



SEP 29 2023

DEPARTMENT ORDER)
NO. 123)
Series of 2023)

**SUBJECT: Criteria and Conditions on the Grant
of Performance-Based Bonus (PBB)
for FY 2023**

dt 10/2/23

In connection with the implementation of a performance-based incentive system in this Department pursuant to Executive Order No. 80 dated July 20, 2012 and Executive Order 201 dated February 19, 2016, the following mechanics for eligibility as basis for the grant of **Performance-Based Bonus (PBB)** for **FY 2023** as provided under Memorandum Circular (MC) No. 2023-1 dated August 22, 2023 issued by the Inter-Agency Task Force (IATF) on Administrative Order (A.O.) No. 25, are hereby prescribed:

1. ELIGIBILITY OF THE DEPARTMENT

As provided in Section 3.0 of MC No. 2023-1, the Department must attain a total score of at least 70 points, and achieve at least a rating of 4 for at least three (3) in the four (4) dimensions of accountability based on the established PBB Scoring System (see Table 1) in the criteria and conditions under the four dimensions of accountability: **Performance Results, Process Results, Financial Results, and Citizen/Client Satisfaction Results.**

a. Performance Results refer to the accomplishment of the Congress-approved performance targets under the Performance-Informed Budgeting (PIB) of the FY 2023 General Appropriations Act (GAA).

b. Process Results refer to the achievements in ease of doing business/ease of transaction with the agency as a result of streamlining, standardization, digitization, systems and procedures reengineering, and related improvements in the delivery of services.

c. Financial Results refer to the actual spending of the agency's budget allotment vis-a-vis the realization of the committed programs and projects based on the FY 2023 GAA.

d. Citizen/Client Satisfaction Results refer to the achievements in satisfying the quality expectations of the transacting public/client.

Table 1: FY 2023 PBB SCORING SYSTEM

CRITERIA AND CONDITIONS	RATING				
	1	2	3	4	5
Performance Results	5pts	10pts	15pts	20pts	25pts
Process Results	5pts	10pts	15pts	20pts	25pts
Financial Results	5pts	10pts	15pts	20pts	25pts
Citizen/Client Satisfaction Results	5pts	10pts	15pts	20pts	25pts
TOTAL SCORE	100 POINTS (MAXIMUM)				

As can be gleaned in Table 1, a performance rating of 4 in all criteria will yield a total score of 80 points. To be able to attain a total score of at least 70 points, the Department should aim for a performance rating of 4 in at least three (3) criteria. In such case, while the Department will be eligible, the unit most responsible (including its head) for the criteria with a performance rating of below 4 will be isolated from the grant of the FY 2023 PBB.

The succeeding sections identify the basis for rating the four (4) dimensions.

1.1. Performance Results. The targets under the Performance Results enable agencies to intensify transparency in public spending, concentrate their efforts and available resources on their mandates and core functions, as well as ensure the timely delivery of high-quality high-impact activities. Thus, the Department must achieve each one of the Congress-approved performance targets under the PIB of the FY 2023 GAA. The achievement of targets shall be closely monitored through the use of the submitted Unified Reporting System (URS) - generated Budget and Financial Accountability Reports (BFARs).

The requirements under the Performance Results shall be assessed and scored as follows:

Table 2: RATING SCALE FOR PERFORMANCE RESULTS				
1	2	3	4	5
Met below 50% of performance indicators of the Congress-approved performance targets for FY 2023.	Met 50% to less than 70% of performance indicators of the Congress-approved performance targets for FY 2023.	Met 70% to less than 80% of performance indicators of the Congress-approved performance targets for FY 2023.	Met 80% to less than 100% of performance indicators of the Congress-approved performance targets for FY 2023.	Met each one or 100% of the Congress-approved performance targets for FY 2023 (all performance indicators)

1.2. Process Results. The target under Process Results is the greater ease of transaction of core services based on mandated functions (external) covering government-to-citizens (G2C), government-to-businesses (G2B), and government-to-government (G2G) transactions, and the administrative and supporting services (internal) within the agency. This may be achieved through more rigorous approaches such as reengineering, streamlining, digitization and other technological applications, and other types of process innovations implemented at the Regional, Satellite, and Extension Offices.

For FY 2023, the target will be substantive improvements in ease of doing business/ease of transaction with respect to **two (2) critical services consisting of one (1) core service (external) based on the mandated function of the department and one (1) support/administrative service (internal)** as declared in the Department's updated Citizen's Charter and in line with the Anti-Red Tape Authority (ARTA)'s Whole-of-Government (WOG) Reengineering Manual.



As defined in ARTA MC 2019-002-A, the services may be categorized based on the following:

- a. *External Services* - refer to government services applied for or requested by external citizens or clients or those who do not form part or belong to the government agency or office.
- b. *Internal Services* - refer to government services applied for or requested by internal clients or individuals who are within the respective government agency or office, such as, but not limited to, its personnel or employees, whether regular or contractual. Internal services include services such as, but are not limited to, backend/support services to regulatory functions related to permitting, licensing, and issuance of a privilege, right, reward, clearance, authorizing, or concession.

For further information on selecting critical services to be prioritized by the department (and which will be validated later by ARTA for purposes of determining eligibility for the PBB), please refer to sections 4.2.1 and 4.2.2 of M.C. 2023-1.

The Process Results shall be assessed and scored as follows:

Table 3: RATING SCALE FOR PROCESS RESULTS				
1	2	3	4	5
No substantial improvement in ease of both external core and internal services	Achieved substantial improvements to ease transaction in internal service	Achieved substantial improvements to ease transaction in external service only	Achieved substantial improvements to ease transaction in external but non-priority core service and internal service	Achieved substantial improvements to ease transaction in priority core service (external) and internal service

Further, the Department is required to submit a **report on the digitalization** initiatives or digital transformation of external and internal services through the following:

- a. development of electronic or online and/or paperless application systems, payment systems, new service delivery channels, and contactless transactions;
- b. utilization of disruptive and emerging technologies in system development and integration (e.g., blockchain, application programming interface, robotic process automation, cloud services, etc.);
- c. enabling data linkages and interoperability capacities among information systems;
- d. creating capacities for data management and analytics;
- e. modernization of existing systems and applications; and
- f. other process improvements using information technology.

The report should highlight the tangible results of digitalization in terms of ease of doing business or ease of transaction from the point of view of the transacting public client, such as



but not limited to reduced waiting and processing times; reduced wastes in the process; lowered costs; real-time generation of reports for informed decision-making; expanded coverage; improved client satisfaction rating and similar outcomes.

The complete report on digitalization is also considered as an Agency Accountability as stated in Section 2.0 of this Order.

1.3. Financial Results. Attainment of the FY 2023 Disbursement Budget Utilization Rate (BUR); Targets under Financial Results reflect final payments made from the Department's annual budget allotment to realize their committed programs and projects based on the valid appropriations for FY 2023. Hence, the Department should accomplish the FY 2023 Disbursement BUR.

Disbursement BUR is measured by the ratio of total disbursements (excluding Personnel Services) to the total obligations for Maintenance and Other Operating Expenses (MOOE) and Capital Outlays (CO) made in FY 2023, net of goods and services obligated by December 31, 2022, but paid only in FY 2023. The total obligations for MOOE and CO shall refer to those made from the current appropriations under the FY 2023 GAA and the continuing appropriations under FY 2022. Transfers to other agencies shall not be considered as disbursements until such time such transferred funds have been utilized for payment of accepted goods delivered and services rendered. Hence:

$$\text{Disbursement BUR} = \frac{\text{Total Disbursements (excluding Personnel Services), net of payments made in FY 2023 for past years' obligations}}{\text{Total Obligations}}$$

The Financial Results shall be assessed and scored as follows:

Table 4: RATING SCALE FOR FINANCIAL RESULTS				
1	2	3	4	5
Below 40% Disbursements BUR	40%-55% Disbursements BUR	55-70% Disbursements BUR	70-85% Disbursements BUR	85-100% Disbursements BUR

For further details, please refer to section 4.3 of M.C. 2023-1.



1.4. Citizen/Client Satisfaction Results. The Department must resolve all reported complaints from Hotline #8888 and Contact Center ng Bayan (CCB). For further information, please refer to section 4.4 of M.C. 2023-1.

The Citizen/Client Satisfaction Results shall be assessed and scored as follows

Table 5: RATING SCALE FOR CITIZEN/CLIENT SATISFACTION RESULTS				
1	2	3	4	5
0% resolution and compliance rate to #8888/CCB complaints	At least 1% resolution and compliance rate to #8888/CCB complaints	At least 50% resolution and compliance rate to #8888/CCB complaints	At least 75% resolution and compliance rate if there are more than 250 tickets to #8888/CCB complaints At least 80% resolution and compliance rate for 250 or less tickets to #8888/CCB complaints	100% resolution and compliance rate to #8888/CCB complaints

2. AGENCY ACCOUNTABILITIES

To sustain the institutionalization of compliance with existing government-mandated laws and standards, the Department must continue to implement, monitor, and enforce compliance with the following requirements:

- a. Updating of Transparency Seal;
- b. Compliance to Audit Findings and Liquidation of Cash Advances;
- c. Compliance with the Freedom of Information (FOI) Program;
- d. Establishment and Conduct of the Agency Review and Compliance of Statement of Assets, Liabilities, and Net Worth (SALN);
- e. PhilGEPS posting of all invitations to bid and awarded contracts – Notice of Award/Bid Results, Actual Approved/Awarded Contracts, and Notices to Proceed/Purchase Orders for public bidding transactions above one million (P1,000,000);
- f. FY 2023 Non-Common Use Supplies and Equipment (APP-non CSE);
- g. Posting of Indicative FY 2024 APP-non CSE;



- h. FY 2024 Annual Procurement Plan-Common Use Supplies and Equipment (APP-CSE);
- i. Result of FY 2022 Agency Procurement Compliance and Performance Indicators (APCPI) System;
- j. Undertaking of Early Procurement Activities covering F.Y. 2024 Procurement Projects;
- k. Designation of the Agency's Committee on Anti-Red Tape (CART);
- l. Compliance with the National Competition Policy (NCP);
- m. Continuing ISO-QMS certification or equivalent certification of at least one (1) critical frontline service or core process;
- n. Administered Client Satisfaction Measurement (CSM); and
- o. Report on digitalization initiatives or digital transformation of external and internal services.

While the above conditions are no longer required in determining the overall PBB eligibility of the Department, compliance with these conditions shall be used as the basis in determining the eligibility of responsible units and individuals. The assigned Bureau/Service in-charge of the requirements shall submit these legal requirements directly to the validating agencies and provide a copy to the Corporate Planning and Management Division (CPMD).

3. ELIGIBILITY OF DELIVERY UNITS AND INDIVIDUALS

With reference to Section 6.0 of MC No. 2023-1, the following key eligibility requirements for units and individuals are hereby emphasized:

3.1. Similar to the guidelines of the FY 2022 PBB, the Department's Delivery Units shall no longer be ranked for FY 2023 PBB. However, the unit/s most responsible for deficiencies shall be isolated.

3.2. To be eligible for the FY 2023 PBB, the agency must attain a total score of at least 70 points and achieve at least a rating of 4 for at least three (3) in the four (4) accountability dimensions. To be able to attain at least 70 points, the agency should achieve a performance rating of 4 in at least three (3) criteria. In case the agency fails to meet a rating of 4 in at least three (3) criteria, the unit/s most responsible (including its head) for the criteria stated in Section 1.0 of this Order with a performance rating of below 4 will be isolated from the grant of the FY 2023 PBB.

3.3. The unit/s most responsible (including its head) for the non-compliance with the Agency Accountabilities provided in Section 2.0 of this Order shall also be isolated from the grant of the FY 2023 PBB.

3.4. Eligible Delivery Units shall be granted FY 2023 PBB at uniform rates across the agency, including its officials and employees. The corresponding rates of the PBB shall be based on the Department's achieved total score as shown in Section 7.0 of this order.

3.5. Employees belonging to the First, Second and Third Levels should receive a rating of **"Very Satisfactory"** based on the agency's CSC-approved Strategic Performance



Management System (SPMS) or the requirement prescribed by the Career Executive Service Board (CESB).

All other provisions stated in section 6.0 in MC No. 2023-1 shall be deemed an integral part of this issuance and shall take effect as applicable. The CPMD shall coordinate with the Human Resource Management Division-Human Resource and Administrative Service (HRMD-HRAS), for the determination of officials and employees who have met all the Individual Eligibility requirements and therefore entitled to the PBB. HRMD-HRAS shall be responsible for the review and updating of the Department's Personnel Services Itemization and Plantilla of Personnel (PSIPOP) under the DBM's Government Manpower Information System (GMIS) for the Central Office and respective Administrative Officers for Regional and District Engineering Offices. The PSIPOP shall serve as the primary source of data in accomplishing Form 1.0 and the PBB Evaluation Matrix as required by MC No. 2023-1.

4. DELIVERY UNITS

A delivery unit is the primary subdivision of a department/agency performing substantive line functions, technical services, or administrative support, as reflected in the agency's organizational structure/functional chart. As for the DPWH, the identified Delivery Units stipulated in Annex 1 of MC No. 2023-1 are as follows:

- a. Office of the Secretary
- b. Six (6) Bureaus
- c. Nine (9) Services
- d. Sixteen (16) Regional Offices
- e. Project Management Offices¹

¹Aggregation of the five (5) UPMO Clusters and the RPMO-BARMM

In this case, the District Engineering Offices (DEOs) shall be clustered under their respective supervising Regional Office (RO). Likewise, all Undersecretaries and Assistant Secretaries, and their immediate support and technical staff, shall be clustered under the Office of the Secretary.

5. REPORTING OFFICES

To monitor compliance of all delivery units, the following offices shall provide the evidence of accomplishments following the provisions in Section 8.0 of MC No. 2023-1, to wit:

Table 6: MATRIX OF AGENCY-LEVEL REQUIREMENTS			
Requirement	Deadline of Validating Agency	Validating Agency	Reporting Unit
Evidence of Accomplishments for Performance Results	Compliance to regular reportorial schedule. Proof of evidence of compliance	DBM	Planning Service (PS)
Evidence of Accomplishments for Process Results		ARTA and AO-25	Bureaus/Services with Frontline Services stated in the DPWH Citizen's Charter



Table 6: MATRIX OF AGENCY-LEVEL REQUIREMENTS

Requirement	Deadline of Validating Agency	Validating Agency	Reporting Unit
Evidence of Accomplishments for Financial Results	shall be provided to CPMD on or before January 29, 2024	DBM	Finance Service (FS)
Evidence of Accomplishments for Citizen/Client Satisfaction Results		CSC and Office of the President	Stakeholders Relations Service (SRS)
Submit Certificate of Compliance that the agency conducted Early Procurement Activities for at least 50% of the Total Value of the FY 2024 Procurement Projects to the GPPB-TSO.	Before January 31 st of the fiscal year	GPPB-TSO	Procurement Service (PrS)
Submit FY 2023 APP-non CSE to GPPB-TSO.	March 31, 2023	GPPB-TSO	PrS
Submit Results of the APCPI system for FY 2022 Procurement Transactions to GPPB-TSO.	June 30, 2023	GPPB-TSO	PrS
Posting of Indicative FY 2024 APP-non CSE in the agency's Transparency Seal webpage.	September 30, 2023	DBM-OCIO	PrS
Submission of the FY 2024 APP-CSE is exclusively through the PS-DBM Virtual Store under the Modernized PhilGEPS (MPhilGEPS) system. PS-DBM will not accept hard copies and submissions via email.	August 31, 2023	PS-DBM	PrS
Maintain/Update the agency Transparency Seal (TS) under Section 102 of the General Provisions of the FY 2023 General Appropriations Act (GAA). The TS page should be accessible by clicking the TS logo on the home page.	October 1, 2023	DBM-OCIO	Information Management Service (IMS)
Post the agency's policy on the Establishment and Conduct of the Agency Review and Compliance of SALN in the agency Transparency Seal for FY 2023.	October 1, 2023	CSC	Human Resource Administrative Service (HRAS) and IMS
Submit the complete set of applicable National Competition Policy or NCP-related requirements to the Philippine Competition Commission (PhCC).	November 30, 2023	PhCC	PrS (as per S.O. No. 268, s. 2022)
Sustained Compliance w/ Audit Findings - Fully implement 30% of the prior years' audit recommendations as shown in the Report on Status of Implementation of Prior Years' Recommendations. These recommendations will exclude the Property, Plant, and Equipment (PPE)-	December 31, 2023	COA	FS



Table 6: MATRIX OF AGENCY-LEVEL REQUIREMENTS

Requirement	Deadline of Validating Agency	Validating Agency	Reporting Unit
related items of the Annual Audit Report (AAR). Audit findings closed since FY 2021 should also not recur. The objective is to improve the agency's internal control processes, enhance operational effectiveness, and eliminate, resolve and remedy most, if not all, of the agency audit findings, by the end of 2023.			
Posting on the TS webpage the copy/ies of ISO-QMS certification/recertification or equivalent certification.	December 31, 2023	GQMC-DBM Secretariat – Systems and Productivity Improvement Bureau (SPIB) for departments/agencies and GOCCs under the DBM	QMS Secretariat
Update all procurement requirements for transactions above 1 million from January 1, 2023 to December 31, 2023 in the PhilGEPS .	January 31, 2024	PS-PhilGEPS	PrS
Submit the following Freedom of Information (FOI) Program requirements to PCOO: <ol style="list-style-type: none"> 1. Updated People's FOI Manual 2. Updated One-Page FOI Manual 3. Updated FOI reports (Agency Information Inventory, 2023 FOI Registry, and 2023 FOI Summary Report) 4. Onboarding to the eFOI Portal 5. FOI Feedback Report 6. Addressed overdue or pending FOI Requests 	January 31, 2024	PCOO	SRS
Report on the digitalization initiatives or digital transformation of external and internal services to be submitted to the AO25 Secretariat. Agencies may submit based on their preferred format for the report on digitalization.	Proof of evidence of compliance shall be provided to CPMD on or before January 29, 2024	AO25	IMS
Administered Client Satisfaction Measurement of CSM be aligned with the ARTA Memorandum Circular No. 2022-05 or the Guidelines on the Implementation of the Harmonized Client Satisfaction Measurement.	The Authority shall issue separate guidelines reiterating the deadline and manner of submission.	ARTA	SRS and CPMD



It is the responsibility of the aforementioned Reporting Offices to coordinate with their counterpart offices in the Regions, Districts and UPMO Clusters for the consolidation of the evidences to be submitted to the validating agency, cc: CPMD. The CPMD, which is tasked to link incentives to performance, shall consolidate the copy of evidences and submit the said documents with the approval of the DPWH-PMT Chairperson, as the PBB focal person. The deadline for the submission to AO25 is on or before **February 29, 2024**.

Late submission of complete PBB requirements of agencies that are assessed to be eligible to the grant of the FY 2023 PBB, shall be subjected to a penalty of 5% reduction in the equivalent PBB rate.

6. ISOLATION

In the event that the Department becomes eligible for the PBB FY 2023 but is required to isolate employees, the table shown below shall be the basis:

Table 7: ISOLATION MATRIX	
Deficiency	Isolated Employee/s
Rated 3 or below in the Performance Results	Head of Reporting Unit and Construction Chiefs/PMs in-charge with the lowest accomplishment based on criteria set by the PS (relative to Performance Results)
Rated 3 or below in the Process Results	Head of Reporting Unit and Chiefs with Frontline Service who did not comply with the requirements of the DARTT as stated in Department Order No. 33, series of 2023
Rated 3 or below in the Financial Results	Head of Reporting Unit, Construction Chiefs and employees most responsible for the low disbursement rate (cap to be determined by the FS)
Rated 3 or below in the Citizen/Client Satisfaction Results	Head of Office and concerned Chief/s who did not resolve any complaint from CCB/ #8888 on time
Procurement-related requirements (i.e., item e, f, g, h and i in section 2 of this order)	Head of Office and BAC members of the noncompliant office
Non-compliance with any of the remaining requirements of F.Y. 2023 PBB Agency Accountabilities	Head of Office, concerned chiefs and most responsible employees belonging in the unit most responsible for the non-submission/non-compliance of Agency Accountability as identified by the Reporting Unit (see Table 6 of Section 5.0) as approved by the PMT.



7. RATES OF THE PBB

The total score of the Department based from the criteria in Section 1.0 of this order shall be the basis in determining the amount of the PBB. If the maximum score is achieved (i.e. 100 points), the maximum rate of the PBB shall be 100% of the 65% monthly basic salary (MBS) of an eligible individual as of December 31, 2023. For the specific rate corresponding to the total score, see Table 8:

Table 8: RATES OF THE PBB		
TOTAL SCORE	PBB RATES	COMPUTATION
100 points	65.00%	100% of the 65% monthly basic salary
95 points	61.75%	95% of the 65% monthly basic salary
90 points	58.50%	90% of the 65% monthly basic salary
85 points	55.25%	85% of the 65% monthly basic salary
80 points	52.00%	80% of the 65% monthly basic salary
75 points	48.75%	75% of the 65% monthly basic salary
70 points	45.50%	70% of the 65% monthly basic salary

In computing the PBB amount to be received by each individual, it must be correctly determined whether they are entitled to a full grant or pro-rated grant as per Section 6.0 of MC No. 2023-1.

This Order, which supersedes Department Order No. 85, series of 2022, shall cover the performance of delivery units for FY 2023 and shall take effect immediately.


MANUEL M. BONOAN
Secretary

Department of Public Works and Highways
Office of the Secretary



WIN3D01095

Encl: (1) Inter-Agency Task Force on Administrative Order No. 25 (AO25) M.C. No. 2023-1

1.3 VTL/ARM