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DENR Memorandum Circular
NO. 2017- 10

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SUBJECT: Guidelines on Ranking Delivery Units as Basis for Granting the Performance-Based Bonus (PBB) for FY 2017

1.0 BACKGROUND

Pursuant to Executive Order No. 80 issued on 20 July 2012, a Performance Based Incentive System (PBIS) for Government Employees was adopted. The PBIS is based on the belief that service delivery by the bureaucracy can be improved by linking personnel incentives to the bureau or delivery unit's performance and recognizing and rewarding exemplary performance to foster teamwork and meritocracy.

The PBIS consists of the P5,000 across-the-board bonus in the form of the existing Productivity Enhancement Incentive (PEI) and a top-up bonus known as Performance-Based Bonus (PBB) which shall be given to government personnel in accordance with their contribution to the accomplishment of their department's overall targets and commitments.

To heighten public accountability and transparency, promote greater collaboration among agencies, and ensure accessible and convenient delivery of services to the Filipino people, the current administration is refocusing the Results-Based Performance Management System (RBPMS), along with its incentive component-the PBIS. The RBPMS will aim not only to promote good governance practices, link budget with outcomes and outputs, strengthen performance management and monitoring in the government but also speed up the streamlining of agency frontline services.

The PBIS, consisting of the PEI and the PBB, will continue to be an integrated scheme of rewarding exemplary performance in government through the grant of incentives linked with actual performance.

2.0 PURPOSE

This Memorandum Circular is issued to prescribe the criteria and conditions for the grant of Performance-Based Bonus (PBB) for FY 2017 performance.

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 against the lump sum appropriation under Personnel Services; and 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:

- a. **Good Governance Conditions:** Satisfy 100% of the Good Governance Conditions for FY 2017 set by AO25 Inter-Agency Task Force (IATF) as provided in Section 5.0.
- b. **Performance Targets:** Achieve each one of the Congress-approved performance targets for the delivery of Major Final Outputs (MFOs) under the Performance Informed Budget (PIB) of the FY 2017 General Appropriations Act, and the targets for Support to Operations (STO) and General Administration and Support Services (GASS) provided in Section 6.0.
- c. Use the CSC-approved Strategic Performance Management System (SPMS) in rating the performance of First and Second Level officials and employees of the Department; and officials holding managerial and Director positions but are not presidential appointees. In rating the performance of Career Executive Service (CES) officials and incumbents of CES positions, the Career Executive Service Performance Evaluation System (CESPES) shall be the basis.

5.0 FY 2017 GOOD GOVERNANCE CONDITIONS

- 5.1 For FY 2017, the IATF sets the following Good Governance

Conditions (GGC) based on the existing performance drivers of the RBPMS and the thrusts of the current administration for transparency, accountability and people-focused public service:

- a. **Maintain/Update the Transparency Seal to enhance transparency and enforce accountability. The Transparency Seal page should be accessible by clicking on the TS logo on the Home page and should contain the following documents:**
 - a.1 **Mandates and functions, names of officials with their position and designation, and contact information;**
 - a.2 **DBM-approved budget and corresponding targets for FY 2017;**
 - a.3 **Budget and Financial Accountability Reports (BFARs);**
 - **FY 2013 to FY 2017 FAR No. 1: SAAOBDB**
 - **FY 2013 to FY 2017 Summary Reports on Disbursements**
 - **FY 2013 to FY 2017 BAR No. 1 – Quarterly Physical Report of Operations/Physical Plan**
 - a.4 **Programs, Projects and Activities, Beneficiaries, and Status of Implementation for FY 2017**
 - a.5 **FY 2017 Annual Procurement Plan (APP- non CSE) in the format prescribed under GPPB Circular No. 07 - 2015, which should be posted not later than one month after the issuance of MC 2017-1 on 09 March 2017 and the FY 2018 Annual Procurement Plan for Common-Use Supplies and Equipment (APP-CSE) based on the guidelines to be issued by DBM through a separate circular letter.**
 - a.6 **QMS ISO Certification of at least one core process by any international certification body (ICB) accredited by an International Accreditation Forum (IAF), following through with the progress achieved in 2016. The QMS ISO Certification should be posted not later than 31 December 2017.**
 - a.7 **System of Ranking Delivery Units should be posted and disseminated to employees not later than 01 October 2017.**
 - a.8 **The Freedom Of Information (FOI) Manual should be uploaded on or before 01 October 2017.**

- b. Maintain/Update the posting of all Invitations to Bid and awarded contracts in the PhilGEPS pursuant to the Government Procurement Reform Act for transactions above One Million (P1,000,000) from 16 November 2016 to 15 November 2017.
- c. Compliance with the President's directive on improving all frontline services consistent with the objectives of the Anti-Red Tape Act of 2007 and to cut down processing time of all applications from submission to release, and to ensure accessible and convenient delivery of services to the public:
 - c.1 Maintain/Update the Citizen's or Service Charter reflecting the enhanced standards for all frontline services to citizens, businesses and government agencies;
 - c.2 Self-assessment and reporting of improvements made to implement CSC Memorandum Circular No. 14 s. 2016. All possible actions/measures to reach the enhanced service standards in 2018 need to be targeted should events/factors prevent it from reaching these in 2017.

6.0 FY 2017 PERFORMANCE TARGETS

- 6.1 **MFO Targets.** All MFO indicators and targets in the FY 2017 PIB approved by Congress shall be the bases for assessing eligibility for the PBB. Organizational performance shall be closely monitored through the use of the quarterly agency accountability reports uploaded in the DBM Unified Reporting System (URS).
- 6.2 **STO Targets.** The common STO indicators and targets shall include the following:
 - a. Certification/Continuing Certification of the Quality Management System (QMS) for at least one core process. The Certification must be issued by an accredited International Certification Body (ICB). The Certification must be valid until 31 December 2017 or later date and must be posted in the Transparency Seal.
 - b. If not yet ISO-certified, the Department should have at least an ISO-aligned documentation for at least one core process to include the following:
 - Approved Quality Manual and Approved Procedures and Work Instructions Manual including Forms; and

- Evidences of ISO 9001-aligned QMS implementation. These are Certification on the conduct of Internal Quality Audit issued by the Secretary; and Minutes of 2017 Management Review
- c. The second STO target is identified in accordance with the priority of the Secretary.

6.3 **GASS Targets.** The common GASS targets shall include the following:

- a. Budget Utilization Rate (BUR), which shall consist of
 - a.1 Obligations BUR computed as obligations against all allotments still effective in FY 2017, both continuing and current year from all appropriation sources, including those released under the "GAA as the allotment order policy" for MOOE and Capital Outlays in 2017; and
 - a.2 Disbursements BUR which is measured by the ratio of total disbursement (cash and non-cash, excluding personnel services) to total obligations for MOOE and Capital Outlays in FY 2017.
- b. Compliance to Public Financial Management reporting requirements of COA and DBM in accordance with the mandated period of submission. These include the following:
 - b.1 Quarterly submission of Budget and Financial Accountability Reports (BFARs) online using the DBM's Unified Reporting System (URS) 30 days after end of each Quarter.
 - b.2 Submission of Report on Ageing of Cash Advance with a cut-off date of 15 November 2017
 - b.3 Submission of Annual Financial Reports and Statements
- c. Submission of the 2016 Agency Procurement Compliance and Performance Indicators (APCPI) Self-Assessment Results to GPPB-TSO
- d. Submission of 2017 APP-nonCSE to GPPB-TSO and 2018 APP CSE to DBM-PS
- e. Full compliance with at least 30% of the prior years' audit recommendations, as shown in the Report on Status of Implementation of Prior Years' Recommendations of the Annual Audit Report

7.0 ELIGIBILITY OF INDIVIDUALS

- 7.1 Employees belonging to the First, Second, and Third Levels should receive a rating of at least "Satisfactory" based on the CSC-approved Strategic Performance Management System (SPMS) or the CESPES. CESPES covers all incumbents of CES positions for an uninterrupted period of at least three (3) months. Payment of PBB to Third Level officials shall be contingent on the release of results of the CESPES.
- 7.2 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 parent agency.
- 7.3 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.
- 7.4 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.
- 7.5 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 Rate
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/Death
- 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

7.6 Heirs of the deceased personnel who qualified for 2017 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.

8.2 Personnel found guilty of administrative and/or criminal cases by final and executory judgment in FY 2017. 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 2016 SALN.

8.4 Officials and employees who failed to liquidate all cash advances received in FY 2017 within the reglementary period.

8.5 Officials and employees who failed to submit their complete SPMS Forms.

8.6 Officials and employees responsible for submitting COA Annual Financial Reports and Statements to include Financial Statements (FSs), Annual Financial Reports and Annual Audit Reports (AARs) shall not be entitled to the PBB, if the Department fails to comply with the said reporting requirements

8.7 The Head of Procuring Entity (HOPE), Chairman and Secretariat of the Bids and Awards Committee (BAC) shall not be entitled to the PBB if the Department fails to submit the ff:

a. FY 2017 Annual Procurement Plan (APP-non CSE) to the Government Policy Procurement Board (GPPB) not later than one month after the issuance of Memorandum Circular 2017-1 in the format prescribed by GPPB

b. FY 2018 Annual Procurement Plan-Common Use Supplies and Equipment (APP-CSE) to the DBM-Procurement Service on or before 30 November 2017

c. Results of 2016 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 on or before 31 March 2017.

- 8.8 Officials and employees responsible for the non-compliance of prior year's audit recommendations
- 8.9 Officials and employees responsible for the QMS Certification or alignment shall not be entitled to the FY 2017 PBB if the Department fails to comply with the said requirement.
- 8.10 Officials and employees responsible for posting and dissemination of the Department's system of ranking performance of delivery units shall not be entitled to the PBB if the Department fails to comply.

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 2017 PBB and shall be forced ranked according to the following categories:

Ranking	Performance Category
Top 10%	Best Delivery Unit
Next 25%	Better Delivery Unit
Next 65%	Good Delivery Unit

- 9.2 The Delivery Units in the Office of the Secretary to be ranked for PBB are shown in Annex A.
- 9.3 The EMB and MGB Regional Offices and Attached Agencies (NAMRIA, NWRB, and PCSD) shall be treated as separate Offices from the DENR-OSEC and shall have separate ranking of their delivery units. Annex B shows the delivery units of the Line Bureaus and Attached Agencies.
- 9.4 The qualifying indicators (indicators and targets in the FY 2017 PIB approved by Congress) and the ranking indicators shall be the main parameters to be used in rating the performance of the different delivery units. The accomplishments on the qualifying indicators shall cover 60% of the total performance rating of the Delivery Units while the remaining 40% shall be for the accomplishments on the ranking indicators.
- 9.5 The Performance Management Group (PMG) is authorized to issue Supplemental Guidelines to include the Ranking Indicators, among others.

- 9.6 Only the personnel belonging to eligible Delivery Units are qualified for the PBB. 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.

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

- 10.1 The Performance Management Group (PMG), chaired by the Undersecretary for Policy and Planning, shall directly oversee the performance of the DUs 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.
- 10.2 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.
- 10.3 The Line Bureaus and Attached Agencies shall create their respective ranking committees and identify their ranking indicators which should be submitted to the DENR-PMG for approval.
- 10.4 The Ranking Committees shall be composed of officials or members of the EXECOM at the Central Office, Regional Office, Bureaus and Attached Agencies or those involved in the monitoring of physical and financial performance. However, they are prohibited from assessing/ranking the Delivery Unit of their own. They would be joined by representatives from the employees union.
- 10.5 The PMG Ranking Committees shall develop objective tie-breaking criteria for Delivery Units. In case of unresolved tie, the ranking committee shall elevate it to the Secretary whose decision shall be enforced as final.
- 10.6 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.

11.0 RATES OF THE FY 2016 PBB

11.1 The PBB rate 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 his/her monthly basic salary based on the table below:

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

12.0 TIMELINE FOR FY 2017 IMPLEMENTATION

Activity	Deadline	Validating Agency
a. Submission to COA and DBM of 4 th Qtr BFARS (previous year) thru online URS	On or before January 31, 2017	DBM & COA
b. Submission of FY 2017 APP non-CSE approved by HOPE to GPPB-TSO	Within one month after the issuance of IATF MC No. 2017-1 (<i>Issuance of this MC is 09 March 2017</i>)	GPPB-TSO, DBM-PS
c. Submission of FY 2016 Financial Reports to COA	On or before March 31, 2017	COA
d. Submission of APCPI Self-Assessment Results for FY 2016 to GPPB-TSO		GPPB-TSO, DBM-PS
e. Submission of FY 2016 Financial Reports to COA (for Big Agencies)	On or before April 30, 2017	COA
f. Submission to COA and DBM of 1 st Qtr BFARs (current year) thru online URS		DBM & COA
g. Submission of 2016 SALN		OP, Ombudsman, CSC

h. Submission to COA and DBM of 2 nd Qtr BFARs (current year) thru online URS	On or before July 31, 2017	DBM & COA
i. Validation of Transparency Seal Compliance j. Validation of Citizen's Charter Compliance k. Validation of FOI Manual l. Posting of Agency System of Ranking Delivery Units	October 01, 2017	DBM-OCIO CSC PCOO DBM-OCIO
m. Submission to COA and DBM of 3 rd Qtr BFARs (current year) thru online URS	On or before October 31, 2017	DBM & COA
n. Submission of FY 2018 APP-CSE as prescribed by DBM-Circular letter to DBM-PS	On or before November 30, 2017	GPPB-TSO, DBM-PS
o. Submission of Report on Ageing of Cash Advance Liquidation (with 15 November 2017 as cut-off) p. Submission of Letter of Explanation/Justification if unable to post in PhilGEPS (for transactions above P1M with 15 November 2017 as cut-off)	On or before December 1, 2017	COA PhilGEPS
q. Posting of QMS Certification in Agency Transparency Seal r. Submission of Report on compliance with 30% of the audit recommendations as shown in the Status of Implementation of Prior Year's Recommendations in the Annual Audit Report	On or before December 31, 2017	DBM-OCIO COA

s. Submission of report on all improvements made by the agency to implement CSC Memo Circular No. 14 s. 2016	On or before December 31, 2017	OP, PMS, CSC
t. Submission of physical accomplishments using Forms A, A-1 and Form 1.0 (with 31 December 2017 as cut-off) u. Validation of QMS Certification v. Validation of STO indicator as identified by Head of Agency	On or before January 31, 2018	DBM-BMBs GQMC DBM-BMB concerned

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.


ROY A. CIMATU
Secretary



**DELIVERY UNITS TO BE RANKED FOR PBB
(DENR - OSEC)**

A. Management and Support Group (11)

1. Office of the Secretary, Office of the Undersecretaries, Office of the Assistant Secretaries
2. Internal Audit Service
3. Strategic Communications & Initiatives Service (SCIS)
4. Foreign Assisted & Special Projects Service (FASPS)
5. Knowledge and Information Systems Service (KISS)
6. Legal Affairs Service, Legislative Office
7. Administrative Service
8. Financial Management Service
9. Human Resource Development Service
10. Planning and Policy Service
11. MBCO, RBCO, CCO, CARP

B. Staff Bureaus (4) and Line Bureaus- Central Office (2)

1. Forest Management Bureau (FMB)
2. Biodiversity Management Bureau (BMB)
3. Land Management Bureau (LMB)
4. Ecosystems Research and Development Bureau (ERDB)
5. Environmental Management Bureau- Central Office (EMB-CO)
6. Mines and Geosciences Bureau- Central Office (MGB-CO)

C. Field Operations Group

1. DENR Regional Offices (17)

TOTAL NUMBER OF DELIVERY UNITS: 34

DELIVERY UNITS TO BE RANKED FOR PBB
(Line Bureaus and Attached Agencies)

- A. Environmental Management Bureau (EMB) – Regional Offices
- B. Mines and Geo-Sciences Bureau (MGB) – Regional Offices
- C. National Mapping and Resource Information Authority (NAMRIA)
 - 1. Office of the Administrator
 - 2. Branches
- D. National Water Resources Board (NWRB)
 - 1. Office of the Executive Director
 - 2. Divisions
- E. Palawan Council for Sustainable Development Staff (PCSDS)
 - 1. Office of the Chairman (including Office of the Executive Director)
 - 2. Divisions