REVENUE MEMORANDUM CIRCULAR NO. 59-2018 issued on July 3, 2018 publishes the full text of the Inter-Agency Task Force (IATF) Memorandum Circular No. 2018-1 issued by the Secretary of the Department of Budget and Management (DBM), titled “Guidelines on the Grant of the Performance-Based Bonus (PBB) for Fiscal Year (FY) 2018” under Executive Order (EO) No. 80-2012 and EO No. 201 s. 2016.

All officials and employees of eligible government departments/agencies holding regular plantilla positions; contractual and casual personnel having an employer-employee relationship with the said agencies, 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 agencies concerned are covered by the Circular.

To be eligible for the grant of PBB, each agency must satisfy the following conditions:

A. Good Governance Conditions (GGCs). Satisfy 100% of the GGCs for FY 2018 set by the AO 25 IATF, to wit:
   i. Maintain/update the agency Transparency Seal (TS), which shall include the following:
      • Agency’s mandate and functions; names of its officials with their position and designation, and contact information;
      • Annual Financial Reports;
      • DBM Approved Budget and Corresponding Targets for FY 2018;
      • Major Projects, and Programs, Beneficiaries, and Status of Implementation for FY 2018;
      • FY 2018 Annual Procurement Plan (FY 2018 APP Non-CSE), Indicative FY 2019 APP Non-CSE, and FY 2019 APP for Common-Supplies and Equipment (FY 2019 APP CSE);
      • Quality Management System (QMS) Certification to ISO 9001:2015 issued by any of the certification bodies (CBs) accredited by the International Accreditation Forum (IAF) members or similar standards relating to Total Quality Management (TQM), e.g. Philippine Quality Award, ISO/IEC 17025, ISO 17020, and Omentum Accreditation Canada, of at least one (1) core process or frontline service;
      • System of Agency Ranking Delivery Units for FY 2018 PBB;
      • The Agency Review and Compliance Procedure of Statements and Financial Disclosures; and
      • The Final People’s Freedom of Information (FOI) Manual signed by head of agency; Agency Information Inventory; 2017 and 2018 FOI Summary Report, and 2017 and 2018 FOI Registry.
   ii. Post/update the PhilGEPS posting of all invitations to Bids and awarded contracts pursuant to the Government Procurement Reform Act (RA No. 9184) for transactions from November 16, 2017 to January 31, 2018, including the Early Procurement of FY 2019 Non-CSE items. Agencies should track their status through PhilGEPS microsite: http://data.philgeps.gov.ph/directory/pbb.aspx.
   iii. 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, consistent with the objectives of the
Anti-Red Tape Act of 2007 (RA No. 9485), and the President’s directive to reduce processing time of all public transactions with government, and ensure accessible and convenient delivery of services to the public, as reiterated in CSC Memorandum Circular No. 14, s. 2016.

The Certificate of Compliance (CoC) submitted pursuant to Civil Service Commission (CSC) MC No. 14, s. 2017 shall be the basis for the validation for FY 2018. For agencies which have not submitted the CoC, the same shall be complied with pursuant to the guidelines set forth in CSC MC No. 14, 2017 and shall be submitted on or before August 1, 2018 to the CSC’s Office for Strategy Management through the AO 25 Secretariat. The CSC validation shall be complemented with reports on feedback and complaints from citizens gathered by the Office of the President (OP), Presidential Management Staff (PMS), Civil Service Commission (CSC) and Presidential Communications Operations Office (PCOO) from the 8888 Hotline and the FOI portals. The CSC shall issue guidelines in the validation of the Citizen’s Charter requirements for FY 2018.

Non-compliance with any of the GGCs will render the entire department/agency ineligible for the PBB. Assessment of agency compliance with GGC requirements shall be conducted starting October 1, 2018.

B. Performance Targets of Agencies. Achieve each one of the Physical Targets, Support to Operations (STO) and General Administration and Support Services (GASS) requirements for FY 2018. With respect to the Physical Targets, the requirements are:

i. Streamlining and Process Improvement of the Agency’s Critical Services covering Government-to-Citizens (G2C), Government-to-Businesses (G2B) and Government-to-Government (G2G) transactions as cited in the agency’s Citizen’s/Service Charter. Agencies shall determine and report the Number of Steps, Transaction Costs, Substantive Compliance Costs, Number of Signatures, Number of Documents and Turnaround Time, which shall serve as the baseline data for each service/process.

Departments/agencies should aim to achieve the following improvements for each of their critical services/processes:

- Reduction in the number of signatures to not more than three (3);
- Simplification of application forms or documentary requirements; and
- 50% reduction in the turnaround time and completion of the transaction within 15 days.

Departments/agencies shall declare the bureaus/offices/delivery units responsible for the delivery and completion of each critical service. Every bureau/office/delivery unit should be declared in at least one (1) of the critical services, or other key processes performed by the department/agency.

In the event the department/agency is unable to achieve the targets they have set, they shall provide justifications/explanations, which shall be subject to the review and recommendation of the validating agency.

ii. Citizen/Client Satisfaction. Agencies should embed feedback mechanisms and citizen/client satisfaction measurement in their process improvement efforts.
Agencies shall report the results of the Citizen/Client Satisfaction Survey for each service.

The description of the methodology of the survey, and the agency improvement action plan for FY 2019 shall be submitted using Citizen/Client Satisfaction Report.

iii. Support to Operations Target. Initial certification/re-certification of the QMS for at least one (1) core process or frontline service as mandated under its existing pertinent laws. For frontline agencies, it is expected that the core process pertains to an agency process most demanded by citizens and business and targeted for improvement.

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, and must be posted in the agency TS page not later than December 31, 2018. A certified-true copy of the Agency’s QMS Certificate/s shall be submitted to the Government Quality Management Committee (GQMC), through the DBM Secretariat – Systems and Productivity Improvement Bureau, immediately after obtaining a QMS Certificate or Re-certification not later than December 31, 2018, for verification purposes.

iv. General Administration and Support Services Targets. The common GASS targets shall include the following:

- Budget Utilization Rate (BUR)
- Sustained Compliance with Audit Findings
- 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
- 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 by posting it in the agency TS. The FY 2018 APP-non CSE should have been submitted to the GPPB-TSO on January 31, 2018 and posted on the agency TS page not later than one month after the issuance of the Circular. The Indicative FY 2019 APP-non CSE, consistent with the FY 2019 National Expenditure Program (NEP), should be posted on the agency TS page not later than August 31, 2018.
- Submission of FY 2019 Annual Procurement Plan-Common-Use Supplies and Equipment (FY 2019 APP-CSE) to the DBM-Procurement Service and posting of the same in the agency TS page on or before August 31, 2018.
- Undertaking of Early Procurement for at least 50% of the value of goods and services based on the department’s/agency’s budget submitted to the Congress consistent with the NEP.
- Submission of results of FY 2017 Agency Procurement Compliance and Performance Indicators (APCPI) System.

v. Other cross-cutting requirements

- Establishment and conduct of Agency Review and Compliance Procedure of SALN, Compliance with the Freedom of Information (FOI) Program.
In case a department/agency is not able to meet any of the above Performance Targets, the Department Secretary/Head of Agency should submit the justifications/explanations and supporting documents to warrant reconsideration. For validation purposes, justifiable reasons are factors that are considered outside the control of the agency. Acceptance of justifications/explanations shall be subject to the recommendation of validating agencies.

To reinforce fairness in the assessment of the performance of each delivery unit under operations with those under support services, departments/agencies should also declare critical services provided to internal units/employees performed by the latter delivery units. 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.

Department Secretaries, Heads of Other Executive Offices, Chairpersons and Commissioners of Constitutional Offices, Heads of Attached Agencies, Presidents of SUCs, and non-ex officio Heads of GOCCs covered by DBM are eligible only if their respective departments/agencies/institutions are eligible. If eligible, their maximum PBB rate for FY 2018 shall be equivalent to 65% of their monthly basic salary as of December 31, 2018.

Employees belonging to the First, Second and Third Levels should receive a rating of at least “Satisfactory” based on the agency’s CSC-approved Strategic Performance Management System (SPMS) or the requirement prescribed by the Career Executive Service Board (CESB).

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 may be eligible to the full grant of the PBB. If the service rendered is three (3) months to less than nine (9) months with at least Satisfactory rating, the official/employee shall be eligible for the grant of PBB on a pro-rata basis corresponding to the actual length of service rendered, as follows:

<table>
<thead>
<tr>
<th>LENGTH OF SERVICE</th>
<th>% OF PBB</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 months but less than 9 months</td>
<td>90%</td>
</tr>
<tr>
<td>7 months but less than 8 months</td>
<td>80%</td>
</tr>
<tr>
<td>6 months but less than 7 months</td>
<td>70%</td>
</tr>
<tr>
<td>5 months but less than 6 months</td>
<td>60%</td>
</tr>
<tr>
<td>4 months but less than 5 months</td>
<td>50%</td>
</tr>
<tr>
<td>3 months but less than 4 months</td>
<td>40%</td>
</tr>
</tbody>
</table>

Personnel not eligible to the grant of the FY 2018 PBB are the following:

- An employee who is on vacation or sick leave, with or without pay for the entire year;
- Personnel found guilty of administrative and/or criminal cases by final and executory judgement in FY 2018 (if the penalty meted out is only a reprimand, such penalty shall not cause the disqualification to PBB);
• 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;

• Officials and employees who failed to liquidate all cash advances received in FY 2018 within the reglementary period; and

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

Officials and employees responsible for the implementation of the prior years’ audit recommendations, QMS Certification, or posting and dissemination of the department/agency system of ranking performance of delivery units, shall not be entitled to the FY 2018 PBB if the Department/Agency fails to comply with any of the said requirements.

Bureaus, offices or delivery units eligible to the PBB shall be forced ranked according to the following categories:

<table>
<thead>
<tr>
<th>RANKING</th>
<th>PERFORMANCE CATEGORY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 10%</td>
<td>Best Delivery Units</td>
</tr>
<tr>
<td>Next 25%</td>
<td>Better Delivery Units</td>
</tr>
<tr>
<td>Next 65%</td>
<td>Good Delivery Units</td>
</tr>
</tbody>
</table>

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

To facilitate the ranking of delivery units, agencies may group or cluster the delivery units based on similarities of tasks and responsibilities for purposes of evaluating and ranking group and individual performance. Only the personnel belonging to eligible delivery units are qualified for the PBB.

The rates of the PBB for each individual shall be based on the performance ranking of the individual’s bureau or 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:

<table>
<thead>
<tr>
<th>PERFORMANCE CATEGORY</th>
<th>MULTIPLE OF BASIC SALARY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best Delivery Unit</td>
<td>0.65</td>
</tr>
<tr>
<td>Better Delivery Unit</td>
<td>0.575</td>
</tr>
<tr>
<td>Good Delivery Unit</td>
<td>0.50</td>
</tr>
</tbody>
</table>

For FY 2018, agencies that are unable to comply with all GGCs and Performance Targets shall be considered ineligible for the FY 2018 PBB.

In the event the AO No. 25 IATF conducted random check of submitted Statement of Assets and Liabilities Net Worth (SALN) of employees and found non-compliance with the guidelines prescribed by the CSC and the posted Review and Compliance Procedure of the concerned department/agency, such incident could be a cause to disqualify the department/agency in the succeeding cycle of the PBB.

A Department/Agency/GOCC/LWD/LGU, which, after due process by the oversight agency, has been determined to have committed the following prohibited acts, shall be disqualified from the PBB in the succeeding year of its implementation:
a. Misrepresentation in the submitted reports required for the PBB, commission of fraud in the payment of the PBB and violation of the provisions of the Circular; and
b. Evenly distributing PBB among employees in an agency, in violation of the policy of paying the PBB based on the ranking of delivery units.
Moreover, the CSC or Ombudsman shall file the appropriate administrative case.