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DENR Memorandum Circular
NO. 2019- 06

SUBJECT: Guidelines on Ranking Delivery Units for the Grant of FY 2019 Performance-Based Bonus (PBB)

1.0 PURPOSE

This Memorandum Circular is issued to prescribe the criteria and conditions for the grant of Performance-Based Bonus (PBB) for FY 2019 performance. The same criteria and conditions for FY 2018 PBB are being issued to support the Administration's focus on streamlining government services with the implementation of R.A. No. 11032 known as the Ease of Doing Business (EODB) and Efficient Government Service Act of 2018 to simplify government processes and ensure citizen-centric public service delivery.

2.0 COVERAGE

- 2.1 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.
- 2.2 All officials and employees holding regular, contractual and casual positions. Individuals engaged without employer-employee relationship with the DENR and funded from non-Personnel Services (PS) budget are excluded.

3.0 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 (GGCs) as provided in Section 4.0.
- b. **Performance Targets:** Achieve each one of the Physical Targets, Support to Operations (STO) and General Administration and Support Services (GASS) requirements for FY 2019 as provided in Section 5.0.

- c. **Performance Rating System to be Used for Personnel in the 1st and 2nd Levels and for Career Executive Service (CES) positions.** Use the CSC-approved Strategic Performance Management System (SPMS) in rating the performance of the 1st and 2nd Level officials and employees of the Department, including officials holding managerial or Director positions but are not Presidential appointees. The rating of the performance of CES officers and incumbents of CES positions shall be based on the guidelines issued by the Career Executive Service Board (CESB).

4.0 GOOD GOVERNANCE CONDITIONS (GGCs)

- 4.1 For FY 2019, the following are the GGCs set based on the performance drivers of the Results-Based Performance Management System (RBPMS) and the priorities of the current administration for transparency, public accountability and people-focused public service:
 - a. **Maintain/Update the Agency Transparency Seal (TS)**
 - b. **Update the PhilGEPS posting of all Invitations to Bids and awarded contracts** for transactions above P1 million from January 01 to December 31, 2019, including Early Procurement of FY 2020 Non-CSE items.
 - c. **Maintain/Update the Citizen's or Service Charter or its equivalent** reflecting the enhanced standards for all services to citizens, businesses and government agencies.

5.0 FY 2019 PERFORMANCE TARGETS

- 5.1 **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 streamlining criteria shall be determined and reported using the prescribed Form:
 - a. **Number of Steps** which refers to the number of steps necessary to complete the service/process.
 - b. **Turnaround Time (TAT)** which is the sum of the waiting time 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.
 - c. **Number of Signatures** which refers to the number of signatures and initials from the employees and officers required to complete each service/process.

- d. **Number of Required Documents** which refers to the total number of required documents that must be provided by the transacting client to the government.
- e. **Transaction Costs** which are the costs incurred by the transacting clients in securing the services. These are categorized as follows:
 - e.1 **Primary Transaction Costs/Fees**
 - e.2 **Other Transaction Costs**
- f. **Substantive Compliance Costs** which are the incremental costs other than administrative costs incurred by the transacting public in the course of complying with a regulation.

5.2 **Citizen/Client Satisfaction.** 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. Feedback mechanisms and citizen/client satisfaction measurement in the process improvement efforts shall be embedded in the Department. Using the improvement action plan that was reported for FY 2018 PBB, for each service, the results of each action plan shall be reported and the FY 2019 Citizen/Client Satisfaction Survey for each service.

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

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/recertification must be valid as of December 31, 2019 and must be posted in the TS webpage not later than December 31, 2019.

5.4 **GASS Targets.** The common 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 2019 from all appropriation sources.
- 2) **Disbursements BUR** which is measured as the ratio of total disbursements (cash and non-cash, excluding Personnel Services) to total obligations for MOOE and CO from FY 2019 appropriations.

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)** 30 days after end of every quarter, as provided in Sec. 102 of the FY 2019 GAA.
- d. **Submission of 2019 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.
- c. **Submission of FY 2020 Annual Procurement Plan-Common-Use Supplies and Equipment (FY 2020 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 Department's budget submitted to the Congress consistent with the NEP.**
- g. **Submission of Results of FY 2018 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.

5.5 Other cross-cutting requirements

- a. **Establishment and Conduct of Agency Review and Compliance Procedure of SALN.**
- b. **Compliance with the Freedom of Information (FOI) Program.** The following FOI requirements should be complied with within the set deadlines.
 - 1) Updated People's FOI Manual
 - 2) FOI Reports (Agency Information Inventory, 2019 FOI Registry, and 2019 FOI Summary Report)
 - 3) Screenshot of the DENR website's home page containing a visible and functional FOI logo linked to the electronic FOI portal.

6.0 ELIGIBILITY OF INDIVIDUALS

- 6.1 The Secretary is eligible only if the DENR is eligible. If eligible, his maximum PBB rate for FY 2019 shall be equivalent to 65% of his monthly basic salary as of December 31, 2019.
- 6.2 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 requirement prescribed by the CESB.
- 6.3 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.
- 6.4 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.
- 6.5 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.
- 6.6 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.
- 6.7 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 for 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
- g. Scholarship/Study Leave
- h. Sabbatical Leave

6.8 Heirs of the deceased personnel who qualified for 2019 PBB shall be required to present proof of legitimacy of claim.

7.0 NON- ELIGIBILITY OF INDIVIDUALS

- 7.1 An employee who is on vacation or sick leave, with or without pay for the entire year.
- 7.2 Personnel found guilty of administrative and/or criminal cases by final and executory judgment in FY 2019. If the penalty meted out is only a reprimand, such penalty shall not cause the disqualification to the PBB.
- 7.3 Officials and employees who failed to submit the 2018 SALN or those who are responsible for the non-compliance with the establishment and conduct of the review and compliance procedure of SALN.
- 7.4 Officials and employees who failed to liquidate all cash advances received in FY 2019 within the reglementary period.
- 7.5 Officials and employees who failed to submit their complete SPMS Forms.
- 7.6 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 2019 PBB if the Department fails to comply with any of these requirements.

8.0 RATING AND RANKING OF DELIVERY UNITS

- 8.1 All Delivery Units that meet the criteria and conditions for eligibility to the FY 2019 PBB 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

- 8.2 The Line Bureaus (EMB and MGB) and Attached Agencies (NAMRIA, NWRB, and PCSD) shall be treated as separate Offices from the Office of the Secretary (Proper) and shall have separate ranking of their Delivery Units. Annex A shows the prescribed Delivery Units of the Department.
- 8.3 The accomplishments of the 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%.
- 8.4 There shall be a focal office for specific indicator/s which shall be responsible for consolidating the Means of Verification (MOVs) of accomplishments reported/submitted by the Delivery Units for performance assessment, and developing the point system for ranking of Delivery Units, for approval of the Performance Management Group (PMG).
- 8.5 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.

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

- 9.1 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 these Delivery Units and in ensuring adherence to the criteria and guidelines on the grant of the PBB.
- 9.2 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. This shall also include the indicators and point system for the core functions of delivery units.
- 9.3 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.

- 9.4 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.
- 9.5 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 Internal Audit Service, Human Resource Development Service, and Employees Union.
- 9.6 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.
- 9.7 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.
- 9.8 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.
- 9.9 All objections/complaints after the award of the 2019 PBB shall be brought to the attention and resolved by the P M G .

10.0 RATES OF THE PBB

- 10.1 The PBB rates 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 as of December 31, 2019, 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

11.0 TIMELINE FOR PBB FY 2019 IMPLEMENTATION

The implementation timeline for the FY 2019 PBB is indicated in Annex B.

12.0 SOURCE OF PBB FUND

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

13.0 EFFECTIVITY

This Circular shall take effect immediately.


ROY A. CIMATU
Secretary

