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By: <u>W/c</u>
Date: <u>10.2.2015</u> at <u>8:00 km</u>
PAID

NATIONAL CAPITAL REGION

September 16, 2015

ATTY. DARLENE MARIE B. BERBERABE

Chief Executive Officer

Home Development Mutual Fund
43rd Floor, Petron Mega Plaza Building
358 Senator Gil J. Puyat Avenue
Makati City

Dear **Chief Executive Officer Berberabe:**

This refers to the Strategic Performance Management System (SPMS) of the Home Development Mutual Fund (HDMF), which was submitted to this Office for approval.

An evaluation of the HDMF SPMS shows its conformance with Civil Service Commission Memorandum Circular (CSC MC) No. 6, s. 2012¹. This Office, however, notes of the following areas which need to be addressed, to wit:

1. There is no Office Order issued by the Head of Agency constituting the Performance Management Team (PMT);
2. There is no table of Major Final Outputs (MFOs) submitted enumerating all products and services of the HDMF which should be aligned to address agency strategic priorities, mandates/vision/mission, OPIF Logframe, Philippine Development Plan, and organization/sectoral/ societal goals;
3. There are no success indicators submitted which should be Specific, Measurable, Attainable, Realistic, and Time-bounded and with three (3) performance measures either Efficiency/Quantity, Quality/Effectiveness, and Timeliness, or at least two (2) of these measures either Efficiency/Quantity and Timeliness or Quality/Effectiveness and Timeliness, where applicable;
4. There is no Individual Performance Commitment Review (IPCR) form submitted which should include the following: columns for Success Indicators, actual accomplishment ratings for Quality/Effectiveness, Efficiency/Quantity, and Timeliness, and a space for Comments and Recommendations for employee developmental interventions;

¹ Guidelines in the Establishment and Implementation of Agency Strategic Performance Management System (SPMS)

5. There is no database/summary of targets created which will serve as basis for verification of accomplishments;
6. Include a provision in the third stage of the SPMS cycle (Performance Review and Evaluation) for the assessment of the allotted Office budget against the actual expenses incurred;
7. There are no ranges of rating (in terms of percentage of accomplishments) for Efficiency/Quantity for all levels of performance indicated in the HDMF SPMS rating scale which should be in accordance with CSC Memorandum Circular No. 13, s. 1999. Likewise, there are no separate and clear standards to measure Quality/Effectiveness and Timeliness; and
8. While there is an SPMS calendar submitted, the same does not contain schedules for the orientation of officials and employees on the new and revised policies on the SPMS and SPMS pilot test.

Other Observation:

The numerical rating scale indicated in the submitted Office Performance Commitment Review (OPCR) form is not in accordance with the five (5)-point numerical rating scale specified in the HDMF SPMS guidelines.

In view thereof, the HDMF SPMS is hereby approved for initial implementation, subject to compliance with the above-enumerated observations. A copy of the HDMF SPMS incorporating compliance with the above-enumerated observations and a report of implementation of this SPMS shall be submitted to CSC-NCR within three (3) months after initial implementation, together with the following sample documents:

- Communication materials
- Accomplished OPCR, DPCR and IPCR or their equivalent
- Accomplished Performance Monitoring and Coaching Forms
- Accomplished Professional Development Plan

Thank you for your support to the programs of the Commission.

Very truly yours,


LYDIA ALBA CASTILLO
Director IV

cc: Director II Henry B. Pelifio
CSCFO-Makati

cscncr/psed/smp
spms/hdmf

Pag-IBIG Fund
STRATEGIC PERFORMANCE MANAGEMENT SYSTEM (SPMS)

In line with the Civil Service Commission Memorandum Circular No. 6, series of 2012 enunciating the guidelines in the establishment and implementation of an agency Strategic Performance Management System (SPMS), the Pag-IBIG Fund adopts herein the Strategic Performance Management System (SPMS) to be referred to as the “Pag-IBIG Fund SPMS”.

I. SPMS PRINCIPLES

The Pag-IBIG Fund SPMS shall be guided by the following principles:

1. Focused on linking individual performance vis-à-vis the Fund’s organizational vision, mission, and strategic goals;
2. Envisioned as a technology composed of strategies, methods, and tools for ensuring fulfillment of the functions of the offices and its personnel as well as for assessing the accomplishments;
3. A mechanism that ensures employee’s achievement of the objectives set by the organization, as well as the organization’s achievement of the objectives it has set for its self in the strategic plan;
4. The heart of human resource system, which information is useful in human resource planning, management and decision making processes.

II. GENERAL OBJECTIVES

The Pag-IBIG Fund SPMS aims to:

1. Enhance organizational effectiveness and improvement of individual employee efficiency by cascading institutional accountabilities to the various levels of the organization anchored on the establishment of rational and factual basis for performance targets and measures;
2. Continuously foster development of employee performance and efficiency vis-à-vis the Fund’s organizational mission, vision, and strategic goals leading to a high performance culture;
3. Provide an objective performance rating system which serves as basis for performance-based tenure and incentives and rewards systems.

III. BASIC ELEMENTS

The Pag-IBIG Fund SPMS shall include the following basic elements:

1. Goal aligned to Agency Mandates and Organizational Priorities

Performance goals and measurement are aligned to the national development plans, agency mandate/vision/mission and strategic priorities and/or organizational performance indicator framework. Standards are pre-determined to ensure efficient use and management of inputs and work processes. These standards are integrated into the success indicators as organizational objectives are cascaded down the operational level.

2. Output/Outcome-based

The system puts premium on major final outputs that contributes to the realization of organizational mandate/vision/mission, strategic priorities, outputs and outcomes.

3. Team-approach to performance management

Accountabilities and individual roles in the achievement of organizational goals are clearly defined to give way to collective goal setting and performance rating. Individual's work plan or commitment and rating form is linked to the division/unit/office to establish clear linkage between organizational performance and personnel performance.

4. User-friendly

The forms used for both the organizational and individual performance are similar and easy to accomplish. The organizational and individual major final outputs and success indicators are aligned to facilitate cascading of organizational goals to the individual staff members and the harmonization of organizational and individual performance rating.

5. Information System that supports Monitoring and Evaluation

Monitoring and evaluation mechanisms and Information System are vital components of the Pag-IBIG Fund SPMS in order to facilitate linkage between organizational and employee performance. The monitoring and evaluation and information system will ensure generation of timely, accurate, and reliable information for both performance monitoring/tracking, accomplishment reporting, program improvement, and policy decision-making.

6. Communication Plan

A program to orient the Fund's officials and employees on the new and revised policies on the Pag-IBIG Fund SPMS shall be implemented. This will promote awareness and interest on the system, generate employees' appreciation for the Fund's SPMS as a management tool for performance planning, control, and improvement, and guarantee employees' internalization of their role as partners of management and co-employees in meeting organizational performance goals.

IV. KEY PLAYERS AND RESPONSIBILITIES

A Pag-IBIG Fund Performance Management Team (PMT) shall oversee the establishment and ensure the successful implementation of the SPMS, composed of the following key players:

- **SPMS Champion** – The Pag-IBIG Fund Chief Executive Officer or the senior executive designated by the CEO as his/her representative.
 - a. Primarily responsible and accountable for the establishment and implementation of the Fund's SPMS;
 - b. Sets the Fund's performance goals/objectives and performance measures;
 - c. Determines the Fund's target setting period;
 - d. Approves office performance commitment and rating;

- e. Assesses performance of the Fund's officers.
- **Performance Management Team (PMT)** – The Pag-IBIG Fund SPMS PMT shall be composed of the following:
 1. Executive Official designated as Chairperson
 2. Vice President for Human Resource Services
 3. Vice President for Management Services
 4. Vice President for Finance
 5. National President of Pag-IBIG Fund Employee Labor Association (PAFELA)
 - a. Sets consultation meeting of all Heads of Offices for the purpose of discussing the targets set in the office performance commitment and rating form;
 - b. Conducts performance planning and review conference annually;
 - c. Ensures that office performance targets and measures as well as the budget are aligned with those of the agency, and that work distribution of offices/units is rationalized;
 - d. Recommends approval of the office performance commitment and rating to the Pag-IBIG Fund SPMS Champion;
 - e. Acts as appeals body and final arbiter for performance management issues of the Fund;
 - f. Adopts its own internal rules, procedures, and strategies in carrying out the above responsibilities including schedule of meetings and deliberations, and delegation of authority to representatives in case of absence of its members.
- **Corporate Planning (CorPlan) Department**
 - a. Monitors submission of Office Performance Commitment and Review (OPCR) Form and schedule the review/evaluation of Office Commitments by the PMT before the start of a performance period.
 - b. Consolidates, reviews, validates and evaluates the initial performance assessment of the heads of offices based on the reported Office accomplishments against the success indicators, and the allotted budget against the actual expenses. The result of the assessment shall be the basis of the PMT's recommendation to the Head of Agency who shall determine the final office rating.
 - c. Conducts an agency performance planning and review conference annually for the purpose of discussing the Office assessment for the preceding performance period and plans for the succeeding rating period with concerned Head of Offices.
 - d. Provides each Office with the final Office Assessment to serve as basis of offices in the assessment of individual staff members.

- Human Resource Development Department (HRDD)
 - a. Monitors submission of Individual Performance Commitment and Review (IPCR) Form by head of offices;
 - b. Reviews the Summary List of Individual Performance Rating to ensure that the average performance rating of employees is equivalent to or not higher than the Office Performance Rating as recommended by the PMT and approved by the Pag-IBIG Fund SPMS Champion.
 - c. Provides each office with the Final Office Assessment as basis of offices in the assessment of the individual employees.
 - d. Provides analytical data in retention, skill/competency gaps, and talent development plans that align with strategic plans;
 - e. Coordinates development interventions that will form part of the HR Plan.

- Head of Office (Department Manager III or equivalent)
 - a. Assumes primary responsibility for performance management in his/her office.
 - b. Conducts strategic planning session with supervisors and staff and agree on the outputs that should be accomplished based on the goals/objectives of the organization, and submits the OPCR Form to the CorPlan Department.
 - c. Reviews and approves employees' IPCR Forms for submission to the HRDD before the start of the performance period.
 - d. Submits a quarterly accomplishment report to the CorPlan Department based on the PMS calendar.
 - e. Does initial assessment of an office's performance using the approved OPCR Form.
 - f. Determines final assessment of performance level of the individual employee in his/her office based on proof of performance.
 - g. Informs employees of the final rating and identifies necessary interventions to employees based on the assessment of developmental needs.
 - h. Provides written notice to subordinates who obtain Unsatisfactory or Poor rating.

- Division Chief or equivalent
 - a. Assumes joint responsibility with the Head of Office in ensuring attainment of the performance objectives and targets.
 - b. Rationalizes distribution of targets/tasks.

c. Monitors closely the status of the performance of subordinates and provide support and assistance through the conduct of coaching for the attainment of targets set by the Division/Unit and individual employee.

d. Assesses individual employee's performance.

e. Recommends developmental intervention.

- Individual Employees

Act as partners of management and their co-employees in meeting organizational performance goals.

V. THE Pag-IBIG FUND SPMS PROCESS

The Pag IBIG Fund SPMS follows the four-stage SPMS cycle that underscores the importance of performance management (*Annex B*).

Stage 1: Performance Planning and Commitment (*Annex C*)

This is done at the start of the performance period where Heads of Office/Department/Unit/Branches meet with the supervisors and staff and agree on the outputs that should be accomplished based on the goals/objectives of the organization.

During this stage, success indicators are determined. Success indicators are performance level yardsticks consisting of performance measures and performance targets. This shall serve as bases in the office and individual employee's preparation of their performance contract and rating form (*Annex D*).

Performance measures shall include a combination of or all of the following general categories, whichever is applicable:

Category	Definition
Effectiveness/ Quality	<ul style="list-style-type: none"> • The extent to which actual performance compares with targeted performance. • The degree to which objectives are achieved and the extent to which targeted problems are solved. • In management, effectiveness relates to getting the right things done.
Efficiency	<ul style="list-style-type: none"> • The extent to which time or resources is used for the intended task or purpose. • Measures whether targets are accomplished with a minimum amount or quantity of waste, expense or unnecessary effort.
Timeliness	<ul style="list-style-type: none"> • Measures whether the deliverable was done on time based on the requirements of the law and/or clients/stakeholders. • Time-related performance indicators evaluate such things as project completion deadlines, time management skills, and other time-sensitive expectations.

The standards to measure the employee performance in terms of the three dimensions are as follows:

1. Quality of Work

a. Written

Rating		Description
Numerical	Adjectival	
5	Outstanding	No mistakes or deficiency; every aspects of work assignment well covered; clearly presented; well organized; No lapse in grammar or error in content.
4	Very Satisfactory	One or two minor errors or deficiencies; work in accordance with instructions; clearly presented; well organized; 1 or 2 errors in grammar or errors in content
3	Satisfactory	More than two minor errors or deficiencies; partial minor revision needed; 3 lapses in grammar or errors in content.
2	Unsatisfactory	One or two major errors or deficiencies; major revision needed; 4 or 5 lapses in grammar or errors in content.
1	Poor	Work not acceptable; needs total revision; 6 or more lapses in grammar or errors in content.

b. Non-written

Rating		Description
Numerical	Adjectival	
5	Outstanding	Excellent results; all aspects of work assignment thoroughly covered; no mistake in performing the duty.
4	Very Satisfactory	One or two minor errors in the execution of work assignment; results still very good; 1 or 2 mistakes in performing the duty.
3	Satisfactory	More than two minor errors or deficiencies in the execution of work assignment; results are acceptable; 3 mistakes in performing the duty.
2	Unsatisfactory	One major error or deficiency that can be overcome with help from supervisor; 4 or 5 mistakes in performing the duty.
1	Poor	Haphazard or careless execution of work assignment; unacceptable result.

2. Efficiency/Quantity of Work

Targets that can be Exceeded

Rating		Numerical Description
Numerical	Adjectival	
5	Outstanding	Exceeds planned targets by 110% and Above
4	Very Satisfactory	Performance of 100% to less than 110% of the planned targets
3	Satisfactory	Performance of 90% to less than 100% of the planned targets
2	Unsatisfactory	Performance of 70% to less than 90% of the planned targets
1	Poor	Performance of less than 70% of the planned targets

Targets that cannot be Exceeded

Rating		Numerical Description
Numerical	Adjectival	
5	Outstanding	Performance is 96% to 100% of the target
4	Very Satisfactory	Performance of 88% to less than 96% of the target
3	Satisfactory	Performance of 75% to less than 88% of the target
2	Unsatisfactory	Performance of 51% to less than 75% of the target
1	Poor	Performance is less than 51% of the target

3. Timeliness

Rating		Description
Numerical	Adjectival	
5	Outstanding	Task completed within the first 15% or more of the time before the deadline or scheduled time of completion.
4	Very Satisfactory	Task completed on the deadline up to 14% before the deadline or scheduled time of completion.
3	Satisfactory	Task completed within 88% to 99% of the time after the deadline
2	Unsatisfactory	Task completed within 51% to 87% of the time after the deadline
1	Poor	Task not accomplished at all or completed up to 50% of the time after the deadline

Stage 2: Performance Monitoring and Coaching

During the performance monitoring and coaching phase, the performance of the offices and every employee shall be regularly monitored at various levels, *i.e.*, Head of Agency, Group Head, Head of Department/Unit, Division Chief and individual on a regular basis.

Monitoring and evaluation mechanisms should be in place to ensure that timely and appropriate steps can be taken to keep a program on track and to ensure that its objectives or goals are met in the most effective manner (*please refer to Annexes E, F and G for the forms to be used in this phase*).

Supervisors and coaches play a critical role at this stage. Their focus is on the critical function of managers and supervisors as coaches and mentors in order to provide an enabling environment/intervention to improve team performance, and manage and develop individual potentials.

Stage 3: Performance Review and Evaluation

(Office Performance and Individual Employee's Performance)

This phase aims to assess both office and individual employee's performance level based on performance targets and measures as approved in the office and individual performance commitment contracts.

The results of assessment of office and individual performance shall be impartial, owing to scientific and verifiable basis for target setting and evaluation.

- **Office Performance Assessment (*Annex H*)**

The CorPlan Department shall consolidate, review, validate, and evaluate the initial performance assessment of the Heads of Offices based on the reported office accomplishments against the success indicators, and in collaboration with Operations Accounting Department shall assess the allotted budget against the actual expenses. The result of the assessment shall be submitted to the PMT for calibration and recommendation to the Head of the Agency. The Head of the Agency, or the Pag-IBIG Fund SPMS Champion, shall determine the final rating of offices/units.

To ensure complete and comprehensive performance review, all offices shall submit a quarterly accomplishment report to the PMT based on the Pag-IBIG Fund SPMS calendar (*Annex M*).

- **Individual Employee's Performance Assessment (*Annex I*)**

The immediate supervisor shall assess individual employee performance based on the commitments made at the beginning of the rating period. The performance rating shall be based solely on records of accomplishment.

The Pag-IBIG Fund SPMS puts premium on the Major Final Output (MFO) towards realization of organizational mission/vision. Hence, rating for planned and/or intervening tasks shall always be supported by reports, documents, or any outputs as proofs of actual performance. In the absence of said bases or proofs, a particular task shall not be rated and shall be disregarded.

The supervisor shall indicate qualitative comments, observations, and recommendations in the individual employee's performance commitment and review form to include *competency assessment*¹ and *critical incidents*² which shall be used for human resource development purposes such as promotion and other interventions.

Employee's assessment shall be discussed by the supervisor with the concerned ratee prior to the submission of the individual employee's performance commitment and review form to the Head of Office.

The Head of Office shall determine the final assessment of performance level of the individual employees in his/her office based on proof of performance. The final assessment shall correspond to the adjectival description of Outstanding, Very Satisfactory, Satisfactory, Unsatisfactory, or Poor.

The Head of Office may adopt appropriate mechanism to assist him/her distinguish performance level of individuals, such as but not limited to peer ranking and client feedback.

The average of all individual performance assessment shall not go higher than the collective performance assessment of the Office.

The Head of Office shall ensure that the employee is notified of his/her final performance assessment, and the Summary List of Individual Ratings (*Annex J*) with the attached IPCRs shall be submitted to the HRDD within the prescribed period.

In determining the final equivalent adjectival rating of the employee, the range of overall point scores is converted as follows:

5.000	Outstanding
4.000 - 4.999	Very Satisfactory
3.000 - 3.999	Satisfactory
2.000 - 2.999	Unsatisfactory
1.000 - 1.999	Poor

Stage 4: Performance Rewarding and Development Planning (*Annex K & L*)

Part of the individual employee's evaluation is the competency assessment vis-à-vis the competency requirements of the job. The result of the assessment shall be discussed by the Heads of Office and supervisors with the individual employee at the end of each rating period. The discussion shall focus on the strengths, competency-related performance gaps, and the opportunities to address these gaps, career paths and alternatives.

The result of the competency assessment shall be treated independently of the performance rating of the employee.

Appropriate developmental interventions shall be made available by the Head of Office and supervisors in coordination with the HRDD.

¹Competencies are observable, measurable and vital behavioral skills, knowledge and personal attributes that are translations or organizational capabilities deemed essential for success. Competencies shall be identified for a particular position or job family.

²Record of events, happenings or actual information affecting the overall accomplishments of the employee during the particular period.

A Professional Development Plan (PDP) to improve or correct performance of employees with Unsatisfactory and Poor performance ratings must be outlined including timelines, and monitored to measure progress.

The results of the performance evaluation/assessment shall serve as inputs to the:

- a. Heads of Offices in identifying and providing the kinds of interventions needed, based on the developmental needs identified;
- b. HRDD in consolidating and coordinating developmental interventions that will form part of the HR Plan and the basis for rewards and incentives; and
- c. PMT in identifying potential nominees for various awards and incentives categories.

VI. SCOPE AND COVERAGE

The PF-SPMS shall apply to all first level, and second level professional/technical and executive/managerial employees of the Fund.

VII. RATING PERIOD

Performance evaluation shall be done every six (6) months ending June 30 and December 31 of every year. However, if there is a need for a shorter period, the minimum appraisal period is at least ninety (90) calendar days or three (3) months while the maximum shall not exceed one (1) calendar year.

VIII. RATING SCALE

A five-point rating scale shall be used to measure the performance of each employee; 5 being the highest and 1 the lowest.

Rating		Description
Numerical	Adjectival	
5	Outstanding	Performance represents an extraordinary level of achievement and commitment in terms of quality and time, technical skills and knowledge, ingenuity, creativity and initiative. Employees at this performance level should have demonstrated exceptional job mastery in all major areas of responsibility. Employees achievement and contributions to the organization are marked excellence.
4	Very Satisfactory	Performance exceeded expectations. All goals, objectives and targets were achieved above the established standards.
3	Satisfactory	Performance met expectations in terms of quality of work, efficiency and timeliness. The most critical annual goals are met.
2	Unsatisfactory	Performance failed to meet expectations, and/or one or more of the most critical goals were not met.
1	Poor	Performance was consistently below expectations, and/or reasonable progress toward critical goals was not made. Significant improvement is needed in one or more important areas.

IX. USES OF PERFORMANCE RATINGS

a. Performance-based Security of Tenure

Security of tenure of those holding permanent appointment is not absolute but is based on performance. Employees who obtained an Unsatisfactory rating for one rating period or exhibited poor performance shall be provided appropriate developmental intervention by the head of office and Division Chief or unit head, in coordination with the HRDD to address competency-related performance gaps.

If after advice and provision of developmental intervention the employee still obtains Unsatisfactory or Poor ratings in the immediately succeeding rating period, the employee may be dropped from the rolls. A written notice/advice from the head of office at least three (3) months before the end of the rating period is required.

b. Eligibility/Qualification for Performance-based Awards and Incentives

Employees with Outstanding performance ratings validated by the PMT may be recommended for performance-based awards. Grant of performance-based incentives shall be based on the final ratings of employees as approved by the Chief Executive Officer.

c. Basis for promotion, training and scholarship grants and other personnel actions

Employees with Outstanding and Very Satisfactory ratings shall be considered for the said personnel actions and other related matters.

For purposes of performance-based benefits, employees who are on official travel, scholarship or training within a rating period shall use the performance ratings obtained in the immediately preceding rating period.

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 submit the performance commitment and rating report before they leave the office.

X. SANCTIONS

Unless justified and accepted by the PMT, non-submission of the OPCR Form to the PMT, and the IPCR forms to the HRDD within the specified dates shall be 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 performance enhancement bonus, if the failure of the submission of the report form is the fault of the employees.
- b. An administrative sanction for violation of reasonable office rules and regulations and simple neglect of duty for the supervisors or employees responsible for the delay or non-submission of the office and individual performance commitment and review report.
- c. Failure on the part of the Head of Office 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 for neglect of duty.

XI. TRANSPARENCY ON PERFORMANCE RATINGS

General information on the final rating of the Office/Unit and employee shall be made known to both Management and the employees, subject to the procedures set by the Pag-IBIG Fund PMT.

XII. APPEALS

- a. Office performance assessment as discussed in the performance review conference shall be final and not appealable. Any issue/appeal on the initial performance assessment of an office shall be discussed and decided on during the performance review conference.
- b. Individual employees who feel aggrieved or dissatisfied with their final performance ratings can file an appeal with the PMT within ten (10) days from the date of receipt of notice of their final performance evaluation rating from the Head of Office. An office/unit or individual employee, however, shall not be allowed to protest the performance ratings of other office/unit or co-employees. Ratings obtained by other office/unit or employees can only be used as basis or reference for comparison in appealing one's office or individual performance rating.
- c. The PMT shall decide on the appeals within one month from receipt.
- d. Officials or employees who are separated from the service on the basis of unsatisfactory or poor performance rating can appeal their separation to the CSC or its regional office within 15 days from receipt of the order or notice of separation.

XIII. EFFECTIVITY

The Pag-IBIG Fund SPMS takes effect in January 2016.