

Republic of the Philippines
CIVIL SERVICE COMMISSION



MC NO. **13** , s. 1999

MEMORANDUM CIRCULAR

TO : ALL HEADS OF DEPARTMENTS, BUREAUS AND AGENCIES OF THE NATIONAL AND LOCAL GOVERNMENTS, INCLUDING STATE UNIVERSITIES AND COLLEGES AND GOVERNMENT-OWNED AND CONTROLLED CORPORATIONS

SUBJECT : Revised Policies on the Performance Evaluation System

Pursuant to CSC Resolution No. 99- 1792 , dated August 11 , 1999, the Commission hereby adopts the Revised Policies aimed at enhancing the Performance Evaluation System being implemented government-wide.

In accordance with the abovementioned policies, agencies are hereby required to:

1. prepare and submit to the Commission for review and approval their Revised Performance Evaluation System not later than June 30, 2000 to ensure conformity with and adoption of the policies prescribed and to set the mechanism for its proper implementation; and
2. pilot the implementation of the new system in year 2000.

As provided in the policies, non-submission to the Civil Service Commission for approval of an enhanced Performance Evaluation System within the required period shall strictly be a cause for disapproval or nullification of all performance-based personnel action to include appointments and productivity incentive bonus and others.

This Circular repeals or amends the provisions of Memorandum Circular No. 12, s. 1993 and other issuances on Performance Evaluation which are inconsistent with the revised policies on the PES.

This Circular takes effect immediately.


CORAZON ALMA G. DE LEON
Chairman

17 August 1999
OAC-R

REVISED POLICIES ON PERFORMANCE EVALUATION SYSTEM (PES)

I. Creation and Operation of Performance Evaluation Review Committee (PERC)

A Performance Evaluation Review Committee (PERC) shall be created in all agencies of the government, either national or local governments, state colleges and universities and government-owned and controlled corporations. Except for the local government units, agencies shall create the PERC in the Central Office and in the regional offices and as far as practicable, in the Provincial/District/Division Offices or campuses of the state colleges and universities.

1. Responsibilities

The functions and responsibilities of the PERC in the Central, Regional Offices and Provincial/District/Division shall depend on the structure and operation of the agency. These shall include but not limited to the following:

- a. ***Review of Employee Performance Targets.*** For the purpose of ensuring maximum manpower utilization and rationalization of workload in the different organizational units, the PERC may initiate a review and a comparative assessment of approved employee performance targets particularly of those holding similar positions and may recommend necessary modifications or corrective action;
- b. ***Review of Performance Standards.*** The PERC shall make the final review of performance standards adopted for each position in the different organizational units in the agency. This is to ensure adoption of uniform standards of measurement by the different organizational units in rating employees holding similar positions, performing similar functions and working under same conditions;
- c. ***Determination of Final Rating.*** At the end of the rating period, the PERC is empowered to review documents, evaluate work accomplishments and performance ratings, conduct hearings, provide opportunities for an employee or supervisor to defend a particular rating and eventually determine an employee's final rating.

The PERC shall determine the period within which to complete the review and approval of employees ratings based on the peculiar structure and operation of the agency; and

- d. ***Monitoring and Evaluation of the PES.*** The PERC shall establish methods and procedures to evaluate periodically the effectiveness of the system and shall effect and implement improvements essential to ensure its continued suitability to the different positions and needs of the agency. Said procedures may include the receipt of feedback, comments and suggestions on PES from the agency personnel.

The PERC is encouraged to establish its own procedures and strategies pertaining to its work. The performance of the above mentioned responsibilities by the members of the PERC shall be considered part of their regular duties and functions.

2. **Composition**

The PERC shall be composed of five or more members which shall include the head of agency or his authorized representative as Chairman, highest ranking official in charge of personnel management, head of the planning unit, two (2) representatives from the rank and file employees chosen through general election or nominated by the accredited employee association in the agency, as members. The department heads and division chiefs shall become automatic members of the PERC during the review of the individual performance targets and evaluation of their particular departments/divisions.

Flexibility in determining the maximum number of members of the PERC is allowed in consideration of the structure and operation of each agency. Secretariat services for the PERC shall be provided by the Personnel Department or Division.

II. **Performance Targets**

1. ***Agency Target Setting Period.*** Heads of agencies shall cause the determination of their "agency target setting period", a period within which the employees' targets are set and discussed between the raters and the ratees, reviewed and concurred by the head of the department or office and submitted to the PERC;
2. ***Performance Targets based on the Approved Work Program.*** The preparation of performance targets in four (4) copies shall be based on the Approved Work Program or Performance Contract of the division/organizational unit where the employee belongs. Said Department or Division Performance Contract should be based on and consistent with the vision and mission of the agency.

3. ***Establishment of Performance Standards.*** Agencies are encouraged to establish performance standards for both the agency and the individual employees in consultation with existing PERCs.

Performance standards are measures or yardsticks against which performance level is assessed, and are usually the product of mutual agreement among members of the organization or between the supervisor (at least Division Chief) and the rank and file employees. These include measures of quality, quantity and timeliness.

Unless the work output of a particular duty has been assigned pre-set standards by management, its standards shall be agreed upon by the rater and the ratee. In the central office, these shall be concurred by the head of the department or office prior to submission to PERC. The agreements made at the regional/provincial/district/division level shall be directly submitted to the existing PERC.

Individual employee's performance standards shall not be lower than the agency standards or standards in the agency's Performance Contract.

4. ***Confirmation of Performance Targets.*** Employees' performance targets shall be confirmed by the PERC before the rating period but not later than the 15th day of the start of each rating period. Performance targets submitted shall become final or valid should the PERC fail to act on these within 15 working days.

In instances of obvious disparity in the distribution of assignment and workload among employees, the PERC through the concerned division chiefs and department heads shall cause the necessary corrective action in consultation with the concerned employees;

5. ***Modifications in the Performance Targets.*** Employees' performance targets for a given rating period which are duly confirmed by the PERC may still be modified based on changes brought about by new mandates and programs conceived and determined as may be necessary and priority by agency management. The PERC shall be duly notified or furnished copies of such modifications to serve as guide in the review of the ratings of affected employees at the end of the evaluation period; and
6. ***Safeguards for Performance Targets.*** Agencies shall adopt measures to guard against possible alterations of confirmed performance targets and standards. These may include computerization of targets, initials on erasures thereon and stamp of certification of review and confirmation of targets by PERC.

III. Performance Rating

1. ***Job Classification and System of Rating.*** The overall rating of an employee for a given rating period consists of two parts.

Part I refers to actual job planned and accomplished by the employee. The rating derived from Part I reflects the level of performance the employee was able to achieve during the rating period based on any or all of the criteria of quantity, quality and time, as measured against pre-set standards by management or in the absence of such, the performance standards agreed upon between the employee and the supervisor, duly confirmed by the PERC. Part I accounts for 70% of the overall rating of the employee.

Part II refers to the critical factors that affect the performance of the job by the employee. This part accounts for 30% of the overall rating of the employee.

- a. ***Determination and Assignment of Weights.*** For Part I, agencies shall adopt a system to classify a job or work target or output and assign a corresponding percentage or weight on such targets based on the nature, complexity or difficulty level and processes involved.

Example: Technical, Non-Routine,
 Complex (requiring research,
 no precedent case) functions70%

 Clerical, Routine,
 Simple Functions30%

For Part II, agencies are given the discretion to determine at least three critical factors and assign a corresponding percentage or weight in rating said factors based on the employee's nature of work.

Employees rendering frontline services may be rated on critical factors like courtesy, personableness, communication skills, client relations and other factors that may be essential to their work performance. In addition, innovativeness and management skills (management of work, people, resources, linkages and constraints) may be considered as critical factors for those performing supervisory functions.

Punctuality and attendance shall be rated not separately but as combined factors treated as one item of Part II. Fifty percent (50%) of the rating for this factor shall be based on records such as daily time records or Bundy cards, pass slips and leave applications, etc. and the other 50% shall be based on actual attendance to work as may be observed.

- b. **Cross Rating.** Agencies shall adopt a cross rating system to determine the performance rating of an employee. Cross rating shall include the self-rating made by the employee, the rating given by the employee's supervisor and whenever possible, the rating of peers, subordinates and clients.

Cross-rating may be done in rating either Part II, Critical Factors in Performance Evaluation or both Part I, Performance and Part II. Agencies shall assign weight for each of the raters/ratings with the rating of the supervisor to be given the highest weight. Peers shall refer to co-employees within the same organizational unit while subordinates shall refer to employees directly supervised by a superior. Clients are the public transacting business with or persons who are being directly served by an employee. These may be internal or external clients.

2. **Modification of Range of Adjectival Rating.** The range of each adjectival or numerical rating shall be modified as follows:

Outstanding – performance exceeding targets by 30% and above of the planned targets; from the previous definition of performance exceeding targets by at least fifty (50%).

Very Satisfactory – performance exceeding targets by 15 % to 29% of the planned targets; from the previous range of performance exceeding targets by at least 25% but falls short of what is considered an outstanding performance.

Satisfactory – performance of 100 % to 114% of the planned targets. For accomplishments requiring 100% of the targets such as those pertaining to money or accuracy or those which may no longer be exceeded, the usual rating of either 10 for those who met targets or 4 for those who failed or fell short of the targets shall still be enforced.

Unsatisfactory – performance of 51% to 99% of the planned targets; and

Poor – performance failing to meet the planned targets by 50% or below.

3. ***Transparency on Performance Ratings.*** General information on the final rating of the employees or the number of employees who got a particular rating (O, VS, S, US and Poor) per organization unit shall be made known to both the management and the rank and file employees. This is to foster competitive spirit among offices or units and a way to validate the rating of the employees against the perceived accomplishment of the unit. Further, this can provide employees, basis for assessment and feedbacking on the PES administration;
4. ***Performance of Designated Functions.*** Agencies shall adopt a system of providing merit/incentives to employees performing the duties and responsibilities of a higher position. On the other hand, the performance rating of an employee performing the duties and responsibilities of a position lower than his plantilla position can not be used for purposes of promotion.
5. ***Basis or proofs of Performance.*** Rating for a particular task shall always be supported by reports, documents or any outputs as proofs of actual performance. In the absence of said basis or proofs, a particular intervening or additional task may not be rated and may be disregarded while a planned target, unless ordered or authorized by management or supervisor, should be accordingly rated;
6. ***Role of Supervisors.*** Supervisors shall closely monitor the status of the performance of their subordinates and shall provide support and assistance for the attainment of targets set by their individual staff. Written notice shall be given by supervisors to subordinates who obtain unsatisfactory performance during a rating period not later than one (1) month from the end of the rating period with a warning that a succeeding unsatisfactory performance shall warrant his separation from the service. Employees with poor performance shall likewise be informed in writing by supervisors not later than the 4th month of the rating period with sufficient warning that failure to improve his performance shall warrant his separation from the service. Failure on the part of supervisors to comply with the required notices to their subordinates for their unsatisfactory or poor performance during a rating period shall be a ground for an administrative offense of neglect of duty;
7. ***Performance of Intervening Activity/ies.*** The performance of intervening or additional activity/ies shall be duly considered especially if these were done simultaneously with the planned targets. Intervening activities are those which are neither inherent nor directly related to employees' plantilla or designated positions and may include memberships in ad-hoc committees, research work and other assignments which will require considerable effort and time of the employees and are duly covered by an office order.

Employee's performance of intervening activity/ies may be given a maximum of one (1) additional point to his overall rating provided that the following criteria are met:

- a. Said activity is difficult, technical in nature or requiring special skills;
 - b. Said activity is not within the regular functions of the employee or the workprogram/Performance contract of his division or unit;
 - c. There is urgency in the completion of the intervening activity which has an impact on the organizational unit;
 - d. Non-compliance/performance of said intervening activity will unduly prejudice the service;
 - e. Employee's planned targets were all accomplished and rated at least satisfactorily; and
 - f. Performance or completion of said intervening activity will require an aggregate period of one week to two months.
8. ***Performance Rating of Employees on Detail or Secondment.*** Employees' performance outputs, whenever possible, should all be rated by the concerned supervisors. Employees who are on detail or secondment to another office shall be rated in their present or actual office, copy furnished their mother office. The ratings of those who were detailed or seconded to another office during the rating period shall be consolidated in the office, either the mother (plantilla) office or present office, where the employee has spent majority of his time during the rating period.

IV. **PES Requirements and Sanctions**

1. ***Development of Agency PES.*** Agencies shall be required to evolve a truly functional system based on these new policies;
2. ***Submission of Agency PES to CSC.*** Non-submission to the Civil Service Commission for approval of an enhanced Performance Evaluation System within a period or date as may be specified shall strictly be a cause for disapproval or nullification of all performance based personnel action to include appointments and productivity incentive bonus and others;

3. ***Conduct of Information Campaign.*** Agencies shall conduct orientation and reorientation seminars on the new and revised policies on PES for all employees. This is to promote awareness and interest on the system and to generate employees appreciation for the agency PES as a management tool for performance planning, control and improvement. Similarly, the PERC shall ensure that pertinent information of PES is properly disseminated to all offices and employees through circulars, memoranda, brochures, leaflets and other informative materials.

Agencies may develop promotional materials on PES either in English, Filipino or any dialect familiar to the employees.

4. ***Delayed or Non-Submission of PES Targets and Report Forms.*** Unless justified and accepted by the PERC, non-submission to PERC of PES Targets within the specified date and PES Report Forms within 30 days after end of each rating period will be a ground for:

- a. Employee's disqualification for performance-based personnel actions which would require the rating for the given period such as promotion, training or scholarship grants and productivity incentive bonus, if the failure of the submission of the report form is the fault of the employee.

An employee who fails to rate himself will not be given a final rating.

- b. An administrative sanction for violation of reasonable office rules and regulations and simple neglect of duty for the supervisor or employee responsible for the delay or non-submission of said PES Targets or PES Report Form or both.

Officials and employees who shall be on official travel, approved leave of absence or training or scholarship programs and who have already met the required minimum rating period of 90 days shall be required to submit the required PES Targets or PES Report Forms before they leave the office.

For purposes of performance-based personnel actions, an employee who was not given a rating for a particular period shall use his performance rating obtained in the preceding rating period. This provision shall not, however, apply to those who were/are on vacation leave, even with an application approved by their supervisors.

5. ***Submission of PES Ratings to CSC.*** Agencies shall submit to the Civil Service Field and Provincial Offices (CSFOs/CSPOs) a list of their employees and their corresponding performance ratings not later than three (3) months after every rating period. Non-submission of this requirement to the Commission shall be a ground for the disapproval of promotional appointments submitted by agencies to CSFOs/CSPOs.

V. **Uses of Performance Ratings**

1. ***Promotion of Performance-based Security of Tenure.*** Security of tenure of those holding permanent appointments is not absolute but is based on performance. Employees who obtained Unsatisfactory ratings for two rating periods and Poor rating for one evaluation period shall be dropped from the rolls.
2. ***Eligibility/Qualification for Performance-based Awards and Incentives.*** The PERC shall validate the Outstanding Performance ratings and may recommend concerned employees for performance-based awards. Grant of incentives like the productivity incentive bonus shall likewise be based on the final ratings of employees as approved by the PERC; and
3. ***Basis of Personnel Actions.*** Performance ratings shall be used as basis for promotion, training and scholarship grants and other personnel actions.

Only employees with Outstanding and Very Satisfactory Performance ratings shall be considered for the above mentioned personnel actions and other related matters.

VI. **Appeals**

1. Employees who feel aggrieved or dissatisfied with their final performance rating can file an appeal with the PERC within ten (10) days from date of receipt of their Performance Report Form from the PERC. Employees, however, shall not be allowed to protest the performance rating of their co-employees. Ratings obtained by other employees can only be used as basis or reference for comparison in appealing one's performance rating;
2. The PERC shall decide on the appeals within one month from receipt.

Appeals lodged at any PERC shall follow the hierarchical jurisdiction of various PERCs in an agency. For example, the decision of the Provincial PERC is appealable to the Regional PERC which decision is in turn appealable to the National/Central Office PERC.

Only in exceptional instances when the decision of the PERC in the central offices of departments may be appealed further to the CSC Commission proper.

The decision made on employees' ratings by the PERC in the local government units may be appealed to the Civil Service Regional Office which has jurisdiction over these units.

3. An official or employee who was separated from the service on the basis of unsatisfactory or poor performance rating can appeal his separation to the CSC or its regional office within 15 days from receipt of the order or notice of separation.

17 August 1999
OAC-R



Resolution No. 991792

WHEREAS, the Commission as the central personnel agency of the Government is mandated by law to promulgate policies, standards and guidelines to effectively administer the civil service;

WHEREAS, Section 33 Book V of Executive Order No. 292, the Administrative Code of 1987, provides that there shall be established a Performance Evaluation System (PES) which shall be administered in accordance with rules, regulations and standards promulgated by the Commission for all officers and employees in the career service;

WHEREAS, the Commission has issued a number of circulars on Performance Evaluation System, the latest of which is Memorandum Circular No. 12, s. 1993 which provides the guidelines in the establishment and implementation of agency performance evaluation system;

WHEREAS, despite the various policies and guidelines issued, the Commission has continuously received feedback on the failure of the present system and policies to objectively assess employees' performance and address other problems relative to its implementation;

WHEREAS, a series of consultation meetings with the representatives from various agencies were conducted to validate the problems on PES;

WHEREAS, said consultation meetings identified problems and issues specifically on the general policies and CSC guidelines, performance standards, employees' orientation and appreciation of PES, rating style, validation of performance rating, imposition of penalty and sanctions and interrelatedness of PES to other personnel systems;

WHEREAS, the Commission sees the need to address the problems and issues identified and to institute effective mechanism that will control and minimize subjective and improper administration of performance evaluation system;

NOW, THEREFORE, the Commission **RESOLVED** as it hereby **RESOLVES** to adopt the attached Revised Policies on Performance Evaluation System;

RESOLVED further to require agencies to prepare their agency PES adopting the herein policies and pilot its implementation by January 2000.

Done in Quezon City, **AUG 11 1999**


CORAZON ALMA G. DE LEON
Chairman


THELMA P. GAMINDE
Commissioner

DID NOT PARTICIPATE
JOSE F. ERESTAIN, JR.
Commissioner

Attested By:


ARIEL G. RONQUILLO
Director III