



PHILIPPINE PHARMA PROCUREMENT, INC.
Formerly PITC Pharma, Inc. (PPI)



MEMORANDUM ORDER

Ref. No. CEO/MO 2018 – 09 – 02

TO : ALL OFFICERS AND EMPLOYEES

SUBJECT : SYSTEM OF RANKING OF OFFICERS AND EMPLOYEES FOR THE PERFORMANCE-BASED BONUS (PBB)

DATE : 14 SEPTEMBER 2018

In compliance with the requirement of the Governance Commission for GOCCs (GCG) to set the guidelines for the system of ranking of officers and employees compliant with GCG Memorandum Circular No. 2015-05, the Philippine Pharma Procurement, Inc. (PPPI) hereby sets the following guidelines and procedures as its Official System of Ranking of Officers and Employees for the Performance-Based Bonus (PBB):

I. FRAMEWORK

- A. The PBB is a merit-based system, not an across-the-board welfare benefit. It is grounded on the premise that as individuals, officers and employees do not perform their tasks with the same degree of diligence or the same standard of quality.
- B. The long-term purpose of the PBB is to develop a culture of merit or excellence at work and stamp out mediocrity. It is not punitive in intent or orientation for what is at stake here is a merit incentive and not security of tenure. Rather, it is an incentive to improve one's work habits, attitudes and quality.
- C. Ranking is not based on position but on quality of work. The higher the rank of the bonus, the more stringent the criteria and standard of quality.
- D. Rating criteria and procedure are transparent and applied fairly.
- E. Employees are entitled to receive feedback regarding their performance.

II. ELIGIBILITY OF INDIVIDUALS

- A. The minimum criteria shall focus on the achievement of the individual performance targets and the contribution to the overall targets of the agency. It is also understood that the qualifiers for the PBB comply with PPPI's rules on attendance and absenteeism.
- B. Over and above the minimum, quality of work and good/excellent work habits and attitudes are valued. To be ranked, employees must obtain at least an average rating of "Satisfactory" based on the two (2) semesters.
- C. An employee who rendered a minimum of nine (9) months of service during the fiscal year and with a performance rating of "Satisfactory" or "Very Satisfactory" may be eligible to the full grant of the PBB.

- D. An employee who has rendered a minimum of three (3) months but less than nine (9) months of service and with the required performance rating shall be eligible for the grant of PBB on a pro-rata basis corresponding to the actual length of service rendered as shown below:

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%

- E. The following are valid reasons for an employee who may not meet the nine-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; and
 - h. Sabbatical leave
- F. An employee who is on vacation or sick leave, with or without pay for the entire year, is not eligible to the grant of the PBB.
- G. Personnel found guilty of administrative and/or criminal cases filed against them and meted penalty in FY 2018 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.
- H. Officials and employees who failed to submit the 2017 SALN prescribed in the rules provided under CSC Memorandum Circular No. 3 (s.2015) shall not be entitled to the FY 2018 PBB.
- I. Officials and employees who failed to liquidate cash advances received in FY 2018 within the reglementary period as required by the COA shall not be entitled to the FY 2018 PBB

III. DISTRIBUTION AND RANKING SYSTEM

Distribution of Performance Based Bonus (PBB) among qualified Officers and Employees of the Philippine Pharma Procurement, Inc. (PPPI) who have complied with the eligibility rules mentioned above shall be in accordance with the eligibilities prescribed under Section 7 of the IATF MC No. 2018-1:

A. Grouping of Personnel - In determining the distribution of the PBB among qualified GOCC Officers and Employees, all personnel shall be ranked on a percentile basis within their respective levels as determined by the GOCC Governing Board through Management in accordance with the following guidelines:

a) **Senior Management:** This refers to the executive officers of the GOCC, and includes all heads of functional units, which are primarily involved in the development, evolution, and approval of long-term vision across a function or area of specialization. It includes those who lead the development of function strategy, implement and maintain policies of the organization for area of responsibility. (e.g., Deputy Administrator, Sr. Deputy Administrator, Assistant General Manager, Executive Vice President, Sr. Vice President, Vice President, etc.)

The President/CEO, or whoever is the highest ranking executive officer, has the prerogative to avail of either the Performance-Based Incentive (PBI) under GCG MC No. 2015-06, or the PBB, but not both. In the event the CEO is included in the PBB application, he/she must meet the eligibility requirements for the PBI and shall be ranked separately on his/her own and shall not be included in the forced ranking of Officers and Employees.

b) **Middle Management:** This covers those whose work is primarily achieved through others, with direct accountability for setting direction and deploying resources. Responsible for people management, including performance evaluation and pay reviews and typically hire/fire decisions. Includes individual contributors who are recognized as subject matter experts with in-depth technical knowledge, project management and significant influence skills in area of expertise (e.g., Head of Department or Service).

c) **Professional and Supervisory:** This level comprises the personnel whose work is primarily achieved by an individual or through project teams. Requires the application of expertise in professional or technical area(s) to achieve results. Typically has a university degree or equivalent work experience that provides knowledge and exposure to fundamental theories, principles and concepts. Includes supervisors and junior management that may not have full management authority (e.g., Financial Analyst/Specialists, Accountant, HR Officer, etc.)

d) **Clerical/General Staff:** This category includes all clerical, administrative and secretarial staff with little or no supervisory responsibility but who contribute independently to the organization. It also covers basic computing/data processing staff such as operators, customer service assistants and skilled craftsmen/technicians (e.g., Secretary, Clerk, Finance Processor, Administrative Assistant, Chauffeur, Utility Worker, Messenger).

B. In each level provided for in III.A. above, the ratings of Officers and Employees under the PPPI's Performance Appraisal System shall be quantified to allow for ranking on a percentile basis for the purpose of distribution as follows:

PERSONNEL GROUPING	RANKING	INDIVIDUAL PERFORMANCE CATEGORY
Senior Management (3)	Top 10%	BEST Performer
	Next 25%	BETTER Performer
	Next 65%	GOOD Performer
Middle Management (9)	Top 10%	BEST Performer
	Next 25%	BETTER Performer
	Next 65%	GOOD Performer
Professional/Supervisory (14)	Top 10%	BEST Performer
	Next 25%	BETTER Performer
	Next 65%	GOOD Performer
General Staff (23)	Top 10%	BEST Performer
	Next 25%	BETTER Performer
	Next 65%	GOOD Performer

The distribution system of top 10% for best, next 25% for better, and the next 65% for good represents maximum ceilings which need not be filled if the criteria per personnel grouping and rank are not met.

IV. PROCEDURE

The procedure is two-pronged: the pre-screening process aimed at establishing the pool of possible qualifiers for the different ranks; and the review and validation process itself, which ranks those remaining in the pool.

A. Pre-screening Process

STEP 1. Remove all those who have worked fewer than three (3) months as of the end of the fiscal year and those who are not eligible as provided under II.F to II.I.

STEP 2. Weed out habitually late and habitually absent employee

B. Review and Validation Process

Those remaining in the pool at the end of step 2 shall qualify for any of the three categories subject to the mandated distribution by personnel grouping and by rank. Personnel from each personnel grouping shall be ranked based on the average rating for the two (2) semesters.

STEP 3. Review and validate the Performance Appraisal Report (PAR) of each personnel. The procedure in conducting the review of the PARs shall be done first by semester and then in alphabetical order of the personnel's last name.

STEP 4. Tally the results of the personnel's rating for the two (2) semesters and get the average.

STEP 5. Group the personnel according to the personnel grouping provided for in III.A. and arrange them from highest to the lowest rating.

STEP 6. Based on the percent per category, rank the personnel in each group according to his or her performance category.

STEP 7. Finally, once all performance category of each personnel is determined, arrange the names alphabetically within each personnel grouping and performance category

V. RATES OF THE PBB

The rates of the PBB for each individual shall be based on the performance ranking of the individual employee and as provided under GCG MC 2018 – 01 which states as follows:

"Section 4.2.1. of GCG M.C. No. 2017-013 is hereby revised as follows:

4.2.1. PBB Rates for FY 2016.-

a. For Profitable GOCCs. - 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 of 2016 based on the table below, but not to exceed the ceilings computed by using the same multiple to twice the basic salary of the comparable NG position as provided in Annex A. Thus, the PBB for Profitable GOCCs shall be distributed among its Officers and Employees for FY 2016, as follows:

Percentile	Multiple
Top: Maximum 10%	2.50
Next: Maximum 25%	1.50
Remaining: Minimum 65%	1.00

**The percentile of the "Top" and "Next" levels are maximum figures with the discretion on the part of the Governing Board/Management to decrease the figures and distribute them to the "Remaining" level.*

Provided, that the total cost of the PBB shall not result in a net loss for the applicable year computed before subsidy and unrealized gains/losses, and after payment of all statutory obligations and liabilities.

b. For Losing GOCCs. - The grant of the PBB shall also be based on the performance of the individual Officers and Employees with the following fixed rate of incentive; thus, Losing GOCCs shall distribute PBB among its Officers and Employees for FY 2016, as follows:

Percentile	Multiple
Top: Maximum 10%	25,000.00
Next: Maximum 25%	15,000.00
Remaining: Minimum 65%	7,500.00

VI. PERFORMANCE MANAGEMENT COMMITTEE

A. A Performance Management Committee (PMC) to be chaired by the President and CEO shall be created with the following as members, provided all qualify for the pool:

- a. Vice President
 - b. Manager or Officer-in-Charge, Administration Department
 - c. Manager or Officer-in-Charge, Legal Affairs Department
 - d. Representative from the rank and file employees
- B. The functions of the committee are as follows:
- a. Conduct the pre-screening process in order to create the pool of qualifiers;
 - b. Review and validate the Performance Appraisal Report (PAR) of all PPPI personnel; and
 - c. Calibrate and rank the members of the pool following the criteria laid out above
- C. The Committee shall be authorized to look into relevant personnel records and interview employees and/or their supervisors, if warranted.
- D. Committee members are eligible to any of the three ranks. However, a committee member has to inhibit from the review and validation of personnel from the same personnel grouping where he or she is a part of.
- E. A Special Order shall be issued designating the individual personnel to the Committee.

VII. POSTING AND APPEAL MECHANISM

- A. The Committee shall post in the company bulletin board, the results of its work three (3) days from completion, but in no case later than 31 January 2019
- B. Committee decisions may be appealed to the PPPI Chairperson within two (2) days from posting.
- C. If no appeal is received, the list/ranking shall be considered final.

For the information and guidance of all concerned.


JOSE A. CAPISTRANO, JR.
President and CEO