



## **GCG MEMORANDUM CIRCULAR NO. 2015 – 05**

**SUBJECT : 2015 INTERIM PERFORMANCE-BASED BONUS (PBB)**

**DATE : 15 July 2015**

1. **BACKGROUND AND PURPOSE.** – This Circular has been issued to establish the rules and regulations for the grant of the Interim Performance-Based Bonus (PBB) for CY 2015 to qualified GOCC Officers and Employees pursuant to Executive Order No. 80, s. 2012 (E.O. No. 80),<sup>1</sup> pending the approval by the President of the **COMPENSATION AND POSITION CLASSIFICATION SYSTEM (CPCS)**, mandated by Republic Act (R.A.) No. 10149, “GOCC Governance Act of 2011”.
2. **PRODUCTIVITY ENHANCEMENT INCENTIVE (PEI).** – The PEI, as determined by the Department of Budget and Management (DBM), shall be granted across-the-board to covered Officers and Employees<sup>2</sup> of the GOCCs, and shall be distributed at the same time as National Government Agencies, as provided in the particular DBM Circular.
3. **ELIGIBILITY OF A GOCC TO GRANT THE PBB.** – The grant of PBB shall be based on the overall company performance, and then distributed to individual Officers and Employees based on their performance ranking. Pursuant to the “Performance Evaluation System for the GOCC Sector” [GCG MC No. 2013-02 (Re-Issued)] or any revised version thereof, a GOCC, in order to be eligible to grant PBB to its qualified Officers and Employees, must:
  - 3.1. Achieve a weighted-average score of at least 90% in its 2015 Performance Scorecard;
  - 3.2. Submit a Quality Management System (QMS) for at least one core process certified by any international certifying body approved by the IATF or submit an Operations Manual covering selected core processes or areas of operation;
  - 3.3. Comply with the Good Governance Conditions provided in GCG MC No. 2013-02 and 2014-02<sup>3</sup>:

### ***Conditions Common to National Government Agencies and GOCCs:***

- (a) Transparency Seal;
- (b) PhilGEPS Posting;
- (c) Cash Advance Liquidation;

<sup>1</sup> E.O. No. 80, entitled “Directing the Adoption of a Performance-Based Incentive System for Government Employees,” was issued to, among others, provide incentives that support and encourage performance-driven, productive and efficient GOCCs.

<sup>2</sup> See Section 4.1.

<sup>3</sup> Policies and Guidelines on the Integrated Corporate Reporting System (ICRS) for the GOCC Sector.

- (d) Citizen's Charter or its equivalent;
- (e) Government Quality Management System Standards (GQMSS) pursuant to E.O. No. 605, s. 2007; and
- (f) Compliance with submission and review of SALN of officials and employees.<sup>4</sup>

**Conditions Specific to GOCCs Covered by R.A. No. 10149:**

- (a) The GOCC has satisfied all statutory liabilities, including the payment of all taxes due to the Government as certified by the BIR, declaration and payment of all dividends to the State as of the end of the applicable calendar year, whenever applicable, and NG Advances, as certified by the Department of Finance (DOF). Liabilities that are still under dispute and there has been no final and executory judgment/decision as of the date of the release of the PBB by the GOCC shall be excluded for the purpose of this provision.
- (b) Submission and execution of concrete and time bound action plans for addressing Notices of Disallowances and Audit Observation Memoranda from the Commission on Audit (COA), if any;
- (c) Maintain/update and implement the GOCC's "Manual of Corporate Governance" and "No Gift Policy" approved by the GCG and uploaded on the GOCC's website pursuant to the "Code of Corporate Governance for GOCCs" (GCG MC No. 2012-07); and
- (d) Compliance with posting on the GOCC's website the information enumerated under Section 43 of GCG MC No. 2012-07.

3.4. Comply with all Good Governance Conditions and other reportorial requirements as validated directly by the following oversight/validating agencies:

PBB Requirement	Validating Agency
Transparency Seal	DBM-OCIO
PhilGEPS Posting	PhilGEPS
Citizen's Charter	CSC
Submission of SALN of employees	Office of the President, Office of the Ombudsman and CSC. <i>Note: The SALN validating agencies shall provide the list of SALN non-filers</i>
Report on Ageing of Cash Advances	COA
DBM financial reports including BFARs	DBM
PES Accomplishments	GCG
STO - accomplishment <ul style="list-style-type: none"> <li>• QMS Certification / Operations Manual</li> <li>• STO identified by agency head (If</li> </ul>	GQMC  DBM – BMB A, B, C, D, E and F; OP-

<sup>4</sup> See Civil Service Commission Memorandum Circular No. 3, s. 2013.



PBB Requirement	Validating Agency
Applicable)	OES; CHED; LWUA
GASS <ul style="list-style-type: none"> <li>Public Financial Management Reports</li> <li>Submission of Financial Statements, Ageing of Cash Advances Report</li> <li>BFARs</li> <li>APCPI</li> <li>Submission of APP</li> </ul>	DBM  COA  DBM and COA GPPB-TSO GPPB-TSO
Priority Program Accomplishments (If Applicable)	PMS
OP Planning Tool Accomplishments (If Applicable)	OP-OCS
EODB Accomplishments (If Applicable)	NCC
Agency Rating and Ranking Report	GCG

*\*All submissions shall be made directly with the aforementioned oversight/validating agencies.*

- 3.5. **COMMUNICATION AND INFORMATION.** – The GOCC CEO shall confirm with the GCG and IATF the name, position and contact details (e-mail, landline, facsimile, cellular phone) of the senior officials designated as the PBB focal person and the spokesperson, respectively.

The IATF oversight/validating agencies may be contacted through the following communication channels:

- (a) AO 25 Secretariat at [ao25secretariat@dap.edu.ph](mailto:ao25secretariat@dap.edu.ph)
- (b) PBIS Info Board
- (c) RBPMS website [www.dap.edu.ph/rbpms](http://www.dap.edu.ph/rbpms)
- (d) PCDSPO e-mail at [pbb@gov.ph](mailto:pbb@gov.ph)
- (e) Text hotline (Smart: +63920.498.9121)
- (f) Facebook ([www.facebook.com/PBBsecretariat](http://www.facebook.com/PBBsecretariat))
- (g) Twitter: [@pbbsecretariat](https://twitter.com/pbbsecretariat)

4. **COVERAGE.**<sup>5</sup> – All Officers and Employees of eligible GOCCs who occupy regular, casual or contractual positions shall be entitled to full grant of the PBB

<sup>5</sup> Adopted from DBM Circular No. 2011-04 entitled "Guidelines on the Grant of Productivity Enhancement Incentive (PEI) to Government Employees for Fiscal Year (FY) 2011 (05 December 2011)".

from their employer at the time of the payout of the PBB; *Provided*, they have rendered an aggregate of at least nine (9) months of service in the public sector for the year ending 31 December 2015. Officers and Employees who do not meet the 9-month service requirement but have served at least 3 months of service shall be entitled to PBB on a *pro-rata* basis as provided in Section 4.1.7 herein.

#### **4.1. Eligibility of Individual Officers and Employees of GOCCs**

- 4.1.1. 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);
- 4.1.2. Third Level officials should receive a rating of at least "Very Satisfactory" under the Career Executive Service Performance Evaluation System (CESPES). CESPES covers all incumbents of CES positions in various agencies of the national government including GOCCs with original charters, for an uninterrupted period of at least three (3) months. Payment of the PBB to Third Level officials shall be contingent on the release of results of the CESPES;
- 4.1.3. Other officials performing managerial and executive functions who are not presidential appointees are covered by the agency's CSC-approved SPMS and should receive a rating of at least "Satisfactory".
- 4.1.4. 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.
- 4.1.5. 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.
- 4.1.6. An 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.
- 4.1.7. An employee who 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:

<b>Length of Service</b>	<b>% of PBB</b>
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; and
- (h) Sabbatical Leave

- 4.1.8. 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.
- 4.1.9. Personnel found guilty of administrative and/or criminal cases filed against them and meted penalty in FY 2015 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.
- 4.1.10. Officials and employees who failed to submit the 2014 SALN as prescribed in the rules provided under CSC Memorandum Circular No. 3 (s.2015), shall not be entitled to the FY 2015 PBB.
- 4.1.11. Officials and employees who failed to liquidate Cash Advances received in 2015 within the reglamentary period as stated in the prevailing COA Circular, shall not be entitled to the FY 2015 PBB.
- 4.1.12. Agency heads should ensure that officials and employees covered by RA 6713 submitted their 2014 SALN to the respective SALN repository agencies as prescribed in the rules provided under CSC Memorandum Circular No. 3 (s.2015) and also liquidated 2015 Cash Advances, as this will be a basis for the release of FY 2015 PBB to individuals.

4.2. **Exclusions.** – Excluded from the grant of the PBB are the following:

- 4.2.1. Those hired without employer-employee relationships and paid from non-Personal Services appropriations/budgets as follows:
  - (a) Consultants and experts hired to perform specific activities or services with expected outputs;
  - (b) Laborers hired through job contracts (*pakyaw*) and those paid on piecework basis;
  - (c) Student laborers and apprentices; and

- (d) Individuals and groups of people whose services are engaged through job orders, contracts of service, or others similarly situated.

5. **DISTRIBUTION SYSTEM.** – Distribution of PBB among qualified Officers and Employees of a GOCC who have complied with the eligibility rules in Section 4 above shall be in accordance with the following procedure:

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

- (a) **Senior Management:** This refers to the executive officers of the GOCC, 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. (e.g., Deputy Administrator, Sr. Deputy Administrator, Assistant General Manager, Executive Vice President, Sr. Vice President, Vice President, etc.)

The President/CEO, or whoever is the highest ranking executive officer, has the prerogative to avail of either the Performance-Based Incentive (PBI) under GCG MC No. 2015-06, 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 others, 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 (e.g., Head of Department or Service).
- (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 area(s) to achieve results. Typically has a university degree or equivalent work experience that provides knowledge and exposure to fundamental theories, principles and concepts. Includes supervisors and junior management that may not have full management authority (e.g., Financial Analyst/Specialists, Accountant, HR Officer, etc.)
- (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 (e.g., Secretary, Clerk, Finance Processor, Administrative Assistant, Chauffeur, Utility Worker, Messenger).

- 5.2. **Distribution for Qualified Officers and Employees.** – In each level provided for in Section 5.1 above, the ratings of Officers and Employees under the GOCC's SPMS or its equivalent shall be quantified to allow for ranking on a percentile basis for the purpose of distribution as follows:

- 5.2.1. **For Profitable GOCCs.** – The grant of the PBB shall be based on the performance of the individual Officers and Employees with the rate of incentive as a multiple of the individual's monthly basic salary based on the table below, but not to exceed the ceilings computed by using the same multiple to twice the basic salary of the comparable NG position as provided in **Annex A**. Thus, the PBB for Profitable GOCCs shall be distributed among its Officers and Employees for CY 2015, as follows:

Percentile	Multiple
<b>Top:</b> Maximum 10%	2.50
<b>Next:</b> Maximum 25%	1.50
<b>Remaining:</b> Minimum 65%	1.00

*\*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.*

*Provided, that the total cost of the PBB shall not result in a net loss for CY 2015 computed before subsidy and unrealized gains/losses, and after taxes.*

- 5.2.2. **For Losing GOCCs.** – The grant of PBB shall also be based on the performance of individual Officers and Employees with the following fixed rate of incentive; thus, Losing GOCCs shall distribute PBB among its Officers and Employees for CY 2015, as follows:

Percentile	Amount
<b>Top:</b> Maximum 10%	25,000
<b>Next:</b> Maximum 25%	15,000
<b>Remaining:</b> Minimum 65%	7,500

*\*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.*

6. **DETERMINATION OF PROFITABILITY.** – The resulting amount following the table below, as may be applicable, shall be the basis for determining a GOCC's profitability, to wit:

Total Comprehensive Income (TCI)
<b>Plus:</b> <ol style="list-style-type: none"><li>1. Unrealized Losses found in Other Comprehensive Income<sup>6</sup></li><li>2. Disbursements of Program Subsidies treated as expenses</li></ol>
<b>Less:</b> <ol style="list-style-type: none"><li>1. Subsidies treated as revenues</li><li>2. Subsidies granted to settle tax obligations for prior years</li><li>3. Unrealized Gains found in Other Comprehensive Income</li><li>4. All income or dividends received from Operating Subsidiaries, regardless of accounting entry</li></ol>

However, GOCCs with negative Retained Earnings shall automatically be classified as a "Losing" GOCC regardless of the resulting figure after application of the above formula, and shall use the applicable fixed rates stated in Section 5.3.2. herein, unless the GOCC has been determined as profitable based on the above formula for two (2) consecutive years, inclusive of the current year.

7. **FLEXIBILITY.** – The multiples and amounts herein are intended to provide a cap on the PBB that may be distributed by a GOCC. 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 a particular GOCC, to reduce (a) the actual amounts to be distributed, and/or (b) the distribution rates under Section 5.
8. **GRIEVANCE MECHANISM.** – The Governing Board through Management shall set up a Complaints Mechanism to respond to the PBB-related issues and complaints raised by Officers and Employees.
9. **FUNDING FOR THE 2015 PBB.** – Pursuant to Section 5(b) of E.O. No. 80, the funding to support the Interim PBB System herein shall be charged by GOCCs from their respective corporate funds, subject to the approval of their respective Governing Boards in accordance with applicable laws, rules and regulations. However, it shall be prohibited to source the payment of the PBB from the following:
- (a) Loans;
  - (b) Subsidy from the NG for the GOCC's operations, except for subsidy income or subsidy given by DBM precisely for the payment of the PBB; and

<sup>6</sup> Other Comprehensive Income (OCI) is defined as comprising "items of income and expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by other International Financial Reporting Standards." (See Annex B)



- (c) Sale of the GOCC's asset(s) for the sole purpose of paying the PBB and is otherwise not in the ordinary course of business.

**10. CHECKLIST, TIMELINE AND EFFECTS OF SUBMISSION AND NON-SUBMISSION.** – GOCCs applying to grant the PBB within their respective corporations shall submit the required documents enumerated in **Annex B** on or before the last working day of February 2016.

The schedule for the 2015 PBB submissions for the Good Governance Conditions Common to National Government Agencies and GOCCs shall be as follows:

Activity	Deadline
Pre-Assessment of Good Governance Conditions	01 October 2015
Posting of Agency system of ranking delivery units and individuals	On or before 30 October 2015
Submission of Report on Ageing of Cash Advance Liquidation (with 15 November 2015 as cut-off)	On or before 01 December 2015
Submission of Certificate of Compliance with PhilGEPS (with 15 November 2015 as cut-off)	On or before 01 December 2015
Submission of BFARs to COA and DBM	30 Days or one month after the end of quarter
Submission of APCPI Self-Assessment	On or before 29 December 2015
Submission of APP	Within the first month of the year until 29 April 2015.
Validation of QMS Certification/Operations Manual Submission	On or before 15 January 2016
Validating of 2 <sup>nd</sup> STO Indicator as identified by head of agency	On or before 15 January 2016


**11. EFFECT OF SUBMISSION AND NON-SUBMISSION ON THE PRESCRIBED PERIOD.** – GOCCs that submitted all required documents on the given deadline may be authorized to grant their PBB upon receipt of the authorization letter from the Governance Commission. Failure to comply with the requirements shall render the GOCC ineligible to grant the PBI to its Appointive Directors for CY 2014.

**12. APPEALS FOR DENIAL OF PBB.** – Any appeal for the denial of the grant of PBB based on failure to comply with the Good Governance Conditions Common to National Government Agencies and GOCCs shall be made directly to the respective IATF oversight/validating agency, as indicated in Section 3 herein. All other issues shall be appealed with the Governance Commission.

**13. PBI APPLICATION DEEMED AUTOMATICALLY FILED.** – The Performance-Based Incentive (PBI) for Appointive Directors is deemed to have been applied for by every GOCC which applies for the PBB grant; *Provided that*, the actual authorization for the distribution of PBI shall be conditioned upon compliance with the requirements of GCG MC No. 2015-06.

14. **EFFECTIVITY.** – This Circular shall take effect immediately upon its publication in the Commission's website at [www.gcg.gov.ph](http://www.gcg.gov.ph).

  
**CESAR L. VILLANUEVA**  
*Chairman*

  
**CESAR V. PURISIMA**  
*DOF Secretary*  
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**MA ANGELA E. IGNACIO**  
*Commissioner*

  
**FLORENCIO B. ABAD**  
*DBM Secretary*



  
**RAINIER B. BUTALID**  
*Commissioner*



## MAXIMUM AMOUNT FOR PBB FOR PROFITABLE GOCCS

	Salary Grade	Top (2.5x)	Next (1.5x)	Remaining (1.0x)	Below Satisfactory
Clerical/ General Staff	1	45,000	27,000	18,000	0
	2	48,375	29,025	19,350	0
	3	52,005	31,203	20,802	0
	4	55,905	33,543	22,362	0
	5	60,095	36,057	24,038	0
	6	64,605	38,763	25,842	0
	7	69,450	41,670	27,780	0
	8	74,655	44,793	29,862	0
	9	80,255	48,153	32,102	0
Professional and Supervisory (SG10-25)	10	86,275	51,765	34,510	0
	11	92,745	55,647	37,098	0
	12	99,700	59,820	39,880	0
	13	107,180	64,308	42,872	0
	14	115,220	69,132	46,088	0
	15	124,435	74,661	49,774	0
	16	134,390	80,634	53,756	0
	17	145,140	87,084	58,056	0
	18	156,755	94,053	62,702	0
	19	169,295	101,577	67,718	0
	20	182,835	109,701	73,134	0
Middle Management (SG 21-26)	21	197,465	118,479	78,986	0
	22	213,260	127,956	85,304	0
	23	230,320	138,192	92,128	0
	24	248,750	149,250	99,500	0
	25	268,650	161,190	107,460	0
	26	290,140	174,084	116,056	0
Senior Management	27	313,350	188,010	125,340	0
	28	338,420	203,052	135,368	0
	29	365,495	219,297	146,198	0
	30	394,730	236,838	157,892	0

**CHECKLIST OF DOCUMENTS TO BE SUBMITTED FOR THE GRANT OF  
PERFORMANCE-BASED BONUS (PBB) FOR CY 2014**

<b>DOCUMENTARY REQUIREMENTS</b>	<b>SUPPORTING DOCUMENTS</b>	<b>FORM OF SUBMISSION<sup>1</sup></b>
(a) Annual Scorecard/Monitoring Report using <i>Interim PES Form 3</i>	<ul style="list-style-type: none"> <li>Data/documents indicated in the GOCC Annual Scorecard</li> </ul>	Electronic and hard copies
(b) Board Resolution authorizing the grant of PBB in accordance with applicable laws, rules and regulations ( <i>2015 PBB Form 1</i> )		Hard copy
(c) Omnibus Certification signed by the Chairperson and the Chief Executive Officer of the GOCC ( <i>2015 PBB Form 2</i> )	<ul style="list-style-type: none"> <li>Certification of Compliance (COC):               <ul style="list-style-type: none"> <li>PhilGEPS Posting</li> <li>SALN Submission (together with list of personnel who submitted)</li> </ul> </li> <li>Report on Ageing of Cash Advance Liquidation</li> <li>Time bound action plan for, or Statement of Compliance to GQMSS</li> <li>Time bound action plan for addressing NDs and AOMs from COA</li> <li>Certification issued by the ff. agencies for payment of</li> </ul>	Hard copy

<sup>1</sup> Electronic copies shall be submitted to the Governance Commission through a CD.



DOCUMENTARY REQUIREMENTS	SUPPORTING DOCUMENTS	FORM OF SUBMISSION <sup>1</sup>
	mandatory premiums: - GSIS - SSS - Pag-IBIG - PhilHealth - ECC	
(d) Schedule and summary of the distribution of the PBB to qualified Officers and Employees who will receive the PBB and those who are in the "Below Satisfactory" category <b>(2015 PBB Forms 3a and 3b)</b>		Electronic and hard copies
(e) Computation of Profitability following the formula found in Item 6 of the GCG  - Examples of items found under Other Comprehensive Income (OCI) are the following: <ul style="list-style-type: none"> <li>• Changes in revaluation surplus (IAS 16 and IAS 38)</li> <li>• Actuarial gains and losses on defined benefit plans (IAS 19.93A)</li> <li>• Gains and losses from investments in equity instruments measured at fair value through OCI (IFRS 9)</li> <li>• For those liabilities designated at fair value through profit or loss, changes in fair value attributable to changes in the liability's credit risk (IFRS 9)</li> <li>• Foreign exchange gains and losses</li> </ul>		Hard copy