



Republic of the Philippines  
Department of Labor and Employment  
**NATIONAL LABOR RELATIONS COMMISSION**  
Quezon City



**ADMINISTRATIVE ORDER NO. 12-01**  
(Series of 2021)

In the interest of service, and pursuant to Memorandum Circular No. 2021-1, 03 June 2021 on the Guidelines on the Grant of the Performance-Based Bonus (PBB) for Fiscal Year 2021 under Executive Order No. 80, series of 2012 and Executive Order No. 201, series 2016 and to Memorandum Circular No. 2021-2, 25 October 2021 on the Supplemental Guidelines on the Grant of Performance-Based Bonus for Fiscal Year 2021, the following are the criteria and conditions for the grant of PBB:

**I. Memorandum Circular No. 2021-1**

**1.0 Purpose**

This Circular is being issued to prescribe the criteria and conditions on the grant of the PBB for FY 2021 performance, to be given in FY 2022. The overarching goal of the PBB is to strengthen the effectiveness of the incentives system to help agencies achieve the mission-critical objectives and expected outcomes of the government. For the FY 2021 cycle, the PBB criteria and conditions were hence refined in order to:

- a. Simplify the PBB process particularly the validation of compliance;
- b. Provide flexibility to the agencies in the implementation of the scheme;
- c. Reinforce the results focus and their inter-linkages *e.g., budget utilization and Physical accomplishment*, in assessing the overall performance of agencies;
- d. Administer a more transparent PBB scoring system;
- e. Strengthen the role of agencies in ensuring accountability of units/individuals responsible for the criteria and conditions; and,
- f. Facilitate the timely release of incentives to eligible agencies.

In line with this, the FY 2021 PBB shall measure and evaluate the performance of agencies with emphasis on the public's satisfaction on the realization of the agencies' performance targets, quality of service delivery, efficiency in the use of resources, and strengthened agency stewardship. In relation to the targets in previous PBB cycles, the FN 2021 PBB criteria and conditions shall be categorized according to four (4) dimensions of accountability: **Performance Results, Process Results, Financial Results, and Citizen/Client Satisfaction Results**. Given the progress achieved in the Good Governance Conditions (GGCs), these shall no longer be included in the criteria to assess the overall eligibility of the agency for FY 2021 PBB. However, since the observance of these conditions shall still be used to determine

the eligibility of delivery units and individuals, the monitoring of their compliance shall now be the primary responsibility of the Heads of Agencies.

This Circular also specifies the modifications in the PBB assessment process to make the PBB Scoring System clear and explicit. The scoring system aims to simplify and make the final eligibility assessment more transparent, and enable agencies to undertake self-assessment vis-a-vis the criteria and conditions to ascertain if they could qualify for the grant of the FY 2021 PBB. However, the AO 25 Inter-Agency Task Force (AO 25 IATF) shall still determine the final eligibility of agencies.

## **2.0 COVERAGE**

The FY 2021 PBB covers all departments, bureaus, offices, and other agencies of the National Government, including Constitutional Commissions, Other Executive Offices (OEOs), Congress, the Judiciary, Office of the Ombudsman, State Universities and Colleges (SUCs), Government-Owned or-Controlled Corporations (GOCCs), Local Water Districts (LWDs), and Local Government Units (LGUs).

- 2.1 The implementation of this Circular shall be done in close coordination with the following agencies:
  - a. Department of Budget and Management (DBM) for the Departments and attached agencies;
  - b. Office of the President-Office of the Executive Secretary (OP-OES), Office of the Cabinet Secretary (OP-OCS), and DBM for the other Executive Offices (OEOs), including the OP-attached agencies and GOCCs covered by DBM;
  - c. Commission on Higher Education (CHED) for the SUCs;
  - d. Governance Commission for GOCCs (GCG) for GOCCs covered by R.A. No. 10149
  - e. Local Water Utilities Administration (LWUA) for LWDs; and
  - f. Department of the Interior and Local Government (DILG) for LGUs.
- 2.2 The personnel of agencies holding regular, contractual, and casual positions are covered by this Circular. Excluded from the coverage herein are individuals engaged without employer-employee relationship and funded from non-Personnel Services (PS) budget.

## **3.0 ELIGIBILITY CRITERIA**

To be eligible for the grant of the FY 2021 PBB, each agency must satisfy the criteria and conditions under the four dimensions of accountability: **Performance Results, Process Results, Financial Results, and Citizen/Client Satisfaction Results** and attain a total score of

at least 70 points based on the PBB Scoring System as will be discussed in detail in Section 4.0. Please refer to *Annex 1: Master List of Departments/Agencies*

In the context of the FY 2021 PBB, the **Performance Results** refer to the accomplishment of the Congress-approved performance targets under the Performance-Informed Budgeting (PIB) of the FY 2021 General Appropriations Act (GAA). This physical target is an existing eligibility criterion for SUCs and is only reinstated in the case of the national government agencies (NGAs). **Process Results** refer to the achievements in ease of doing business/ease of transaction with the agency as a result of streamlining, standardization *i.e., through the ISO-certified QMS or its equivalent*, digitization, and related improvements in the delivery of services. This is an existing criterion for NGAs and the GOCCs covered by the DBM. **Financial Results** refer to the actual spending of the agency's budget allotment vis-a-vis the realization of the committed programs and projects based on the FY 2021 GAA. The Disbursements BUR as well is a prevailing common target of all agencies. Another existing criterion for all agencies, the **Citizen/Client Satisfaction Results** refer to the achievements in satisfying the quality expectations of the transacting public.

For FY 2021, the GGCs shall no longer be required in determining the overall PBB eligibility of the agency. Nonetheless, compliance with these conditions shall be used as the basis in determining the eligibility of responsible units and individuals. *See Section 5.0 for details on Agency Accountabilities.*

#### 4.0 FY 2021 PBB TARGETS, ASSESSMENT, AND SCORING SYSTEM

The agency accomplishments for each of the criteria shall be rated using a scale of 1 to 5 (where 5 is the highest). Each criterion has an assigned weight, as shown in Table 1. The maximum score that may be obtained by the agency is 100 points. To be eligible for the FY 2021 PBB, the agency must attain a total score of at least 70 points.

<b>TABLE 1: FY 2021 PBB SCORING SYSTEM</b>						
<b>CRITERIA AND CONDITIONS</b>	<b>WEIGHT</b>	<b>PERFORMANCE RATING</b>				
		1	2	3	4	5
Performance Results	5	5pts	10pts	15pts	20pts	25pts
Process Results	5	5pts	10pts	15pts	20pts	25pts
Financial Results	5	5pts	10pts	15pts	20pts	25pts
Citizen/Client Satisfaction results	5	5pts	10pts	15pts	20pts	25pts
<b>TOTAL SCORE</b>		<b>MAXIMUM = 100 POINTS</b>				

As can be gleaned in Table 1, a performance rating of 4 in all criteria will yield a total score of 80 points for the agency. To be able to attain a total score of at least 70 points, the agency should aim for a performance rating of 4 in at least three (3) criteria. In such case, while the agency will be eligible, the unit most responsible for the criteria with a performance rating of below 4 will be isolated from the grant of the FY 2021 PBB.

**4.1 Performance Results.** The targets under Performance Results will enable agencies to concentrate their efforts and available resources on their mandates and core functions, as well as ensure delivery of high quality and high impact activities.

- a. For NGAs, GOCCs covered by the DBM, and SUCs, achieve each one of the Congress approved performance targets under the PIB of the FY 2021 GAA;
- b. For GOCCs covered by RA No. 10149, achieve the physical targets reflected in their approved FY 2021 Performance Scorecard and eligibility requirements specified in a separate guideline to be issued by the GCG;
- c. For LWDs, achieve each one of the physical targets as identified by LWUA in a Joint Memorandum Circular to be issued by LWUA and DBM; and,
- d. For LGUs, achieve the performance targets based on the Guidelines on the Grant of the PBB for LGUs to be issued by the DILG and DBM.

The agency performance in the achievement of targets shall be closely monitored through the use of the submitted Unified Reporting System (URS) - generated Budget and Financial Accountability Reports (BFARs) to indicate the progress towards the accomplishment of broader societal and societal outcomes targeted by the agency for improving the lives of Filipinos.

The quarterly BFARs of the agencies, as uploaded in the DBM URS, shall be submitted in a timely manner, i.e., within thirty (30) days after the end of each quarter, as provided under Item 3.15.2 of National Budget Circular No. 583, pursuant to Section 9C, General Provisions of Republic Act No. 11518 (FY 2021 GAA). BFARs will be used to monitor and validate agency accomplishments.

The Performance Results shall be assessed and scored as follows:

TABLE 2: RATING SCALE FOR PERFORMANCE RESULTS				
1	2	3	4	5

Met <b>less than 80%</b> of performance indicators of the Congress-approved performance targets FY 2021; <b>deficiencies due to controllable factors</b>	Met <b>less than 80%</b> of performance indicators of the Congress-approved performance targets FY 2021; <b>deficiencies due to uncontrollable factors</b>	Met <b>at least 80%</b> of performance indicators of the Congress-approved performance targets FY 2021; <b>deficiencies due to controllable factors</b>	Met <b>at least 80%</b> of performance indicators of the Congress-approved performance targets FY 2021; <b>deficiencies due to uncontrollable factors</b>	Met <b>each one</b> of the performance indicators of the Congress-approved performance targets FY 2021; (all performance indicators)
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**4.2 Process Results.** The target under Process Results is the greater ease of transaction of frontline services covering all government-to-citizens (G2C), government-to-businesses (G2B), and government-to-government (G2G) transactions. This may be achieved through streamlining especially of frontline services; standardization of frontline processes including those implemented at the Regional, Satellite, and Extension Offices; *digitization e.g., by developing electronic or online paperless systems, new service delivery channels, contactless transactions*; and other process improvements for faster and more efficient public service delivery.

a. For departments/agencies and GOCCs covered by the DBM, the target under Process Results is the greater ease of transaction of frontline services covering all government-to-citizens (G2C), government-to-businesses (G2B), and government-to-government (G2G) transactions.

b. For SUCs, the target is to assure quality of service delivery through ISO-certified QMS or its equivalent certification of frontline services.

Agencies should report and provide the objectively verifiable evidence of their achievements in ease of doing business or ease of transaction from the perspective of the transacting public *e.g., actual reduction in processing time, documentary requirements, transaction costs, and other tangible improvements*. Agencies may use the Modified Form A to report their streamlining and digitization accomplishments. The ISO-certified QMS or its equivalent certification for frontline services, service delivery standards manual, and the like may be used as evidence to the standardization achievements of the agency.

The Process Results shall be assessed and scored as follows:

<b>TABLE 3: RATING SCALE FOR PROCESS RESULTS</b>					
<b>AGENCY</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>a. For departments /agencies and GOCCs covered by the DBM</b>	<b>No demonstrated</b> ease of transaction	Achieved targets to ease transaction(streamlining, digitization, standardization) only for <b>non-frontline services</b>	Achieved targets to ease transaction(streamlining, digitization, standardization)in <b>less than 80% of frontline services</b>	Achieved targets to ease transaction(streamlining, digitization, standardization)in <b>at least 80% of frontline services</b>	Achieved targets to ease transaction(sreamlining, digitization, standardization)in <b>all frontline services</b>
<b>b. For SUCs</b>	<b>No demonstrated</b> standardization /quality assurance	Achieved ISO-certification or its equivalent certification only for <b>non-frontline services</b>	Achieved ISO-certification or its equivalent certification for <b>less than 80% of frontline services</b>	Achieved ISO-certification or its equivalent certification for <b>at least 80% of frontline services</b>	Achieved ISO-certification or its equivalent certification for <b>all frontline services</b>

**4.3 Financial Results.** For agencies and GOCCs covered by the DBM, attainment of the FY 2021 Disbursement BURs; and for SUCs likewise achieve the FY 2021 Disbursements BUR and the FY 2021 Earmarked Income targets.

Targets under Financial Results reflect final payments made from the agency's annual budget allotment to realize their committed programs and projects based on the valid appropriations for FY 2021. Hence for FY 2021, agencies shall accomplish the following Disbursements BUR:

a. **Disbursements BUR** is measured by the ratio of total disbursements (cash and non-cash, excluding PS) to the total obligations for MOOE and CO made in 2021, net of goods and services obligated by December 31, 2020, but paid only in 2021. **The total obligations for MOOE and CO** shall refer to those made from the FY 2021 GAA, FY 2020 GAA, and Bayanihan II appropriations due to their extension under RA No. 115191 and RA No. 115202. The objective is to measure the disbursements for the obligations for MOOE and CO made in 2021 from all valid appropriations. These shall be net of transfers to the Procurement Service (PS), the Philippine International Trading Corporation (PITC), and implementing agencies and units which have still to be implemented and outputs delivered. Hence

$$\text{Disbursement BUR} = \frac{\text{Total Disbursements (cash and non-cash, excluding PS)} \\ \text{Net of payments made in 2021 for past years' obligations}}{\text{Total Obligations (excluding PS, from valid appropriations)}}$$

*Where Total Disbursements is net of transfers to PS, PITC and other implementing agencies which have not been delivered*

**b. BUR for GOCCs is computed as follows:**

$$\text{Disbursements BUR} = \frac{\text{Total Actual Disbursement}}{\text{Total Actual Obligations (both net of PS)}}$$

**c. Agencies with fund transfers** either for operating or program subsidies or both, shall also achieve and report the same Disbursements BUR for NGAs for all the subsidy releases for 2021 from the three appropriations sources above.

**d. BUR for SUCs is computed as follows:**

d.1 **Disbursements BUR** is the same as those for agencies.

d.2 since all earmarked income of the *SUCs (e.g., trust funds, internally generated income, and revolving funds)* should benefit and improve the SUCs operations, its Disbursements utilization rates will also be reported following the formats in *Annexes 5, 5.1, and 5.2: FY 2021 GAA Accomplishments, BUR Form for SUCs, and All Earmarked Income.*

The requirements under the Financial Results shall be scored as follows:

TABLE 4: RATING SCALE FOR FINANCIAL RESULTS				
1	2	3	4	5
1-19%	20-39%	40-59%	60-79%	80-100%
Disbursements BUR	Disbursements BUR	Disbursements BUR	Disbursements BUR	Disbursements BUR

**4.4 Citizen/Client Satisfaction Results.** Achieve the Citizen/Client Satisfaction targets as provided below. For NGAs, GOCCs covered by the DBM, and SUCs accomplish and submit reports on the Citizen/Client Satisfaction Survey (CCSS), and resolve all reported complaints from Hotline #8888 and Contact Center ng Bayan (CCB); and for LWDs and GOCCs covered by RA No. 10149, accomplish and submit reports on Client Satisfaction or feedback system as prescribed by LWUA and GCG.

a. To determine the effectiveness of streamlining, standardization, digitization, and other process improvements in easing transactions with the public, agencies have been encouraged to embed feedback mechanisms and systematically measure citizen/client satisfaction in the delivery of services since the FY 2018 cycle.

To provide evidence on the citizen/client satisfaction results, agencies may report the results of the CCSS following Annex 4: Citizen/Client Satisfaction Survey.

LWDs and GOCCs covered by RA No. 10149 shall report the results of their CCSS or feedback mechanism based on the standard methodology and corresponding questionnaire prescribed by LWUA and GCG.

**b. Resolution of reported complaints from Hotline #8888 and Contact Center ng Bayan.** Agencies shall ensure resolution of all complaints and grievances on government service procedures, acts of red tape, corruption, and/or other interferences to public service delivery by any government agency, individuals, or instrumentalities reported to Hotline #8888 and CCB. To provide evidence on this, agencies may submit a report summarizing the #8888 and CCB complaints received in FY 2021 and their status if resolved or pending.

The validation shall be complemented with reports and collected data on feedback and complaints from citizens/clients gathered by the OP, PMS, CSC, and PCOO from Hotline #8888 and CCB databases, as well as the FOI portals.

The requirements under the Citizen/Client Satisfaction Results shall be scored as follows:

<b>TABLE: RATING SCALE FOR CITIZEN/CLIENT SATISFACTION RESULTS</b>				
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>No submission/ Did not conduct CCSS</b>	<b>Average to low satisfaction rate</b> with unresolved #8888/CCB complaints	<b>Average satisfaction rate</b> with 100% #8888/CCB complaints resolved	<b>High satisfaction rate</b> with 100% #8888/CCB complaints resolved	<b>High satisfaction rate</b> without #8888/CCB complaints

## 5.0 AGENCY ACCOUNTABILITIES

To sustain the institutionalization of compliance to existing government-mandated laws and standards, agencies and their Performance Management Team (PMT) shall continue to implement, monitor, and enforce compliance with the following requirements within their agencies:

a. Updating of Transparency Seal	f. PhilGEPS posting of all invitations to bids and awarded contracts
b. Compliance with the Freedom of Information (FOI) Program	
c. Updating of Citizen's or Service Charter	g. Submission of FY 2022 Annual Procurement

d. Compliance to Audit Findings and Liquidation of Cash Advances	Plan-Common Use Supplies and Equipment (APP-CSE), FY 2021 Non-Common Use Supplies and Equipment (APP-non CSE), Indicative FY 2022 APP, and the results of FY 2020 Agency Procurement Compliance and Performance Indicators (APCPI) System
e. Submission and Review of SALN	h. Undertaking of Early Procurement Activities covering 2022 Procurement Projects

While the above conditions are no longer required in determining the overall PBB eligibility of agencies, compliance with these conditions shall be used as the basis in determining the eligibility of responsible units and individuals. Agencies should submit these legal requirements directly to the oversight agencies.

## 6.0 ELIGIBILITY OF DELIVERY UNITS AND INDIVIDUALS

- 6.1 For FY 2021 PBB, the delivery units (DUs) of eligible agencies shall no longer be ranked. However, the unit/s most responsible for deficiencies shall be isolated.
- a. Based on Table 1, to be eligible for the FY 2021 PBB, the agency must attain a total score of at least 70 points. To be able to attain at least 70 points, the agency should achieve a performance rating of 4 in at least three (3) criteria. In such case, while the agency will be eligible, the unit/s most responsible (including its head) for the criteria stated in Section 3.0 with a performance rating of below 4 will be isolated from the grant of the FY 2021 PBB.
- b. The unit/s most responsible (including its head) for the non-compliance with the Agency Accountabilities provided in Section 5.0 will also be isolated from the grant of the FY 2021 PBB.
- 6.2 Eligible DUs shall be granted FY 2021 PBB at uniform rates across the agency, including its officials and employees. The corresponding rates of the PBB shall be based on the agency's achieved total score as shown in Section 7.0.
- 6.3 Department Secretaries, Heads of OEOs, Chairpersons, and Commissioners of Constitutional Offices, Heads of Attached Agencies, Presidents of SUCs, and non-ex officio

Heads of GOCCs covered by the DBM are eligible only if their respective agencies are eligible. If eligible, their PBB rate for FY 2021 shall be equivalent to the rates as stated in Section 7.0 and shall be based on their monthly basic salary (MBS) as of December 31, 2021.

- 6.4 Non-ex officio Board Members of GOCCs covered by the DBM may be eligible to the PBB with the equivalent rates following Section 7.0 and these conditions:
- a. The GOCC has qualified for the grant of the FY 2021 PBB;
  - b. The Board Member has 90% attendance to duly called board meetings and committee meetings as certified by the Board Secretary;
  - c. The Board Member has nine (9) months aggregated service in the position;  
and
  - d. The GOCC has submitted the appropriate annual Board-approved Corporate Operating Budget to DBM following the Corporate Budget Circular No. 22 dated December 1, 2016.
- 6.5 For SUCs, in case there is a change in leadership within the year, the SUC President who served the longest shall be entitled to the PBB with the equivalent rates following the provisions stated in Section 7.0.
- The PBB rate of the SUC President who served for a shorter period shall be based on the eligibility of the SUC where he/she served the longest.
- 6.6 To be eligible for FY 2021 PBB, employees belonging to the First, Second, and Third Levels should receive a rating of at least "Very Satisfactory" based on the agency's CSC-approved Strategic Performance Management System (SPMS) or the requirement prescribed by the CESB.
- 6.7 Personnel in detail to another government agency for six (6) months or more shall be included in the recipient agency that rated his/her performance. The payment of the PBB shall come from the mother agency.
- 6.8 Personnel who transferred from one government agency to another agency shall be included 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.
- 6.9 Officials and employees who transferred from government agencies that are non-participating in the implementation of the PBB shall be rated by the agency where he/she served the longest; the official/employee shall be eligible for the grant of the PBB on a pro-rata basis corresponding to the actual length of service to the participating implementing agency, as stated in Section 6.11.
- 6.10 An official or employee who has rendered a minimum of nine (9) months of service during the fiscal year and with at least a Very Satisfactory rating may be eligible for the full grant of the PBB.
- 6.11 An official or employee who rendered less than nine (9) months but a minimum of three (3) months of service and with at least a Very Satisfactory rating shall be eligible for the

grant of the 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;
- 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; and/or
- h. Sabbatical Leave.

6.12 An employee who is on vacation or sick leave, with or without pay, for the entire year is not eligible for the grant of the PBB.

6.13 Personnel found guilty of administrative and/or criminal cases by final and executory judgment in FY 2021 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.

6.14 Officials and employees who failed to submit the 2020 SALN as prescribed in the rules provided under CSC Memorandum Circular No. 3 s. 2015; 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 2021 PBB.

6.15 Officials and employees who failed to liquidate all cash advances received in FY 2021 within the reglementary period, as prescribed in COA Circular 97-002 dated February 10, 1997, and reiterated in COA Circular 2009-002 dated May 18, 2009, shall not be entitled to the FY 2021 PBB.

## 7.0 Rates of the PBB

The total score as stated in Section 4.0 shall be the basis in determining the amount of the PBB an agency is eligible for. The maximum rate of the PBB for agencies that will achieve 100 points shall be 100% of the 65% monthly basic salary (MBS) of an individual as of December 31, 2021. For illustration, see Table 6 below:

<b>TABLE 6: RATES OF THE PBB</b>	
<b>TOTAL SCORE</b>	<b>PBB RATES</b>
100 points	<b>65%</b> (100% of the 65% monthly basic salary)
95 points	<b>61.75%</b> (100% of the 65% monthly basic salary)
90 points	<b>58.5%</b> (100% of the 65% monthly basic salary)
85 points	<b>55.25%</b> (100% of the 65% monthly basic salary)
80 points	<b>52%</b> (100% of the 65% monthly basic salary)
75 points	<b>48.75%</b> (100% of the 65% monthly basic salary)
70 points	<b>45.5%</b> (100% of the 65% monthly basic salary)

## 8.0 TIMELINES AND SUBMISSION/POSTING OF REPORTS AND REQUIREMENTS

8.1 The quarterly BFARs of the agencies, as uploaded in the DBM URS, shall be submitted in a timely manner, i.e., within thirty (30) days after the end of each quarter, as provided under Item 3.15.2 of National Budget Circular No. 583, pursuant to Section 90, General Provisions of Republic Act No. 11518 (FY 2021 GAA). BFARs will be used to assess and validate Performance Results.

8.2 All agencies should submit evidence of accomplishments of Performance Results, Process Results, Financial Results, and Citizen/Client Satisfaction Results (as provided in Section 4.0) on or before **February 28, 2022**. Agencies are encouraged to make an electronic submission (scanned copy of the official submission and editable MS Word or Excel files for use of the AO 25 Secretariat).

8.3 Agencies shall ensure that all explanations and justifications for deficiencies are already attached in their submission.

8.4 The AO 25 IATF shall conduct spot checks to validate claims and certifications made by the agencies on their submitted/posted reports and/or requirements.

8.5 Agencies are encouraged to provide information to the AO 25 Secretariat on compliance with the Agency Accountabilities provided in Section 5.0.

## **9.0 EFFECTS OF NON-COMPLIANCE**

A Department/Agency/GOCC/LWD/LGU, which, after due process by the oversight agency has been determined to have committed a prohibited act, shall be disqualified from the PBB in the succeeding year of its implementation.

Moreover, the CSC or Ombudsman shall file the appropriate administrative case for misrepresentation in the submitted/posted reports and requirements for the PBB, a commission of fraud in the payment of the PBB, and violation of the provisions of this Circular.

## **10.0 COMMUNICATION AND CHANGE MANAGEMENT**

10.1 Head of Agencies with the support of their PMTs should enhance the implementation of their internal communications strategy on the PBB and fulfill the following:

- a. Engage their respective employees in understanding the PBB, the performance targets of their respective agencies, as well as the services and outputs that they will need to deliver to meet these targets.
- b. Disseminate the performance targets and accomplishments of their agencies to their employees through the intranet and other means, as well as publish these on their respective websites for the public's information.
- c. Set up a Help Desk to respond to queries and comments on the targets and accomplishments of their agencies. The Help Desk may be a facility that is embedded in the respective websites of agencies.
- d. Set up a Complaints Mechanism to respond to the PBB-related issues and concerns raised by officials and employees of their respective agencies. Such may be incorporated in the functions of their Grievance Committee.

10.2 The Head of Agency shall designate a senior official who shall serve as a PBB focal person. The offices responsible for the performance management may be tasked to provide secretariat support to the PMT and to recommend strategies to instill a culture of performance within the agency. The name, position, and contact details (e-mail, landline, facsimile, cellular phone) of PBB focal persons should be submitted to the AO 25 Secretariat.

10.3 The AO 25 IATF shall maintain the following communication channels:

1. AO 25 Secretariat at [ao25secretariat@dap.edu.ph](mailto:ao25secretariat@dap.edu.ph)
2. RBPMS website [www.rbpms.dap.edu.ph](http://www.rbpms.dap.edu.ph)
3. Telephone: (02) 8400-1469, (02) 8400-1490, (02) 8400-1582

4. Facebook: [www.facebook.com/PBBsecretariat](http://www.facebook.com/PBBsecretariat)

## **11.0 APPLICABILITY TO THE CONSTITUTIONAL BODIES, LEGISLATIVE AND JUDICIAL BRANCHES**

The Congress, the Judiciary, and Constitutional Commissions are encouraged to follow these guidelines to be eligible for the FY 2021 PBB.

## **12.0 EFFECTIVITY CLAUSE**

This Memorandum Circular shall take effect immediately.

Certified true copies shall be posted on the RBPMS website and the Official Gazette, and shall be filed at the University of the Philippines Law Center.

## **II. Memorandum Circular No. 2021-2**

### **I. Purpose**

The Administrative Order (AO) No. 25 Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems (A025 IATF) has issued Memorandum Circular (MC) No. 2021-1 (Guidelines on the Grant of the Performance-Based Bonus for the Fiscal Year 2021 under Executive Order No. 80 s. 2012 and Executive Order No. 201 s. 2016) dated June 3, 2021.

Consistent with MC No. 2021-1, the Department of the Interior and Local Government (DILG), Local Water Utilities Administration (LWUA), and the Governance Commission for Government-Owned or-Controlled Corporations (GCG) shall issue separate guidelines for the grant of the FY 2021 Performance-Based Bonus (PBB) for local government units (LGUs), local water districts (LWDs), and government-owned or-controlled corporations (GOCCs), respectively.

The Supplemental Guidelines shall provide clarifications and additional information on the requirements provided in MC No. 2021-1.

### **II. Clarifications on the FY 2021 PBB Targets As Stated In Section 4.0**

For FY 2021, agencies must submit evidence of accomplishments of the criteria and conditions provided in Section 4.0 - Performance Results, Process Results, Financial Results, and Citizen/Client Satisfaction Results. Agencies are encouraged to include in their submission all explanations and justifications for deficiencies and non-achievement of targets.

The following requirements shall be attained by the agencies in compliance with the FY 2021 PBB criteria and conditions:

2.1 Performance Results. Agencies must ensure the uploading of the quarterly Budget and Financial Accountability Reports (BFARs) on the Department of Budget and Management- Unified Reporting System (DBM-URS), in a timely manner within thirty (30) days after the end of each quarter. The quarterly BFARs shall be used in the assessment of the FY 2021 Performance Results accomplishments of the agencies.

For deficiencies or non-attainment of FY 2021 targets, justifications must be submitted together with the 4th quarter BFAR to the DBM thirty (30) days after the end of the 4th quarter of FY 2021.

2.2 Process Results. For the assessment of accomplishments under Process Results, agencies may submit to the A025 Secretariat evidence and/or documentation of ease of transaction through one or a combination of the following:

2.2.1 For Departments/Agencies:

a. Report objectively verifiable evidence of achievements in ease of doing business or ease of transaction for frontline services covering all government-to-citizens, government-to-business, and government-to-government transactions using Form A as provided in Annex 3 of MC No. 2021-1. The report should highlight the tangible improvements from the viewpoint of the transacting public in terms of access, turnaround time, transaction costs, documentary and other requirements.

b. Report on the digitization initiatives or digital transformation of frontline and non-frontline services through the development of electronic or online and/or paperless application systems, payment systems, new service delivery channels, contactless transactions, and other process improvements using information technology. The report should highlight the tangible results of digitization in terms of ease of doing business or ease of transaction from the point of view of the transacting public.

c. Standard operating procedures, manual or documentation of service delivery standards for frontline and non-frontline services of the agency, including those implemented at the Regional, Satellite, and Extension Offices. The report should highlight the tangible results of standardization of the frontline and non-frontline services in assuring ease of transaction and doing business with the agency.

d. Valid ISO QMS certification or equivalent certification of frontline and non-frontline services of the agency, as of 31 December 2021. The certificate must indicate the scope of certification.

2.2.2 For State Universities and Colleges (SUCs):

- a. Valid ISO QMS certification or equivalent certification of frontline and non-frontline services of the SUC, as of 31 December 2021. The certificate must indicate the scope of certification.
- b. Standard operating procedures, manual or documentation of service delivery standards for frontline and non-frontline services of the agency, including those implemented at the Regional, Satellite, and Extension Offices. The report should highlight the tangible results of standardization of the frontline and non-frontline services in assuring ease of transaction and doing business with the agency.

**Financial Results.** Same as the Performance Results, the agencies must ensure the uploading of the quarterly Budget and Financial Accountability Reports (BFARs) on the DBM-URS, in a timely manner within thirty (30) days after the end of each quarter.

The submitted FY 2021 Financial Accountability Reports (FAR) No.1 Statement of Appropriations, Allotments, Obligations, Disbursements, and Balances or SAAODB shall be the basis in determining the FY 2021 budget utilization rate (BUR) accomplishment of agencies. As mentioned in MC No. 2021-1, the requirement for the FY 2021 Financial Results is the total Disbursements BUR of agencies. The total Disbursements is net of transfers to the Procurement Service (PS), Philippine International Trading Corporation (PITC), and other implementing agencies which have not been delivered. See Section 4.3 of MC No. 2021-1 for reference of the computation.

Further, reiteration on the other BUR requirements under Financial Results as prescribed in Section 4.3 pertaining to the BUR for GOCCs, agencies with fund transfers, and the BUR for SUCs including the Earmarked Income.

**Citizen/Client Satisfaction Results.** Agencies shall submit to the A025 Secretariat the results of the FY 2021 Citizen/Client Satisfaction Survey (CCSS) and may provide evidence on the resolution of reported complaints from Hotline #8888 and Contact Center ng Bayan (CCB) received in FY 2021.

#### **2.4.1 FY 2021 CCSS:**

Agency reports on the CCSS should follow the prescribed requirements and rating scale as stated in Annex 4 of MC No. 2021-1 Guide in Conducting the CCSS. The report should include a description of the methods and rating scale used in determining the FY 2021 Overall Satisfaction Score for its services.

The agencies shall report the overall agency rating in the service quality dimensions and overall agency citizen/client satisfaction score for the reported services.

LWDs and GOCCs covered by RA No. 10149 shall report the results of their CCSS or feedback mechanism based on the standard methodology and corresponding questionnaire prescribed by LWUA and GCG.

**2.4.2 Resolution of Reported Complaints from Hotline #8888 and CCB:**

In consideration to its first year of implementation, the requirements under this target shall only cover the resolution rate of agencies to the complaints received from Hotline #8888 and CCB in FY 2021. Agencies may submit reports, evidence, and/or documentation summarizing the Hotline #8888 and CCB complaints received in FY 2021 and their status if resolved or pending, as complemented in the data gathered from Hotline #8888, CCB databases, and the monthly reports provided by the Office of the President and the Civil Service Commission to all agencies.

Reported complaints and grievances shall cover government service and procedures of the agencies, acts of red tape, corruption, and/or other interferences to public service delivery by any government agency, individuals, or instrumentalities.

To determine the resolution and compliance rates to Hotline #8888 and CCB complaints, agencies may refer to the following:

PORTALS	RESOLUTION RATE	COMPLIANCE RATE
Hotline #8888	The percentage of tickets acted upon or closed tickets by a government agency against the total number of endorsed tickets by the Hotline #8888 Citizen's Complaint Center (CCC) without consideration of the 72-hour period to take action as prescribed in Executive Order (EO) No. 6, s. 20161.	The percentage of tickets acted upon or closed tickets by a government agency within the 72-hour period to take action, as prescribed in EO No. 6, s. 2016.
Contact Center ng Bayan (CCB)	<i>Negative feedback</i> on government services, processes, and procedures lodged through the CCB are considered resolved after the agency has responded to the	Percentage of negative feedback resolved by the agency within the prescribed timeline of 72 hours over the total number of negative feedback received within a

	<p>referral and provided detailed action taken to correct the reported dissatisfaction and prevent its re-occurrence.</p> <p>If the particular concern cannot be acted upon, the agency has to provide an explanation as to why it cannot be addressed. The negative feedback will be considered resolved upon receipt of the reply/explanation from the agency.</p> <p>If the complaint involves an administrative case, the CCB will still forward the negative feedback to the agency and will request an update on the status of the case. Upon receipt of the reply, the CCB will inform the customer of the feedback from the agency and will consider the ticket resolved.</p>	particular period.
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For Hotline #8888, a concrete and specific action shall refer to the actual and factual action to the complaint. It must be within the mandate of the agency and a clear, specific, and relevant response to the concern of the caller. As much as the circumstances permit, the caller shall be given advice on the concrete and specific action taken or feedback on the status of the concern until its resolution, and the agency shall inform the #8888 CCC, through their respective #8888 Agency Portals, of the action taken on the complaint, concern, or request. The #8888 CCC requires proof of concrete and specific action taken and proof of communication to the caller.

d. The requirements under the Citizen/Client Satisfaction Results shall be scored following this **modified rating scale**:

<b>TABLE 5: RATING SCALE FOR CITIZEN/CLIENT SATISFACTION RESULTS<sup>2</sup></b>				
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>No submission/Did not</b>	<b>Low satisfaction rate with</b>	<b>Average to high satisfaction</b>	<b>Average satisfaction rate</b>	<b>High satisfaction rate with</b>

<b>Conduct CCSS</b>	unresolved #8888/CCB complaints	<b>rate</b> with unresolved #8888/CCB complaints	with 100% #8888/CCB complaints resolved	100% #8888/CCB complaints resolved
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### **III. Clarifications on the agency accountabilities as stated in section 5.0.**

Provided in Section 5.0 of MC No. 2021-1, agencies shall institutionalize compliance to existing government-mandated laws and standards, and the requirements under Agency Accountabilities. The Performance Management Team of the agency shall continue to implement, monitor, and enforce compliance with these requirements within their agencies and shall directly report or submit to the validating/oversight agencies.

**3.1 Undertaking of Early Procurement Activities (EPA).** As stated in Section 3.0 of the Guidelines in the Conduct of Early Procurement Activities as a Requirement for the Grant of the PBB3, to be eligible for the PBB, the Procuring Entities that receive budgetary support from the National Government based on the National Expenditure Program are required to successfully undertake EPA for at least 50% of the value of its Eligible Procurement Projects (EPPs). Procuring Entities shall submit an EPA Certification under Oath to the GPPB-TSO **on or before 31 January** of the fiscal year through email: [earlyprocurement@gppb.gov.ph](mailto:earlyprocurement@gppb.gov.ph). See *Supplemental Annexes A, A1, and A2*.

For reference to the deadline of submissions, agencies shall refer to the Agency Accountability Timelines document provided by the A025 Secretariat following the issuance of MC No. 2021-1. Agencies may also directly coordinate with the validating/oversight agencies should there be any clarifications or separate guidelines pertaining to the FY 2021 requirements under this section.

### **IV. Effectivity Clause**

This Memorandum Circular shall take effect immediately.

Certified true copies shall be posted on the RBPMS website and the Official Gazette, and shall be filed at the University of the Philippines Law Center.

## Agency Accountability Timelines

For reference, agencies should observe the timelines and comply with the following requirements under Section 5.0: Agency Accountabilities of Memorandum Circular (MC) 2021-1:

Deadline	Requirements	Validating Agency
On or before 31 January of the fiscal year	Submit Certificate of Compliance that the agency conducted <b>Early Procurement Activities</b> for at least 50% of the Total Value of the <b>FY 2022 Procurement Projects</b> to the GPPB-TSO.  <i>Note: Early Procurement Activities should be conducted in FY 2021</i>	GPPB-TSO
March 31, 2021	Submit FY 2021 <b>APP-non CSE</b> to GPPB-TSO.	GPPB-TSO
June 30, 2021	Submit Results of the <b>APCPI</b> system for <b>FY 2020 Procurement Transactions</b> to GPPB-TSO.	GPPB-TSO
August 31, 2021	Submit the <b>FY 2022 APP-CSE</b> thru the PhilGEPS Virtual Store.	DBM-PS
September 30, 2021	Posting of <b>Indicative FY 2022 APP-non CSE</b> in the agency's Transparency Seal webpage.	GPPB-TSO
October 01, 2021	<b>Maintain/Update the agency Transparency Seal (TS)</b> under Section 96 of the General Provisions of the FY 2021 General Appropriations Act (GAA). The TS page should be accessible by clicking the TS logo on the home page.	DBM-OCIO
December 04, 2021 - extended on March 31, 2022	Set-up the most current and <b>updated Citizen's or Service Charter</b> , reflecting the agency's improved and streamlined/re-engineered system and procedure for all its government services to citizens, businesses, and government agencies.  Departments/agencies shall submit their respective Certificates of Compliance (CoC) to the Anti-Red Tape Authority (ARTA) at <a href="mailto:compliance@arta.gov.ph">compliance@arta.gov.ph</a> on or before March 31, 2022.	ARTA
December 31, 2021 (validity of certificate)	The <b>ISO QMS Certification</b> or equivalent certification/recertification must be valid as of December 31, 2021.  <i>Note: For compliance by departments and agencies which will use the ISO QMS certification/recertification as evidence or requirement for the Process Results criterion for the grant of the FY 2021 Performance-Based Bonus (PBB).</i>	To be provided in the GQMC guidelines on the Validation of the certification.
December 31,	<b>Sustained Compliance w/ Audit Findings</b>	COA

2021	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). Audit findings closed since FY 2019 should also not recur. The objective is to improve the agency's internal control processes, enhance operational effectiveness, and eliminate, resolve and remedy most, if not all, of the agency audit findings, by the end of 2021.	
January 29, 2022	<b>Update</b> all procurement requirements for transactions above 1 million from January 1, 2021 to December 31, 2021 in the <b>PhilGEPS</b> .	PS-PhilGEPS
October 1, 2021	Post the agency's policy on the <b>Establishment and Conduct of the Agency Review and Compliance of SALN</b> in the agency Transparency Seal for FY 2021.	CSC
January 29, 2022	Submit the following Freedom of Information (FOI) Program requirements to PCOO: a. Updated People's FOI manual b. FOI reports: Agency Information Inventory, 2021 FOI Registry, and 2021 FOI Summary Report c. Modified One-page FOI Manual d. Screenshot of agency's home page	PCOO

For your information and guidance.

December 6, 2021.

  
**GERARDO C. NOGRALES**  
Chairman