



## **GCG MEMORANDUM CIRCULAR NO. 2015 – 06**

**SUBJECT : 2015 INTERIM PERFORMANCE-BASED INCENTIVE (PBI) SYSTEM FOR GOCC APPOINTIVE DIRECTORS**

**DATE : 10 SEPTEMBER 2015**

1. **BACKGROUND AND PURPOSE.** – This Circular has been issued to provide for an Interim Performance-Based Incentive (PBI) for Appointive Members of the Governing Boards of GOCCs covered by the “*GOCC Governance Act of 2011*” (R.A. No. 10149) pursuant to Section 23 thereof, and using as reference, among others, Executive Order No. 24, s. 2011 (E.O. No. 24),<sup>1</sup> pending the approval by the President of the **COMPENSATION AND POSITION CLASSIFICATION SYSTEM (CPCS).**
  
2. **CONDITIONS PRECEDENT TO ENTITLEMENT TO PBI.** – In order for an Appointive Director to be entitled to PBI, the following conditions must be fulfilled for the applicable calendar year:
  - 2.1. ***GOCC Level.*** – The GOCC where the Appointive Director serves was eligible and granted the Performance-Based Bonus (PBB) to Officers and Employees pursuant to the “*Performance Evaluation System for the GOCC Sector*” [GCG MC No. 2013-02 (Re-Issued)], namely:
    - (a) The GOCC achieved a weighted-average score of at least 90% on its 2015 Performance Scorecard; and
    - (b) The GOCC satisfactorily complied with the Good Governance Conditions provided in GCG Memorandum Circular on 2015 Interim Performance-Based Bonus (PBB).
      - 2.1.1. **Strategic Performance Management System (SPMS).** – The GOCC established and implemented a Strategic Performance Management System (SPMS) of the Civil Service Commission (CSC) or its equivalent.
  
  - 2.2. ***Additional Good Governance Condition for Individual Appointive Directors.***
    - 2.2.1. ***Attendance to Board and Committee Meetings.*** – No Appointive Director shall be entitled to the PBI unless he/she shall have attended at least 90% of all authorized and duly called for Board and Committee meetings, in accordance with the terms and

<sup>1</sup> Entitled “*Prescribing Rules to Govern the Compensation of Members of the Board of Directors/ Trustees in Government Owned or –Controlled Corporations including Government Financial Institutions*”.

conditions provided for under GCG Memorandum Circular No. 2014-03,<sup>2</sup> including any revisions thereof.

The Governing Boards of GOCCs shall constitute the proper Board Committees. Each Committee shall meet at least once for the performance year, or as many times as may be deemed appropriate based on Corporate Governance practices or studies of the requirements of the mandatory Committees.

2.2.2. ***Length of Service.*** – No Appointive Director shall be entitled to the PBI unless he/she has rendered at least three (3) months of aggregate service as Appointive Director in any GOCC for the year ending 31 December 2015, subject further to the following guidelines:

- (a) Should an Appointive Director be separated from service as such after having satisfied the 3-month service requirement; *Provided* it was not for cause, he/she shall nonetheless be entitled to the PBI.
- (b) Should an Appointive Director be subsequently appointed to another GOCC, he/she shall be entitled to the PBI from both GOCCs in accordance with the entitlement in paragraph 3 hereof, *provided that* the amount to be actually paid out by the second GOCC shall in no case result in the aggregate amount of PBI exceeding the cap of either GOCC, whichever is higher.

2.2.3. ***DPR Submission.*** – No Appointive Director shall be entitled to the PBI unless he/she has submitted all the required forms for the Director Performance Review (DPR) under GCG M.C. No. 2014-03 (3<sup>rd</sup> Issue) and implementing issuances issued pursuant thereto.

2.2.4. ***Submission of Corporate Operating Budgets (COBs).*** –

- (a) For GOCCs receiving national government budgetary support, COBs shall be submitted to the Department of Budget and Management (DBM) for review and approval on or before the deadline indicated in DBM National Budget Memorandum No. 123 on “Budget Call for FY 2016”;
- (b) For GOCCs without national government budgetary support, COBs shall be submitted to the Governance Commission using the same deadline as provided in DBM National Budget Memorandum No. 123.

2.2.5. ***Compliance with ICRS Submission (GCG MC No. 2014-02).*** –

- (a) Financial information for the past three (3) years using the GOCC Monitoring System (GMS) Module; and

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<sup>2</sup> Performance Evaluation for Directors (PED) in the GOCC Sector.

(b) Latest information on the non-financial aspect of the GOCC using the GOCC Leadership Management System (GLMS) Module.

2.3. The Appointive Director must not have been found guilty of an administrative and/or criminal case related to his/her work.

3. **ENTITLEMENT.** – The grant of the PBI to eligible Appointive Directors shall be based on the following factors:

- (a) **Attendance** or Total Annual Authorized Per Diems Received by the Appointive Director concerned, which shall determine the maximum amount, or total base to be multiplied to the applicable Incentive Factor;
- (b) **GOCC Performance Scorecard**, which shall determine the maximum Incentive factor (100% / 95% / 90% / 85% / 80% / 75% / 70% / 65% / 50%) that can be applied to all Appointive Directors of a Governing Board; and
- (c) **Director Performance Review (DPR) Rating**, which shall determine the applicable Incentive factor for a particular Appointive Director.

3.1. The Incentive Factor shall be determined as follows:

PES Rating	Director Performance Review (DPR) Rating					
	98% - 100%	95% - 97.99%	85% - 94.99%	80% - 84.99%	75% - 79.99%	Below 75%
At least 98%	100%	95%	90%	85%	50%	None
At least 95% but below 98%	90%	85%	80%	75%	50%	None
Below 95% but at least 90%	80%	75%	70%	65%	50%	None

- (a) An Appointive Director must meet both criteria on the GOCC Performance Scorecard and DPR to be entitled to the corresponding Incentive Factor.
- (b) In no case shall the DPR result in an Appointive Director availing of an Incentive Factor that is higher than the one corresponding to the GOCC Performance Scorecard.

4. **FUNDING FOR THE PBI.** – The funding for the PBI shall be charged by GOCCs to their respective corporate funds, subject to the approval of their respective Governing Boards in accordance with applicable laws, rules and regulations. However, it shall be prohibited to source the payment of the PBI from the following:

- (a) Loans;

- (b) Subsidy from the NG for the GOCC's operations, except for subsidy income or subsidy given by DBM precisely for the payment of the PBI; and
- (c) Sale of the GOCC's asset(s) for the sole purpose of paying the PBI and is otherwise not in the ordinary course of business.

5. **CHECKLIST OF SUBMISSIONS.** – GOCCs that apply for the PBB for their Officers and Employees are deemed to have automatically applied for the PBI for the Appointive Directors. Accordingly, for the PBI, GOCCs must also submit the following documents upon applying for the PBB:

- (a) Board Resolution authorizing the grant of the PBI to the GOCC's Appointive Directors/Trustees in accordance with applicable laws, rules and regulations, using **2015 PBI Form 1**;
- (b) Certification *under oath* from the Corporate Secretary on the Authorized *Per Diems* Received by Appointive Directors using **2015 PBI Form 2**, which provides for the following:
  - (i) That all Conditions Precedent in Section 2 herein have been complied with; and
  - (ii) Details of the Total Actual Annual Authorized *per diems* received by eligible Appointive Directors for both Board and Committee meetings for the applicable calendar year;
- (c) Record of attendance of Appointive Members of the Governing Board who are eligible to receive PBI, using the **Directors Attendance System (DAS)**;
- (d) Copies of the particular pages of minutes of the meetings showing the presence/attendance of the Appointive Director/s and the signed attendance sheet to be submitted through the DAS; and
- (e) Supporting documents for absences due to official business to be submitted through the DAS.

6. **TIMELINE AND EFFECT OF SUBMISSION AND NON-SUBMISSION ON THE PRESCRIBED PERIOD.** – The schedule for the 2015 PBI submission of documentary requirements shall be as follows:

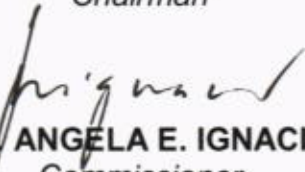
Activity	Deadline
Completion of Directors Attendance System (DAS)	On or before 12 February 2016
PBI Forms 1 and 2	On or before 29 February 2016

GOCCs that submitted all required documents on the given deadline may be authorized to grant their PBI upon receipt of the authorization letter from the Governance Commission. Failure to comply with the requirements shall render the GOCC ineligible to grant the PBI to its Appointive Directors for CY 2015.

7. **REPEALING CLAUSE.** – All other GCG orders, circulars, issuances, and decisions, as well as Board resolutions, or parts of the foregoing, which are inconsistent with this Memorandum Circular are hereby repealed or modified accordingly.
8. **EFFECTIVITY CLAUSE.** – This Circular shall take effect immediately upon its publication in the Commission's website [www.gcg.gov.ph](http://www.gcg.gov.ph).



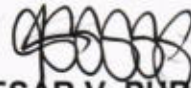
**CESAR L. VILLANUEVA**  
*Chairman*



**MA ANGELA E. IGNACIO**  
*Commissioner*



**RAINIER B. BUTALID**  
*Commissioner*



**CESAR V. PURISIMA**  
*DOF Secretary*



**FLORENCIO B. ABAD**  
*DBM Secretary*



BOARD RESOLUTION No. \_\_\_\_\_

**ADOPTING THE PERFORMANCE-BASED INCENTIVE SYSTEM IN ACCORDANCE WITH GCG MEMORANDUM CIRCULAR NO. 2015-06**

**WHEREAS**, the Governance Commission for GOCCs (GCG) issued GCG Memorandum Circular (M.C.) No. 2015-06 establishing, the 2015 Interim Performance-Based Incentive (PBI) System for Appointive Members of the Governing Board of GOCCs covered by GCG pursuant to Section 23 of the "GOCC Governance Act of 2011" (R.A. No. 10149);

**WHEREAS**, GCG M.C. No. 2015-06 provides that GOCCs that apply for the 2015 PBB for their Officers and Employees are deemed to have automatically applied for the PBI for the Appointive Directors;

**WHEREAS**, GCG approved the grant of the 2015 PBB for the Corporation's Officers and Employees;

**WHEREAS**, no other allowances, incentives and bonuses other than what is allowed under GCG M.C. No. 2012-02 (Third Issue) will be given to the Appointive Members of the Governing Board, and there is sufficient corporate funds to grant the PBI in accordance with applicable laws, rules and regulations;

**NOW, BE IT –**

*[Select one, delete the other]*

*[For GOCCs that have sufficient funds in their DBM-approved COB for 2015]*  
**RESOLVED**, that the [name of GOCC] has sufficient funds in the DBM-approved COB for 2015 and the amount not exceeding ₱ \_\_\_\_\_, *[indicate the total actual annual authorized per diems received by the Appointive Directors as the ceiling amount]* chargeable against corporate funds exclusive of the prohibited sources in GCG MC No. 2015-06, is hereby allocated for the grant of the PBI for CY 2015 to eligible Appointive Members of the Governing Board, and shall be released upon approval of the GCG.

*[For GOCCs that do not have enough funds in their DBM-approved COB for CY 2015 (if Chartered) or Parent GOCC (if a subsidiary)]*  
**RESOLVED**, that the [name of GOCC] does not have enough funds in the DBM-approved COB for 2015 and the amount not exceeding ₱ \_\_\_\_\_, *[indicate the total actual annual authorized per diems received by the Appointive Directors as the ceiling amount]* chargeable against corporate funds exclusive of the prohibited sources in GCG MC No. 2015-06, is hereby allocated for the grant of the PBI for CY 2015 to eligible Appointive Members of the Governing Board, and shall be released upon approval of the GCG.

The Corporate Secretary and all concerned executive officers shall issue the necessary certifications, attesting under oath the veracity of all information disclosed in the documents required by GCG.

**DONE**, this \_\_\_ day of \_\_\_\_\_, in \_\_\_\_\_, Philippines.

***[To be signed by ALL Members of the Governing Board]***

**CERTIFICATION OF AUTHORIZED PER DIEMS RECEIVED BY APPOINTIVE DIRECTORS FOR CY 2015**

This is to certify that the following Appointive Members of the Governing Board of [name of the GOCC] actually received the following per diems for CY 2015:

Name of Director/Trustee	Actual Annual Authorized Per Diems Received (P)		
	Board	Committee	Total
1.			
2.			
3.			
<b>Sub-Total</b>			

This certification has been issued to attest to the truth and accuracy of all the information contained herein based on available records and information that can be verified with the Corporation.

**DONE**, this \_\_\_\_ day of \_\_\_\_\_ 2016 at \_\_\_\_\_, Philippines.

\_\_\_\_\_  
**Corporate Secretary**

**SUBSCRIBED AND SWORN** to before me, this \_\_\_\_ day of \_\_\_\_\_, in \_\_\_\_\_, Philippines.

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Page No. \_\_\_\_\_  
Book No. \_\_\_\_\_  
Series of \_\_\_\_\_

\_\_\_\_\_  
(Person Administering Oath)