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Department of Social Welfare and Development

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Administrative Order

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SUBJECT: GUIDELINES IN RANKING OFFICES/ BUREAUS/ SERVICES AND EMPLOYEES FOR THE GRANT OF PERFORMANCE-BASED BONUS (PBB)¹ for CY 2015

I. RATIONALE

On December 21, 2011, President Benigno Aquino, III issued Administrative Order No. 25 creating the Inter-Agency Task Force on the Harmonization of the National Government Performance Monitoring, Information and Reporting Systems in line with the Administration's thrust to raise transparency and accountability in governance. The Task Force aims to (1) rationalize, harmonize, streamline, simplify, integrate and unify the efforts of government agencies to the National Leadership Agenda; (2) establish a unified and integrated Results-Based Performance Management System (RBPMS); and (3) use RBPMS as basis for determining entitlement to performance-based allowance, incentives, or compensation.

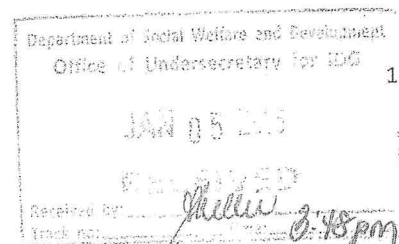
On July 20, 2012, the President issued Executive Order No. 80 directing the adoption of the Performance-Based Incentive System for Government employees starting CY 2012. The premises of EO 80 is to rationalize the current incentive system in government which is across the board bonuses; strengthen performance monitoring and appraisal systems, improve service delivery by linking personnel reward to the bureau or delivery unit's performance, and establish a Performance-Based Incentive System (PBIS).

The PBIS is a system of incentives for government employees consisting of Productivity Enhancement Incentive (PEI) and Performance-Based Bonus (PBB). The PBB is a top-up bonus given to employees based on their performance and contribution to the accomplishment of the Agency (on top of PEI).

The PBIS was pilot-tested in CY 2012 using the performance contract and review (PCR) rating of officials for the office ranking system while the individual performance ratings were used for the individual ranking.

Memorandum Circular No. 2015-01 or Guidelines on the Grant of the Performance-Based Bonus (PBB) for Fiscal Year 2015 under Executive Order No. 80 was issued on August 12, 2015. In the MC, it is again mandated that

¹ As agreed/approved by the Executive Committee Members



Agencies submit their ranking system for office and individual performers. Hence, the Department is issuing its internal PBB guidelines for CY 2015.

II. COVERAGE

- All Offices, Bureaus, Services and Units in the Department; and
- All its officials and employees holding regular plantilla positions, and contractual and casual employees having employer-employee relationship with the agency;

III. CONDITIONS TO QUALIFY FOR THE PBB

A. To qualify for the grant of PBB following MC 2015-01, the Department must meet the following conditions:

1. Achieve at least 90% of each one of the Congress-approved performance targets for the delivery of Major Final Outputs (MFO) under the Performance Informed Budget (PIB) of the FY 2015 GAA, and the targets for Support to Operations (STO) and General Administration and Support Services (GASS).
2. Achieve at least 90% of each one of the priority programs/ targets committed to the President under the five Key Result Areas of Executive Order No. 43.
3. Satisfy 100% of the good governance conditions set by the Inter-Agency Task Force for FY 2015:
 - 3.1. Maintenance/updating of the Agency Transparency Seal to reflect the following:
 - a. Agency's mandate, vision, mission and list of officials
 - b. Quarterly/Annual Financial Reports
 - b.1. FY 2013 to FY 2015 FAR No. 1: SAAOBDB
 - b.2. FY 2013 to FY 2015 Summary Report on Disbursements
 - b.3. FY 2013 to FY 2015 BAR No.1 - Quarterly Physical Report of Operations/ Physical Plan
 - c. DBM-Approved Budget and Targets for FY 2015
 - d. Programs, Projects and Activities, Beneficiaries and Status of Implementation for FY 2015 (as applicable)
 - e. Annual Procurement Plan 2015

- f. System of Ranking Delivery Units and Individuals
 - g. Quality Management System (QMS) for at least one core process certified by any international certifying body approved by the IATF or the submission of an Agency Operations Manual covering selected core processes or areas of operation.
- 3.2 Maintenance/updating of PhilGEPS posting
- a. Submission of the Certificate of Compliance with PhilGEPS
- 3.3. Maintenance/updating of Citizen's or Service Charter or its equivalent
4. Use the CSC-approved Strategic Performance Management System in rating and ranking First and Second Level employees and officials including officials holding managerial and director positions but are not presidential appointees; and the Career Executive Service Performance Evaluation System (CESPES) in rating and ranking of Career Executive Service (CES) officials and incumbents of CES positions.
- B. To be eligible for a higher percentage distribution in the ranking of delivery units, the Department must achieve at least 90% for each one of the additional targets of the Secretary as reflected in the Office of the President Planning Tool Form 1.

Offices shall be ranked using the DSWD Strategic Performance Management System (DSPMS) based on the results of Office Performance Contract and Review (OPCR) of the OBSUs and FOs.

IV. ELIGIBILITY OF INDIVIDUALS

Officials and employees must satisfy the following conditions to qualify for the PBB:

1. The eligibility of the Department Secretary shall be based on the eligibility of the respective department. The Secretary's PBB rate shall be fixed at ₱35,000 for FY 2015;
2. Third Level officials should receive a rating of at least "Very Satisfactory" under CESPES. CESPES covers all incumbents of CES positions, for an uninterrupted period of at least three (3) months. Payment of the PBB of the Third Level officials shall be contingent on the release of the results of the CESPES.
3. Other Officials performing Managerial and executive functions who are not presidential appointees are covered by the DSPMS and should receive a rating of at least "Satisfactory".

4. Employees belong to the First and Second Levels should receive a rating of at least "Satisfactory" based on the DSWD Strategic Performance Management System (DSPMS).
5. 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. PBB payment shall come from the mother agency.
6. Personnel who transferred from one government agency to another agency shall be rated and be ranked by the agency where s/he serves the longest. If equal months were served for each agency, s/he will be included in the recipient agency.
7. An employee who has rendered a minimum of nine (9) months of service during the fiscal year and with a performance rating in accordance with IV.2, IV.3 and IV.4 hereof may be eligible to the full grant of the PBB.
8. An employee who rendered a minimum of three (3) months but less than nine (9) months of service and with the required performance 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	Percentage 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
9. 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.
 10. 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.

11. 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.
12. Officials and employees who failed to liquidate Cash Advances received in FY 2015 within the reglementary period as required by the COA shall not be entitled to the FY 2015 PBB;
13. The agency head 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 FY 2015 Cash Advances, as this will be a basis for the release of FY 2015 PBB to individuals;
14. They must have finalized and submitted pertinent performance management forms to the Human Resource and Development Bureau (HRDB) or HRD Unit for FOs on set deadline.

After establishing that the Department had complied and achieved above conditions, OBS shall be ranked using their Office Performance Contract and Review (OPCR) rating.

V. RANKING OF DELIVERY UNITS AND INDIVIDUALS

1. The Department and their corresponding offices/delivery units that meet the criteria and conditions in Section III are eligible to the PBB FY 2015.
2. Bureaus, offices or delivery units eligible to the PBB shall be forced ranked according to the following categories.

OBS Distribution	Rating
Top 10%	Best
Next 25%	Better
Next 65%	Good

3. If the Department met at least 90% of each one of the FY 2015 targets of the Secretary other than those in the Congress approved PIB as reflected in the OP Planning Tool commitments for FY 2015 and under the Ease of Doing Business targets, in addition to the criteria and conditions in Section III.A, it shall force rank the offices/delivery units eligible to the PBB according to the following categories:

OBS Distribution	Rating
Top 15%	Best
Next 30%	Better
Next 55%	Good

4. To facilitate the ranking of delivery units, agencies should consider similarities of task and responsibilities to determine the most appropriate grouping or clustering of delivery units and individual for purposes of evaluating and ranking group and individual performance.
5. Only the personnel belonging to eligible bureaus, offices or delivery units are qualified for PBB.
6. Within delivery units, all employees shall be ranked following the normal distribution prescribed by the Task Force and shall receive corresponding amounts for FY 2015:

OBSA	Individual (for Best Offices)		
Distribution	20% Best Performers	35% Better Performers	45% Good Performers
10% or 15% Best OBS'	₱ 35,000	₱ 20,000	₱ 10,000
OBSA	Individual (for Better Offices)		
Distribution	15% Best Performers	30% Better Performers	55% Good Performers
25% or 30% Better OBS'	₱ 25,000	₱ 13,500	₱ 7,000
OBSA	Individual (for Good Offices)		
Distribution	10% Best Performers	25% Better Performers	65% Good Performers
65% or 55% Good OBS'	₱ 15,000	₱ 10,000	₱ 5,000

7. Eligibility of attached agencies is no longer dependent on the eligibility of the entire department/agency. Payout to attached agencies will be given separately in case one of them is not eligible.
8. Officials belonging to the Third Level who receive 'Satisfactory' rating under the CESPES and employees belonging to the First and Second Levels as well as those performing managerial and executive functions who are not presidential appointees who receive a "Below Satisfactory" rating under the DSPMS shall not be eligible to the PBB.

VI. RANKING SYSTEM AND PROCEDURE

A. Delivery Units' Ranking System

The main criterion for OBSA ranking shall be the annual OPCR rating for CY 2015.

1. The Offices shall be ranked based on their OPCR final numerical ratings – from the highest to the lowest performers.

2. The Offices shall be clustered according to their performance ratings following the distribution: 10% Best, 25% Better and 65% Good performers if meeting the conditions in III.A or 15%-30%-55% if the agency meets the conditions in III.B.
3. The Central Office shall be clustered into one unit while the Field Offices shall be considered as separate units.
4. In case of tie, decimal places of numerical ratings shall be stretched until the tie is broken or as deliberated by the Performance Technical Working Group (PMTWG)².

B. Individual Ranking System

Officials in the OBS will be ranked according to their CESPES rating. They must have at least a "Very Satisfactory" rating to be qualified for the PBB. While the Rank and File employees will be ranked according to their annual ratings under the DSPMS. The rank and file employees must have at least a "Satisfactory" rating to be qualified for the PBB.

1. Using the annual performance rating, all officials and employees will be ranked from highest to lowest per delivery unit.
2. The employees shall be clustered according to their performance ratings following the distribution: 20%-35%-45% for individual performer under Best OBS, 15%-30%-55% for individual performer under Better OBS and 10%-25%-65% for individual performer under Good OBS if the agency meets the conditions in Section III.A.

C. Submission of Ranking Results

1. The PDPB shall prepare the ranking of OBS based on the OPCR and the HRDB, the ranking of employees based on IPCR following pertinent forms prescribed by the IATF on AO 25. Said forms shall reflect the respective summaries on the number of eligible delivery units as well as the number of PBB eligible officials and staff. The forms shall also reflect the PBB amount required.
2. The Chair of the PMTWG shall recommend to the ExeCom the OBS/delivery units' ranking, the number of PBB eligible employees, and the corresponding PBB budget, for their review and concurrence.
3. The ExeCom, as necessary, shall deliberate on the delivery units and officials and employees' ranking results.

² Upon approval of the DSWD Strategic Performance Management System (DSPMS), the PMTWG shall transition to Performance Management Team (PMT).

VII. INSTITUTIONAL ARRANGEMENTS

1. The Policy Development and Planning Bureau and its FO counterparts shall be responsible for monitoring MFO performance and targets and conditions set for Agency to qualify for the PBB. The PDPB shall be responsible for reporting to the ExeCom and as needed, to the Interagency Task Force (AO25) on the Department Target and Accomplishment Forms A, MFO Form A-1 and other reporting forms.
2. All CO-PBB focal persons of OBS shall be responsible in monitoring compliance of all field offices, bureaus and services. They shall prepare and consolidate the certificate of compliance (COC), reports and requirements to be submitted to the HRDB for endorsement to the IATF.
3. All OBS shall be responsible in accomplishing its MFO performance targets, roles and mandate and complying with the conditions set for the Agency to qualify for the PBB.
4. The Finance Management Service shall be responsible in monitoring financial accountability reports, ageing of cash, BFARs, budgets, targets and performance.
5. The Procurement Service shall be responsible in monitoring and submission of APCPI self-assessment, APP and PhilGEPS.
6. The Administrative Service - Personnel Administration Division shall be responsible in monitoring the compliance to the Statement of Assets, Liabilities and Net Worth (SALN).
7. The Social Marketing Service in coordination with the HRDB, shall be responsible in crafting and disseminating the communication plan for the PBB.
8. The HRDB shall be responsible in guiding all PBB focal persons regarding the requirements for the good governance conditions. The HRDB and its FO counterparts (e.g. PMS/PBB focal persons) shall be responsible for monitoring the submission of performance ratings and ranking of employees based on the ranking of OBS.
9. The PMTWG shall rank OBS/FOs-delivery units on the basis of the approved criteria for approval of the ExeCom. It shall also bring to the ExeCom issues or concerns arising out of the policies and criteria adopted for the grant of the PBB for resolution.
10. The ExeCom shall be the final screening and approving body for the OBS and individual ranking and resolve/decide on issues, appeals or grievances raised, if any.


11. The Administrative Service-Personnel Administration Division in coordination with the FMS and/or their respective counterparts in the Field Offices shall prepare the payroll on the PBB grant to concerned individuals once the Special Allotment Release Order (SARO) and Notice of Cash Allocation (NCA) is released to DSWD.
12. All Heads of OBS in coordination with the HRDB or HRDU in FOs shall ensure that staff are reminded of their performance requirements submission and shall be responsible in informing their staff eligibility or ineligibility to the PBB grant.
13. All staff are responsible in contributing to their office accomplishments of targets and goals and submitting the required performance requirements.

This guidelines shall take effect for the grant of PBB for CY 2015 rating period and until no other guidelines are issued.

Signed this 29th day of December 2015.


CORAZON JULIANO-SOLIMAN
Secretary

Certified Copy:


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