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SEP 28 2018

DENR Memorandum Circular
No. 2018- 13

SUBJECT: Guidelines on Ranking Delivery Units as Basis for Granting the Performance-Based Bonus (PBB) for FY 2018

1.0 BACKGROUND

In his 2017 State of the Nation Address (SONA), President Rodrigo Duterte called for a government equipped with political will and braced by a concerned citizenry to be able to overcome the problems facing the country through collective purpose and collaborative actions. He emphasized the need for heightened transparency and deeper accountability to the Filipino people to fight corruption and cleanse the bureaucracy.

In his Veto message in the FY 2018 National Budget, he declared confidence in strengthening the country's foundation for a "Matatag, Maginhawa at Panatag na Buhay" that Filipinos aspire for. The FY 2018 National Budget represents the priorities and programs aimed at fostering the golden age of infrastructure, secure peace and order, and accelerate human capital development for sustained and inclusive growth. To this goal, he called for efficient, responsible and disciplined utilization of the National Budget.

To tighten the advocacy for intensified public accountability, heightened transparency, stronger fiscal discipline, and more efficient government processes, the government is leveraging the priorities of its Results-Based Performance Management System (RBPMS) and the Performance-Based Incentive System (PBIS) through requirements and conditions aiming to fight corruption, achieve higher citizen satisfaction and implement a firmer validation process to recognize outstanding performance in government service.

2.0 PURPOSE

This Memorandum Circular is issued to prescribe the criteria and conditions for the grant of Performance-Based Bonus (PBB) for FY 2018 performance.

1

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9

3.0 COVERAGE

- 3.1 All offices of the DENR at the central, regional, provincial and community levels, staff bureaus, line bureaus including their respective regional offices, and attached agencies.
- 3.2 All officials and employees holding regular plantilla positions; contractual and casual personnel having an employer-employee relationship with the DENR, and whose compensation are charged to the Personnel Services budget; as well as those occupying positions in the DBM-approved contractual staffing pattern of the Department.

4.0 ELIGIBILITY CRITERIA

The DENR must satisfy the following conditions to be eligible for the grant of PBB:

- 4.1 **Good Governance Conditions:** Satisfy 100% of the Good Governance Conditions (GGC) for FY 2018 set by AO25 Inter-Agency Task Force (IATF).
- 4.2 **Performance Targets:** Achieve each one of the Physical Targets, Support to Operations (STO) and General Administration and Support Services (GASS) requirements for FY 2018.
- 4.3 **Performance Rating of Employees and CES Positions:** Use the CSC-approved Strategic Performance Management System (SPMS) in rating the performance of First and Second Level officials and employees of the Department, including officials holding managerial and Director positions but are not Presidential Appointees. The rating of the performance of Career Executive Service (CES) officers and incumbents to CES positions shall be based on the requirement to be issued by the Career Executive Service Board (CESB).

5.0 FY 2018 GOOD GOVERNANCE CONDITIONS (GGCs)

- 5.1 For FY 2018, the IATF sets the following GGCs based on the performance drivers of the RBPMS and the thrusts of the current administration for transparency, accountability and more inclusive and people-centered public service:
 - a. **Maintain/Update the Transparency Seal.** It should be accessible by clicking the TS logo on the Home page and should contain the documents listed in Annex A.

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- b. **Post/Update the PhilGEPS posting of all Invitations to Bids and awarded contracts** for transactions above PhP1 Million from November 16, 2017 to December 31, 2018, including the Early Procurement of FY 2019 Non-CSE items.
- c. **Maintain/Update the Citizen's or Service Charter or its equivalent**, reflecting the agency's enhanced service standards for all its frontline services to citizens, businesses, and government agencies.

5.2 Non-compliance with any of the GGCs will render the entire department ineligible for the PBB.

6.0 FY 2018 PERFORMANCE TARGETS

With respect to the Physical Targets, the following are the requirements to strengthen the performance of the Department in efficiently providing public services.

6.1 **Streamlining and Process Improvement of Critical Services** covering Government-to-Citizens (G2C), Government-to-Businesses (G2B), and Government-to Government (G2G) transactions as cited in the Citizen's/Service Charter. To promote the periodic measurement of performance in delivering said services, the following shall be determined and reported using the Modified Form A-Department/Agency Performance Report (See Annex B):

- a. *Number of Steps.* For each critical service, report the number of steps necessary to complete the service/process.
- b. *Transaction Costs.* Costs incurred by the transacting citizens/clients in securing the services. For purposes of FY 2018 PBB, these costs are categorized as follows:
 - **Primary Transaction Costs/Fees.** Fees incurred by the transacting citizens/clients paid to government agencies in availing the critical services. These are the fees declared in the agency's Citizen's/Service Charter. Examples are application fees, registration fees, etc.
 - **Other Transaction Costs.** These are the other fees that transacting citizen/client has to pay in obtaining supporting information from another agency to secure needed primary information. Examples of these costs are those for getting birth certificates to secure passports, barangay clearance to secure business permit, and required photos, printing costs, photocopying costs, etc.
- c. **Substantive Compliance Costs.** Incremental costs to the target group in complying with a regulation, other than administrative costs. These can

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9

include implementation costs, direct labor costs, overhead costs, equipment costs, material costs, and external service costs. Examples are the purchase of early warning devices for vehicle owners, installation of accelerometer for building with 10 floors and up, maintenance of waste disposal system for establishments, etc.

- d. Number of Signatures. Number of signatures required to complete each service/process, including the initials required.
- e. Number of Documents. For each critical service, indicate the total number of documents necessary to complete the transaction cycle. The number of documents shall refer to the documents required from the transacting citizens/clients, and the documents that are used in internal processing until the completion/delivery of the critical service to the transacting citizens/clients.
- f. Turnaround Time. For each critical service, estimate the turnaround time to complete the service/process. Turnaround time is the sum of the waiting and processing time. It starts from the moment the transacting citizen/client enters the queue or fills out a form, and the waiting time incurred until the service has been completed/delivered.

The information above shall serve as the baseline data for each service/process.

The Department shall declare the delivery units responsible for the delivery and completion of each critical service. Every delivery unit shall be declared in at least one (1) of the critical services, or other key processes. The details of the performance of the delivery units shall be reported using the Modified Form A-1 (Annex B-1). The declaration of responsible delivery units for each critical service or other key processes shall provide performance data as basis in the ranking of each delivery unit.

- 6.2 **Citizen/Client Satisfaction.** In order to determine the effectiveness of the streamlining and process improvements of the Department, the satisfaction level of the citizens/clients will be measured and reported. Thus, feedback mechanisms and citizen/client satisfaction measurement in the process improvement efforts shall be embedded in the Department. The results of the Citizen/Client Satisfaction Survey for each service shall be reported. The description of the methodology of the survey, and the improvement action plan for FY 2019 shall be submitted using the Citizen/Client Satisfaction Report.

- 6.3 **STO Target.** Initial certification/Recertification of the QMS for at least one (1) core process or frontline service.

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For the ISO 9001:2015 QMS certification, it must be issued by any of the certification bodies (CBs) accredited by the International Accreditation Forum (IAF) members. The certification must be valid until December 31, 2018 or a later date.

6.4 GASS Targets. The GASS targets shall include the following:

- a. **Budget Utilization Rate (BUR)**, which shall consist of
 - 1) **Obligations BUR** computed as obligation rates for MOOE and CO of all programs, activities, and projects funded in FY 2018 from all appropriation sources, including those released under the GAA as the allotment order policy, net of savings from procurement, and implementation of cost-cutting measures; and
 - 2) **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 2018, net of goods and services obligated by December 31, 2018 but accounts payable and not yet due and demandable on the said date.
- b. **Sustained Compliance with Audit Findings.** Fully implement 30% of the prior years' audit recommendations as shown in the Report on Status of Implementation of Prior Years' Recommendations. These recommendations will exclude the Property, Plant and Equipment (PPE)-related items of the Annual Audit Report (AAR).
- c. **Compliance with Quarterly Submission of Budget and Financial Accountability Reports (BFARs) Online Using the DBM's Unified Reporting System (URS)** 15 days after end of each quarter.
- d. **Submission of Annual Procurement Plan (APP-non CSE)** approved by the Head of Procuring Entity (HOPE) to the Government Procurement Policy Board (GPPB) in the format prescribed under GPPB Circular No. 07-2015.
- e. **Submission of FY 2019 Annual Procurement Plan-Common-Use Supplies and Equipment (FY 2019 APP-CSE)** to the DBM-Procurement Service in the prescribed format by DBM-PS.
- f. **Undertaking of Early Procurement for at least 50% of the value of goods and services based on the departments/agency's budget submitted to the Congress consistent with the NEP.** In transitioning towards annual cash-based budgeting, the Department should subject at least 50% of the volume of their goods and services requirements for the FY 2019 operations to Early Procurement, short of award, from September to December 2018. PhilGEPS

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9

postings for Early Procurement should be updated by posting the Approved Contract and Notice to Proceed in PhilGEPS.

- g. **Submission of Results of FY 2017 Agency Procurement Compliance and Performance Indicators (APCPI) System**, complete with the following forms: (1) APCPI - Self-Assessment Form; (2) APCPI - Consolidated Procurement Monitoring Report; (3) APCPI - Procurement Capacity Development Action Plan; and the Questionnaire.

6.5 **Other cross-cutting requirements.**

- a. **Establishment and Conduct of Agency Review and Compliance Procedure of SALN.** The Department shall have a SALN Review and Compliance Committee to implement the provisions on reviewing and complying with SALN requirements to determine whether said statements have been submitted on time, are complete, and are in proper form.

- b. **Compliance with the Freedom of Information (FOI) Program** based on the enhanced requirements of the Presidential Communications Operations Office (PCOO). The following FOI requirements should be complied with within the set deadlines.

- 1) People's FOI Manual
- 2) Agency Information Inventory
- 3) 2017 and 2018 FOI Summary Report
- 4) 2017 and 2018 FOI Registry
- 5) Screenshot of the DENR website's home page containing a visible and functional FOI logo linked to the electronic FOI portal

- 6.6 To reinforce fairness in the assessment of the performance of each delivery unit under operations with those under support services, critical services provided to internal units/employees should also be declared. Doing so will strengthen the accountability of every delivery unit in streamlining and improving their processes and services to citizens/clients and internal units/employees. Likewise, it will also provide performance data to support the equitable ranking of each delivery unit. Departments/Agencies shall also report applicable baseline information.

7.0 **ELIGIBILITY OF INDIVIDUALS**

- 7.1 The Secretary is eligible only if the DENR is eligible. His maximum PBB rate shall be equivalent to 65% of his monthly basic salary as of December 31, 2018.
- 7.2 Employees belonging to the First, Second, and Third Levels should receive a

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rating of at least "Satisfactory" based on the CSC-approved Strategic Performance Management System (SPMS) or the requirement prescribed by the CESB.

- 7.3 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.
- 7.4 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.
- 7.5 Officials and employees who transferred from government agencies that are non-participating in the implementation of PBB, shall be rated by the agency where he/she served the longest; the official/employee shall be eligible for the grant of PBB on a pro-rata basis corresponding to the actual length of service to the participating implementing agency, as stated in Section 7.7.
- 7.6 An official or employee who has rendered a minimum of nine (9) months of service during the fiscal year and with at least Satisfactory rating will be eligible to the full grant of the PBB.
- 7.7 An official or employee who has rendered less than nine (9) months but a minimum of three (3) months of service and with at least Satisfactory rating shall be eligible to the grant of PBB on a pro-rata basis corresponding to the actual length of service rendered, as follows:

| Length of Service | % 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 and Death
- c. Resignation
- d. Rehabilitation Leave
- e. Maternity Leave and/or Paternity Leave
- f. Vacation or Sick Leave with or without pay

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- g. Scholarship/Study Leave
- h. Sabbatical Leave

7.8 Heirs of the deceased personnel who qualified for 2018 PBB shall be required to present proof of legitimacy of claim.

8.0 NON- ELIGIBILITY OF INDIVIDUALS

- 8.1 An employee who is on vacation or sick leave, with or without pay for the entire year is not eligible to the PBB.
- 8.2 Personnel found guilty of administrative and/or criminal cases by final and executory judgment in FY 2018 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.
- 8.3 Officials and employees who failed to submit the 2017 SALN; or those who are responsible for the non-compliance with the establishment and conduct of the review and compliance procedure of SALN, shall not be entitled to the FY 2018 PBB.
- 8.4 Officials and employees who failed to liquidate all cash advances received in FY 2018 within the reglementary period shall not be entitled to the FY 2018 PBB.
- 8.5 Officials and employees who failed to submit their complete SPMS Forms shall not be entitled to the FY 2018 PBB.
- 8.6 Officials and employees responsible for the implementation of the prior years' audit recommendations, QMS certification, or posting and dissemination of the system of ranking performance of delivery units, shall not be entitled to the FY 2018 PBB if the Department fails to comply with any of these requirements.

9.0 RANKING OF DELIVERY UNITS

9.1 All delivery units that meet the criteria and conditions in Section 4.0 are eligible to the FY 2018 PBB. They shall be forced ranked according to the following categories:

| | Performance Category |
|----------|-----------------------|
| Top 10% | Best Delivery Units |
| Next 25% | Better Delivery Units |
| Next 65% | Good Delivery Units |

9

The declarations of delivery units in the completion of each critical service or other key processes shall be the basis for equitable performance ranking of delivery units.

- 9.2 A delivery unit is the primary subdivision of the Department performing substantive line functions, technical services or administrative support. The prescribed delivery units of the DENR are shown in Annex C.
- 9.3 For purposes of this Circular, the Line Bureaus (EMB and MGB) and Attached Agencies (NAMRIA, NWRB, and PCSD) are treated as separate Offices from the DENR and shall have separate ranking of their delivery units.
- 9.4 The accomplishments of delivery units on the qualifying and ranking indicators as well as on their core functions shall be the main parameters to be used in rating performance. The total performance rating of 100% shall consist of the following: (a) accomplishments on the qualifying indicators- 60%; (b) on the ranking indicators- 20%; and (c) on the core functions - 20%.
- 9.5 The focal office for specific indicator/s shall be responsible for consolidating the required reports/Mean of Verification (MOVs) submitted by the Delivery Units and develop the point system for ranking, for approval of the Performance Management Group (PMG). These shall be included as core functions of the focal office.
- 9.6 The PMG shall review the core functions of the Office of the Undersecretaries and Assistant Secretaries and explore disaggregation consistent with the functions of the offices which they supervise.
- 9.7 Rounding off of ranking the DUs shall be to the highest whole number (0.5 up should be rounded off to 1).
- 9.8 Only the personnel belonging to eligible delivery units are qualified for the PBB. Refer also to exclusion of individuals as cited in Section 8. While individual ranking shall be the basis for merit increase, promotion, further training and/or disciplinary action, there shall no longer be a ranking of individuals within a delivery unit.

10. RATES OF THE PBB

- 10.1 The rates of the PBB for each individual shall be based on the performance ranking of the individual's delivery unit with the rate of incentive as a multiple of one's monthly basic salary as of December 31, 2018, based on the table below:

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| Performance Category | Multiple of Basic Salary |
|--|--------------------------|
| Best Bureau/office/Delivery Unit (10%) | 0.65 |
| Better Bureau/office/Delivery Unit (25%) | 0.575 |
| Good Bureau/office/Delivery Unit (65%) | 0.50 |

11.0 THE PERFORMANCE MANAGEMENT GROUP (PMG) AND SUB-COMMITTEES

- 11.1 The Performance Management Group (PMG), chaired by the Undersecretary for Policy and Planning, shall directly oversee the performance of the Delivery Units and assist the Secretary in carrying out forced ranking of Delivery Units and in ensuring adherence to the criteria and guidelines on the grant of the PBB.
- 11.2 The PMG is authorized to develop and approve the ranking indicators and point system, in coordination with the focal offices, which shall be contained in a separate Guidelines. These shall include the indicators and point system for the core functions of delivery units.
- 11.3 The PMG shall review the performance indicators and Units of Work Measure (UWM) of core functions of all delivery units.
- 11.4 The PMG Sub-Committees shall assess the performance of the Management and Support Group (MSG), Staff Bureaus, and DENR Regional Offices and assist in ranking them according to performance criteria. The Regional PMGs shall look into the performance of their respective Offices.
- 11.5 The Sub-Committees shall be composed of officials or members of the EXECOM at the Central Office, Regional Office, Bureaus and Attached Agencies and those involved in program/project planning as well as monitoring of physical and financial performance. However, they are prohibited from assessing/ranking the Delivery Unit of their own. They shall be joined by representatives from the Internal Audit Service, Human Resource Development Service, and Employees Union.
- 11.6 The Sub-Committees shall develop objective tie-breaking criteria for Delivery Units. In case of unresolved tie, the Committees shall elevate it to the Secretary whose decision shall be enforced as final.
- 11.7 The Line Bureaus and Attached Agencies shall create their respective Sub-Committees/Ranking Committees and identify their ranking indicators which should be submitted to the DENR-PMG for approval.

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- 11.8 The PMG, through the National/Central Office Secretariat, shall ensure that the required forms for submission to the AO 25 IATF are completely filled up. The Secretariat shall also ensure that all the forms/documents used in the rating and ranking are secured and shall safekeep them for consolidation and submission.
- 11.9 All objections/complaints after the award of the 2017 PBB shall be brought to the attention and resolved by the PMG.

12.0 TIMELINES FOR PBB FY 2018 IMPLEMENTATION

The implementation timeline for the FY 2018 PBB is indicated in Annex D.

13.0 SOURCE OF PBB FUND

The DENR-PBB shall be charged against Miscellaneous Personnel Benefits Fund (MPBF) in the General Appropriations Act.

14.0 EFFECTIVITY

This Circular shall take effect immediately.


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Secretary



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