accordance with Section 43 of GCG Memorandum Circular (M.C.) No. 2012-07.¹

In its letter dated 19 November 2021,² the SHFC requested for the recalibration of several Strategic Measures (SMs) under the 2020 Performance Scorecard. The Governance Commission notes that the SHFC did not substantiate its request with the necessary documentary requirements (*i.e., revised Performance Evaluation System (PES) forms and Board Resolution*). Furthermore, the Governance Commission reiterates that as explained in our letter dated 01 October 2020,³ the 30 September 2020 deadline for submission of the required documents for the recalibration of targets in the 2020 Performance Scorecard of GOCCs was clearly indicated to be **non-extendible**.

As GOCCs were given due opportunity to reassess its operations and determine the extent of the impact of the COVID-19 pandemic to its performance targets for the year with mitigation measures in place, the non-extendible deadline of 30 September 2020 is principally the submission of the GOCC's calculated projections for the remaining (4th) quarter of 2020 as it reassessed in the context of the pandemic. This is in line with the fiduciary duty of the members of the Board and the Officers of the GOCC to exercise extraordinary diligence in the conduct of the business, which requires using the utmost diligence with due regard for all circumstances.

Thus, the Governance Commission is constrained to **DENY** the SHFC's request. However, the representations and justifications presented by the SHFC in its request for recalibration were taken into consideration during the conduct of the performance validation.

In relation to the grant of 2020 Performance-Based Bonus (PBB) to eligible officers and employees, SHFC fails to satisfy the requirements of GCG M.C. No.

¹ CODE OF CORPORATE GOVERNANCE, dated 28 November 2012.

² Officially received by the Governance Commission on 22 November 2021.

³ Sent thru e-mail on 06 October 2020.

2019-02,⁴ particularly the achievement of a weighted-average score of at least 90% in its 2020 Performance Scorecard. In this regard, the Board is reminded that any unilateral action to release the PBB will be considered as a violation of the Board's fiduciary duty to protect the assets of the GOCC as provided under Section 19 of Republic Act No. 10149.⁵

Consequently, pursuant to GCG M.C. No. 2021-01,⁶ failure to qualify for the PBB means that the Appointive Members of the Governing Board of SHFC shall not be qualified to receive the Performance-Based Incentive (PBI).

FOR SHFC'S INFORMATION AND GUIDANCE.

Very truly yours,



Digitally signed by:
CHAIRMAN SAMUEL G. DAGPIN, JR.



Digitally signed by:
COMMISSIONER MICHAEL P. CLORIBEL



Digitally signed by:
COMMISSIONER MARITES C. DORAL

cc: COA Resident Auditor - SHFC

⁴ INTERIM PERFORMANCE-BASED BONUS (PBB), dated 25 July 2019.

⁵ AN ACT TO PROMOTE FINANCIAL VIABILITY AND FISCAL DISCIPLINE IN GOVERNMENT-OWNED OR -CONTROLLED CORPORATIONS AND TO STRENGTHEN THE ROLE OF THE STATE IN ITS GOVERNANCE AND MANAGEMENT TO MAKE THEM MORE RESPONSIVE TO THE NEEDS OF PUBLIC INTEREST AND FOR OTHER PURPOSES, dated 06 June 2011.

⁶ INTERIM PERFORMANCE-BASED INCENTIVE (PBI) SYSTEM FOR THE APPOINTIVE DIRECTORS OF GOCCs COVERED BY GCG FOR CY 2020 AND FOR THE YEARS THEREAFTER, dated 28 January 2021.

Based on the 4th Quarter Monitoring Report for 2020 submitted by the SHFC through a letter dated 08 July 2021.

Component											
Objective/Measure		Formula	Weight	Rating Scale	Target	SHFC Submission ¹		GCG Validation		Supporting Documents	GCG Remarks
						Actual	Rating	Actual	Rating		
	Customers (Post-Takeout)	least Satisfactory / Total Number of Respondents		If Less Than 80% = 0%		a Satisfactory Rating				Back Checking Report Samples of Accomplished Survey Forms	Under Part IV of the Enhanced Standard Methodology for the Conduct of the Customer Satisfaction Survey, "respondent criteria are time bound and the respondent/ customer should have availed of the services of the GOCCs within the year being evaluated". Moreover, as with the validation of other measures under the Performance Scorecard, the scope of the survey should be limited to the performance year being evaluated.
							10%		0%		
		Sub-total									
SO 3 Enhance Financial Viability											
SM 3	Improve Collection Efficiency Rate	Cumulative Collection / Cumulative Billing (Whole Loan Portfolio) ²	10%	(Actual / Target) x Weight	73%	70.74% Cumulative Collection Efficiency Rate (CER)	9.69%	70.74%	9.69%	SHFC Computed Collection Efficiency Rate (CER) Copy of Working File for Live Demonstration of CER Generation	Target not met. The total cumulative collection for 2020 is ₱9,518,847,369 while the total cumulative billing is ₱13,456,790,941.
SM 4	Increase Net Operating Income (Before	-	-	-	-	-	-	Measure Excluded	-	-	SHFC requested to revise the target from ₱165 Million to ₱(424 Million).
FINANCE											

² Includes both performing and non-performing loans.

Objective/Measure	Component		Target	SHFC Submission [*]		GCG Validation		Supporting Documents	GCG Remarks
	Formula	Weight		Rating Scale	Actual	Rating	Actual	Rating	
Tax and Subsidy)									While the Governance Commission recognizes the effect of the pandemic in the operations of SHFC, setting a target to incur net loss runs counter to the intent and purpose of the PES framework. Hence, in consideration of the effect of the COVID-19 pandemic and the three (3)-month moratorium of monthly amortization granted to its member beneficiaries, the Governance Commission excluded the measure in the 2020 Performance Scorecard of the SHFC.
SM 5 Improve Budget Utilization Rate	Total Disbursement / Total GAA Allocation for SHFC Program	10%	Not Less Than 90% But Not More Than 100% of the GAA Allocation for SHFC Program	All or Nothing	No Chargeable SARO and NCA to SHFC's CY 2020 GAA	-	0%	0%	Target not met. Request for the exclusion of the measure in the Performance Scorecard due to belated release of the Special Allotment Release Order (SARO) and Notice of Cash Allocation (NCA) is <u>DENIED</u> . Albeit the Governance Commission recognizes that the approval of the SARO and NCA requests are not within the control of the SHFC, the submission for the requests for funds are

Objective/Measure	Component		SHFC Submission ¹		GCG Validation		Supporting Documents	GCG Remarks
	Formula	Weight	Rating Scale	Target	Actual	Rating		
SM 6 Percentage of Loan Applications Processed Within Prescribed Period	Number of Loan Applications Within Prescribed Period ³ / Total Number of Applications	10%	(Actual / Target) x Weight	100%	100% Loan Applications Processed Within Prescribed Time (63 out of 63 projects were processed within 20 days)	10%	Cannot Be Validated	0%
							Citizen's Charter Progression Report	During the online validation, the SHFC represented that due to the complexity of the loan applications process, the corporation did not capture the entire process in the turnaround time monitoring, as it would not meet the prescribed 20-day turnaround time. Thus, the SHFC only took into consideration the sub-process on the release of loan proceeds. However, review of the Citizen's Charter of SHFC showed that the prescribed turnaround time on the sub-process on release of loan proceeds is only one (1) day and three (3) hours, which is inconsistent with the representations of SHFC. Furthermore, the SHFC represented that its Citizen's Charter is subject to revision as it does not reflect the process/practice of the corporation in 2020. However, no documentation was provided as to the actions undertaken to revise the

³ The prescribed period for the processing of loans should be consistent and in compliance with Republic Act No/ 11032, otherwise known as the Ease of Doing Business and Efficient Government Services Delivery Act of 2018.

Objective/Measure	Component				SHFC Submission ¹		GCG Validation		Supporting Documents	GCG Remarks
	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating		
SM 7 Improve Support Systems for Effective and Efficient Processes	Number of Deliverables Attained / Total Number of Deliverables	5%	(Actual / Target) x Weight	100% Attainment of the 2020 Deliverables based on DICT-Approved ISSP 2018-2020 ⁴	Four (4) out of Seven (7) Systems (Remedial Management System, Check Writer, Property, Plant and Equipment, and Notification System) Implemented	2.86%	2020 Deliverables under the DICT-Approved ISSP 2018-2020 Not Attained Within the Year	0%	Document Acceptance and Release Notice for Sub-Systems of the ISSP Targeted Systems	Citizen's Charter and whether the same was communicated and submitted to the Anti-Red Tape Authority. Foregoing considered, the Governance Commission could not objectively validate the reported accomplishment.
										Target not met. During the online validation, the SHFC explained that the reported modules/systems are sub-systems of the ISSP targeted systems. Further, the SHFC represented that the corporation was able to roll-out the ISSP targeted systems in 2021. The SHFC, however, failed to submit documents (e.g., user acceptance documents, screenshots of the system, and reports generated by the system) in support of such representation.
Sub-total		15%				12.86%		0%		

⁴ Based on the ISSP. The information systems due for implementation in 2020 are: (1) Financial Management System, (2) Management Information System, and (3) System Administration and Management.