



**MEMORANDUM ORDER NO. 2020 - 004
07 February 2020**

**SUBJECT: Guidelines on Ranking of Employees for the Grant of the
FY2019 Performance-Based Bonus (PBB)**

I. PURPOSE

This Memorandum Order is issued to provide the guidelines on ranking PSALM officials and employees, pursuant to the Governance Commission for GOCCs (GCG) Memorandum Circular (MC) No. 2019-02 dated 25 July 2019 re *Interim Performance-Based Bonus (PBB)*, as basis for the grant of the FY2019 PBB.

II. COVERAGE

All personnel who occupy plantilla positions shall be entitled to the full grant of the PBB at the time of the payout, provided they have rendered an aggregate of at least nine (9) months of service in the public sector for the year ending 31 December 2019.

Those who do not meet the nine (9)-month requirement but have served at least three (3) months of service shall be entitled to PBB on a pro-rata basis as provided under Section 5.1.6 of GCG MC No. 2019-02.

III. BASIC POLICIES

1. All personnel should receive a rating of at least “Satisfactory” based on PSALM’s CSC-approved Strategic Performance Management System (SPMS) and has rendered a minimum of nine (9) months of service in CY 2019 to be eligible to the full grant of the PBB.
2. Those who rendered a minimum of three (3) months but less than nine (9) months of service and with at least “Satisfactory” rating shall still be eligible for the grant of PBB on a prorated basis, the amount of which shall correspond to his/her 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 (9)-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;
 - h. Sabbatical Leave; and
 - i. Other leaves provided for by law.
3. Those who is on vacation or sick leave, with or without pay, for the entire year, is not eligible to the grant of the PBB.
 4. Those 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; however, payment of the PBB shall come from PSALM.
 5. Those who transferred to another government 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. Those 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 PBB on a pro-rata basis corresponding to the actual length of service to the participating implementing agency, as stated in Section III (2) of this Memorandum Order.
 7. Those found guilty of administrative and/or criminal cases in CY 2019 by formal and executory judgment shall not be entitled to the PBB. If the penalty meted out is only a reprimand, such penalty shall not cause the disqualification to the PBB.
 8. Those who failed to timely submit the latest Statement of Assets, Liabilities and Net Worth (SALN) as prescribed in the rules provided under applicable CSC rules; 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 PBB of the applicable year.
 9. Those who failed to liquidate all Cash Advances received in CY 2019 within the reglementary period as stated in the prevailing COA Circular, shall not be entitled to the PBB for CY 2019.
 10. Those who failed to submit their complete SPMS Forms, or its equivalent, shall not be entitled to the PBB for CY 2019.
 11. Excluded from the grant of the PBB are those hired without employee-employer relationships and paid from non-Personal Services appropriations/budgets such as those listed under Section 5.2 of GCG MC No. 2019-02.

IV. PROCEDURES

A. RATING SYSTEM

1. All qualified employees shall be rated using the following criteria:

Criteria	Rating
2019 Individual Performance Appraisal Rating (IPAR)	30%
2019 Departmental Performance Appraisal Rating (DPAR)	30%
2019 Corporate Performance Assessment Rating (CPAR)	40%

2019 IPAR

2. The 2018 IPAR, which is equivalent to 30% of the total rating of each employee for PBB purposes, shall be based on the average IPARs for the first and second semesters as submitted to the Human Resource Division (HRD).
3. The PSALM Strategic Performance Management System (SPMS), duly approved by the Civil Service Commission in September 2017, shall be applied in determining the individual performance rating:

Level	Rating
President and CEO	Equivalent to the Corporate Performance Rating approved by the PSALM Board
Vice President / Functional Group Head	Equivalent to the average of the Departmental Ratings of Departments under the Functional Group
Department Manager	Equivalent to the rating of the OPCRF
Division Manager	Equivalent to the rating of the Division under the OPCRF
Senior Supervisor (JG15)	Equivalent to the rating of the Section, as may be applicable
Employees below JG 16	Equivalent to the rating of IPCRF

Consistent with Annex E - 2 of the SPMS, the following Individual Performance Metrics shall be adopted:

Actual	Equivalent	Adjectival
94 - 100	5	Outstanding
87 - 93	4	Very Satisfactory
80 - 86	3	Satisfactory
75 - 79	2	Unsatisfactory
74 and below	1	Poor

4. Employees who performed under other units within a semester for five (5) months and up, either through appointment, designation or similar personnel movement, shall be rated by the concerned Managers of the unit where he/she performed for five (5) months and up.
5. Employees who performed under other units within a semester for less than five (5) months, either through appointment, designation or similar personnel

movement, shall adopt a pro-rated IPAR rating for the semester computed as follows:

$$\text{IPAR Rating for the Sem.} = \left[\frac{\text{Days of Stay in Unit 1}}{\text{Days of Sem.}^*} \times \text{IPAR Rating under Unit 1} \right] + \left[\frac{\text{Days of Stay in Unit 2}}{\text{Days of Sem.}^*} \times \text{IPAR Rating under Unit 2} \right]$$

*2019 1st Sem. = 181 days;

2019 2nd Sem. = 184 days

6. In case of Outstanding Rating given to an employee, the Department Manager is required to submit justification/s to the Performance Management Team (PMT).
7. Calibration and initial forced ranking of individual performance ratings shall be undertaken by the Department and Division Managers concerned to come up with an objective rating for each of the employee under the Department, utilizing as determining factor in the forced ranking the quality/effectiveness of the overall output/accomplishment of the employee.
8. The average IPARs of employees under a particular department shall not exceed their 2019 DPAR.
9. The **Individual Rating Form** or **Annex A** hereof, which is a summary of all IPARs per Division/Department, shall be submitted to the HRD together with the justification for the Outstanding Rating.

2019 DPAR

10. The 2019 DPAR is the Department's average performance rating for the first and second semesters as approved by the PSALM President and CEO.
11. Employees who performed under other units within a semester for five (5) months and up, either through appointment, designation or similar personnel movement, shall adopt the DPAR rating of the unit where he/she performed for five (5) months and up.
12. Employees who performed under other units within a semester for less than five (5) months, either through appointment, designation or similar personnel movement, shall adopt a pro-rated DPAR rating for the semester computed as follows:

$$\text{DPAR Rating for the Sem.} = \left[\frac{\text{Days of Stay in Unit 1}}{\text{Days of Sem.}^*} \times \text{DPAR Rating of Unit 1} \right] + \left[\frac{\text{Days of Stay in Unit 2}}{\text{Days of Sem.}^*} \times \text{DPAR Rating of Unit 2} \right]$$

*2019 1st Sem. = 181 days;

2019 2nd Sem. = 184 days

For managers who were designated in concurrent capacity, they shall adopt the higher DPAR rating of the unit wherein he/she performed.

13. The DPAR rating of each employee shall consider the employees' contributions in the attainment of the 2019 department's targets using the following criteria:

Criteria	Rating
Direct Contribution <i>With accomplishment/s that directly contribute to the attainment of the department target.</i>	100%
Support to the Attainment <i>With accomplishment/s and process/es that are generally supportive of the attainment of the department target.</i>	80%

The above criteria shall be applied strictly in the calibration of rates to obtain an objective result and there shall be no perfect rating for each employee under the department.

The Departmental Rating of personnel holding positions JG17 and JG16 is the same as their IPCRF rating. Personnel holding JG15 and below positions shall be rated against performance indicators of their respective divisions. If the department has no division, rating shall be against all indicators of the department.

14. Calibration and initial forced ranking at the Department level shall be undertaken by the Department and Division Managers concerned using **Annex B - Departmental Rating Form** of this Memorandum Order and should be submitted to the Strategic Planning, Policy and Risk Management Division (SPPRMD), Corporate Planning Department.

2019 CPAR

15. The 2019 CPAR shall refer to the employee’s contribution in the attainment of the 2019 Corporate Targets. In recognition of employees’ collective efforts to attain PSALM’s corporate targets, equal rating shall be given to all employees.

B. RANKING SYSTEM

1. In determining the distribution of the PBB, all qualified plantilla personnel shall be ranked on a percentile basis within their respective levels as follows:

Percentile	Position Level	Group
Top: Maximum 10% Next: Maximum 25% Remaining: Minimum 65%	a. Senior Management	Positions equivalent to JG 18
	b. Middle Management	Positions equivalent to JG 16 and 17
	c. Supervisory and Professional c.1 Supervisory c.2 Professional/Technical	Positions equivalent to JG 14 and 15 Positions equivalent to JG 12 and 13
	d. Clerical/General Staff	Positions equivalent to JG 7, 10 and 11

For this purpose, all personnel shall be grouped and ranked in accordance with their plantilla position per Functional Group in CY 2019.

2. Calibration and forced ranking at the Functional Group level shall be undertaken by the Functional Group Head in consultation with the Department and Division Managers concerned using **Annex C - Summary of Functional Group Rating** of this Memorandum Order.

3. Duly accomplished forms A, B, and C shall be submitted to the PMT Secretariat **on or before 28 February 2020**. The PMT shall confirm the ranking and endorse the same to the PSALM President and CEO for approval.
4. The final ranking of qualified officers and employees and schedule of PBB distribution shall form part of the submission to the PSALM Board and the GCG for the grant of the FY2019 PBB.

C. RATES OF PBB

The grant of the PBB shall be based on the performance of the individual Officers and Employees with the rate of incentive as a multiple of the individual’s monthly basic salary (MBS) as of 31 December 2019 based on the table below, but not lower than PhP5,000.00:

Percentile	PBB as % of MBS
Top : Maximum 10%	65.0%
Next : Maximum 25%	57.5%
Remaining : Minimum 65%	50.0%

V. DISSEMINATION MECHANISM

This Memorandum shall be disseminated and cascaded through the HRAGSD Issuances Advisory and posting in the Transparency Seal tab in the PSALM website.

VI. SAVING CLAUSE

Cases not covered by this issuance and other clarifications/concerns regarding the implementation of this Memorandum Order shall be addressed to the Office of the President and CEO, through the PMT, for resolution and/or appropriate action.

VII. EFFECTIVITY

This Memorandum Order shall govern the grant of the 2019 PBB upon approval thereof by the GCG.


IRENE JOY BESIDO-GARCIA
 President and CEO