



GCG MEMORANDUM CIRCULAR NO. 2017-02

SUBJECT : INTERIM PERFORMANCE EVALUATION SYSTEM (PES) FOR THE GOCC SECTOR

DATE : 30 JUNE 2017

1. **BACKGROUND.** – R.A. No. 10149 mandates the Governance Commission for Government Owned or Controlled Corporations (GCG) to actively exercise the State's ownership rights through the institutionalization of a Performance Evaluation System (PES). The GCG issued Memorandum Circular No. 2013-02 (Re-Issued)¹ to provide the framework for setting the organizational targets of a GOCC. The achievement of such targets shall serve as basis for the following:

- (a) Determining the grant of Performance-Based Bonus (PBB) and Performance-Based Incentives (PBI);
- (b) Determining whether Appointive Directors are eligible for reappointment as a component of the Performance Evaluation for Directors (PED); and
- (c) Ascertain whether such GOCC should be reorganized, merged, streamlined, abolished or privatized.

Recent circumstances surrounding the GOCC sector such as, but not limited to, absence of a working and/or complete Board and the difficulty in obtaining a quorum due to "hold-over" status of some members of the GOCC board which were not foreseen in the design framework of the performance evaluation system (PES) established under GCG MC No. 2013-02 (Re-Issued), the GCG hereby promulgates the following interim measures in lieu of GCG MC No. 2013-02 (Re-Issued):

2. **Performance Scorecards.** – In lieu of Performance Agreements entered into between the GCG and the Governing Board of a GOCC, the performance of a GOCC shall be evaluated based on a Performance Scorecard set by the GCG.
3. **Checklist of Documents to be Submitted.** – The following documents approved by the Governing Board of the GOCC (thru a Board Resolution), or in the absence thereof, by the highest-ranking officer of the GOCC's Management (thru an endorsement letter), shall be submitted to the GCG on or before **the first working day of July but not later than the last working day of August, or on any other date as may be determined by the GCG:**

¹ Dated 24 June 2014.

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- (a) Charter Statement and Strategy Map;
- (b) Proposed Performance Scorecard;
- (c) Strategic Initiative Profile;
- (d) Briefer; and
- (e) Corporate Operating Budget as submitted to the DBM
- (f) All other documents as may be required by the GCG.

The above-mentioned documents shall be completed by the GOCC in accordance with the guidelines issued by the GCG. A GOCC that fails to submit the foregoing documents shall be deemed to have waived its opportunity to propose performance targets and measures, and the GCG shall accordingly complete the GOCC's Performance Scorecard based on its own assessment.

For 2017, the above documents shall be submitted by the GOCCs to the GCG not later than 15 July 2017.

4. ***Technical Panels.*** – A technical panel from the GCG shall evaluate the proposed Performance Scorecard of the GOCC. The GOCC shall form a technical panel duly authorized to provide the GCG all necessary information relevant and material to the measures and targets in the GOCC's Performance Scorecard. Technical personnel from the GOCC's supervising agency / parent company, other service-wide agencies, civil society organizations, and private sector industry experts may be invited or consulted in the finalization of the Performance Scorecard of the GOCC.

The GOCCs shall submit all documents required by the GCG within 15 days after the conduct of the technical panel meetings.

5. ***Submission of Monitoring Reports.*** – Upon the GCG's issuance of the GOCC's Performance Scorecard, the GOCC shall subsequently accomplish the requisite Quarterly Monitoring Reports for the calendar year detailing its progress in accomplishing its performance targets. The updated monitoring report should be submitted to the GCG and uploaded in the GOCC's website within thirty (30) calendar days from the close of each quarter.
6. ***Residual Authority of the GCG.*** – Nothing herein shall be construed as limiting the authority of the GCG to amend and/or revoke the GOCC's Performance Scorecard as the circumstances may warrant.
7. ***Good Governance Conditions.*** – In addition to the Performance Scorecard, the GOCC must comply with the following Good Governance Conditions provided in GCG MC Nos. 2013-02 (Re-Issued) and 2014-02:

Conditions Common to National Government Agencies and GOCCs:

- (a) Transparency Seal;
- (b) PhilGEPS Posting;
- (c) Cash Advance Liquidation;
- (d) Citizen's Charter or its equivalent;
- (e) Government Quality Management System Standards (GQMSS) pursuant to E.O. No. 605, s. 2007; and
- (f) Compliance with submission and review of SALN of officials and employees.

Conditions Specific to GOCCs Covered by R.A. No. 10149:

- (a) The GOCC has satisfied all statutory liabilities, including the payment of all taxes due to the Government as certified by the BIR, declaration and payment of all dividends to the State as of the end of the applicable calendar year, whenever applicable, and NG Advances, as certified by the Department of Finance (DOF);
- (b) Submission to GCG of all audit observations and notices of disallowances within seven (7) working days from the time it receives the same from the Commission on Audit (COA) prior to the regular publication of the final annual audit report. Accordingly, the GOCC shall copy furnish the GCG copies of all written communications between GOCC and COA on such matters which shall include but not limited to the concrete and time bound action plans for addressing the observations and disallowances;
- (c) Maintain/update and implement the GOCC's "*Manual of Corporate Governance*" and "*No Gift Policy*" approved by the GCG and uploaded on the GOCC's website pursuant to the "*Code of Corporate Governance for GOCCs*" (GCG MC No. 2012-07);
- (d) Compliance with all the requirements mentioned in the "*Revised Whistleblowing Policy for the GOCC Sector*" pursuant to GCG Memorandum Circular No. 2016-02;
- (e) Compliance with the Executive Order on Freedom of Information: Executive Order No. 2, s. 2016;
- (f) Compliance with posting on the GOCC's website the information enumerated under Section 43 of GCG M.C. No. 2012-07;
- (g) Compliance by all members of the Governing Board with the submission of all required forms for the Director Performance Review (DPR) pursuant to GCG MC. No. 2014-03 and implementing issuances pursuant thereto; and,
- (h) Submission of Corporate Operating Budgets (COBs) as submitted to the Department of Budget and Management.

In addition to the foregoing, the GOCC must also comply with all other applicable Good Governance Conditions and reportorial requirements implemented by other oversight agencies.



8. **Sanctions.** – Failure to comply with the terms and conditions of this Circular shall be considered a serious offense of the GOCC in general, and the Governing Board and Management of the GOCC in particular, that shall authorize the GCG, upon prior notice and an opportunity to be heard, to do any of the following:

- (a) Withdraw any of the incentives that the members of the Governing Boards, Officers and the rank-and-file employees would otherwise enjoy under R.A. No. 10149; and
- (b) Recommend to the President the non-reappointment or replacement of the Appointive Directors of the GOCC concerned.
- (c) Render the GOCC ineligible for the Performance Based Bonus / Performance Based Incentive.

This Circular shall take effect immediately upon its publication in the Commission's website at www.gcg.gov.ph.

SAMUEL G. DAGPIN, JR.
Chairman


MICHAEL P. CLORIBEL
Commissioner


MARITES CRUZ DORAL
Commissioner

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