



25 March 2021

MAJ. GEN. EDUARDO D. DEL ROSARIO (RET.)
*Secretary, Department Human Settlements
and Urban Development, and SHFC Chairperson*

MR. ARNOLFO RICARDO B. CABLING
President

SOCIAL HOUSING FINANCE CORPORATION (SHFC)
BDO Plaza, 8737 Paseo de Roxas
Salcedo Village, Makati City

**RE : VALIDATION RESULT OF THE 2019
PERFORMANCE SCORECARD OF SHFC**

Dear Secretary Del Rosario and President Cabling,

This is to formally transmit the validation result of SHFC's 2019 Performance Scorecard. Based on the Governance Commission's validation of the GOCC's documentary submissions, SHFC gained an over-all score of **43.72%** (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. 2012-07¹.

In relation to the grant of 2019 Performance-Based Bonus (PBB) to eligible officers and employees, SHFC fails to satisfy the requirements of GCG M.C. No. 2019-02² particularly the achievement of a weighted-average score of at least 90% in its 2019 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. 10149³.

Consequently, pursuant to GCG M.C. No. 2018-04⁴, 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,

cc: COA Resident Auditor - SHFC

¹ Code of Corporate Governance for GOCCs dated 28 November 2012.

² INTERIM PERFORMANCE-BASED BONUS.

³ GOCC GOVERNANCE ACT OF 2011.

⁴ INTERIM PERFORMANCE-BASED INCENTIVE (PBI) SYSTEM FOR APPOINTIVE DIRECTORS OF GOCCS COVERED BY GCG FOR 2016 AND FOR THE YEARS THEREAFTER.

SOCIAL HOUSING FINANCE CORPORATION (SHFC)
Validation Result of the 2019 Performance Scorecard

Component					SHFC Submission		GCG Validation		Supporting Documents	GCG Remarks		
Objective/Measure	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating				
SOCIAL IMPACT	SO 1	Improve the Quality of Life of the Informal Settler Families and Low Income Filipinos through the Provision of Housing Finance										
	SM 1	Increase Number of ISFs Provided with Housing Finance Assistance	Absolute Number	35%	(Actual / Target) x Weight Less Than 19,438 = 0%	25,000 ¹	31,903	35%	8,810	0%	Summary Report on CMP, HDH and Marawi Shelter Projects Master List of Member Beneficiaries Disbursement Vouchers Checks Budget Utilization Request Forms Copies of Contract	Target not met. Inconsistencies were observed between the summary report and the submitted supporting documents in some of the accounts. The details of the validation are presented in Appendix 1 .
	Sub-total			35%				35%		0%		
STAKEHOLDERS	SO 2	Ensure Customer Satisfaction through the Provision of Quality Service										
	SM 2	Percentage of Satisfied Customers (<i>Pre-Takeout</i>) ²	Number of Stakeholders who gave a Rating of at least Satisfactory / Total Number of Respondents	5%	(Actual / Target) x Weight If Less Than 80% = 0%	90%	93.36%	10%	Result not acceptable	0%	CSS Report Samples of Accomplished Survey Forms Certification from UP-NCPAG	Target not met. The result was deemed not acceptable based on the following observations: a. Survey dates could not be established; b. Survey did not follow the prescribed criteria for choosing respondents;

¹ Based on SHFC's representation that available funds for 2019 will amount to only P5 Billion, consistent with the 2019 National Expenditure Program (NEP) allotment of P800 Million for SHFC and the NEP Special Provision authorizing SHFC to utilize its subsidy released in 2017 and prior years.

² It should be noted that the survey questionnaire transmitted only includes services offered during pre-take out activities. This considered, the measure is split into Percentage of Satisfied Customers (Pre-Takeout Services) and Percentage of Satisfied Customers (Post-Takeout Services) with a 5% weight allotted for each measure. This is consistent with the validations conducted in 2018.

Component					SHFC Submission		GCG Validation		Supporting Documents	GCG Remarks		
Objective/Measure	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating				
FINANCE	SO 3	Enhance Financial Viability										
	SM 3	Improve Collection Efficiency Rate	Total Collection (Excluding Advances and Penalties) / Total Billing	10%	84% and Above = 10% 78 to 83% = 5% Lower than 78% = 0%	84%	82.38%	5%	74%	0%	Monthly Collection Efficiency Reports (Consolidated and per Branch) SHFC-Computed Collection Efficiency Rating	Target not met. The CER was computed based on total collection amounting to ₱832,747,478 and total billing equivalent to ₱1,125,270,688. The reported and validated accomplishment exclude fully paid accounts, accounts with titles released to NHMFC, and accounts with more than 60 months of arrears (under remedial and legal).
	SM 4	Increase Net Operating Income (Before Tax and Subsidy)	Revenues - Expenses	10%	(Actual / Target) x Weight Below ₱106.38 Million = 0%	₱140 Million	₱224.20 Million	10%	₱224.20 Million	10%	2019 COA Audited Financial Statements	Target exceeded. The net operating income was computed based on revenues amounting to P846.009 Million and expenses equal to P621.805 Million.
SM 5	Improve Budget Utilization Rate	Total Disbursement (net of PS) / Total DBM Approved Corporate Operating Budget (net of PS)	10%	All or Nothing	Not Less Than 90% But Not More Than 100% of the DBM-Approved Corporate Operating Budget	99.71% Budget Utilization Rate	99.71%	10%	99.71%	10%	Internally Generated Budget Utilization Report DBM-Approved 2019 COB 2019 COA Audited Financial Statements	Target met. The BUR was computed based on a utilization of ₱2,986.169 Million from the total approved budget of ₱2,994.979 Million. However, the Governance Commission notes the COA Observation ³ that the utilization of Loans Outlay exceeded by ₱50.962

³ Item 14 of the Observations and Recommendations

Validation Result 2019 Performance Scorecard (Annex A)

Component					SHFC Submission		GCG Validation		Supporting Documents	GCG Remarks	
Objective/Measure	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating			
											Million vis-à-vis the DBM-approved COB. SHFC explained that the acquired projects were already accounted for in the proposed COB of ₱13.455 Billion but the DBM only approved by ₱2.509 Billion. However, COA emphasized that SHFC should only incur expenditures up to the extent of the DBM-approved budget.
Sub-Total		30%				25%		20%			
INTERNAL PROCESS	SO 4	Integrate and Upgrade Support Systems									
	SM 6	Improve Support Systems for Effective and Efficient Processes	Actual Accomplishment	10%	All or Nothing	100% Implementation of Phase II of the ISSP ⁴	100% Implementation of the ISSP Phase II	10%	100% Implementation of Phase II of the ISSP	10%	Document Acceptance and Release Notices for all implemented systems Samples of System-Generated Reports Screenshots of the implemented Systems
Sub-Total		10%					10%		10%		
LEARNING	SO 5	Implement Quality Management System									

⁴ Includes the development and roll-out of the following systems: (a) Financial Management System (Phase 2); (b) Inventory Management System; (c) Document and Knowledge Management System; (d) SHFC Portal; and (e) Kiosk.

Validation Result 2019 Performance Scorecard (Annex A)

Component					SHFC Submission		GCG Validation		Supporting Documents	GCG Remarks	
Objective/Measure	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating			
SM 7	Attain Quality Management Certification	Actual Accomplishment	10%	All or Nothing	Attain ISO 9001:2015 Recertification	The SHFC ISO 9001:2015 Certification was issued by SOCOTEC Certification Philippines, Inc. last December 19, 2019.	10%	ISO 9001:2015 Certification attained	10%	ISO 9001:2015 Certification issued by SOCOTEC	Target met.
SO 6	Elevate Personnel Competency										
SM 8	Percentage of Identified Employees with Competency Gaps Addressed	Actual Accomplishment	5%	(Actual / Target) x Weight	At Least One (1) Competency Gap Closed for 100% of Employees with Competency Gaps (Based on the 2017 Competency Assessment)	Competency Gap Closed for 134 out of 180 employees	3.72%	Competency Gap Closed for 134 out of 180 employees or 74.44%	3.72%	2017 and 2019 Competency Assessment Report Training Certificates Attendance Sheets	Target not met.
Sub-Total		15%					13.72%		13.72%		
TOTAL		100%					93.72%		43.72%		