

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF INTERNAL REVENUE**  
Quezon City

March 2, 2004

**REVENUE MEMORANDUM ORDER NO. 29-2004**

SUBJECT : PERFORMANCE MANAGEMENT SYSTEM

TO : All Revenue Officials and Employees

Pursuant to the provision of Rule IX of the Omnibus Rules Implementing Book V of Executive Order 292 which took effect on February 14, 1992, further amended by CSC Circular No. 25 s.1999, the Performance Management System is hereby established.

**I. OBJECTIVES**

This Order is issued to:

1. Prescribe policies and procedures in the implementation of a performance management system to promote consistent, equitable and reliable performance assessment;
2. Serve as reference in performance planning and review;
3. Provide information to be used in human resource management decisions such as promotion, transfer, training and development;
4. Prescribe the roles and responsibilities of concerned officials pertaining to the bureau's Performance Management System (PMS); and
5. Serve as reference in the grant of performance-based salary step increment as provided for CSC-DBM Joint Circular No. 1, s. 1990; and for other incentives and rewards that may be provided under the approved Program on Awards and Incentives for Service Excellence (PRAISE) of the Bureau.

**II. SCOPE**

The System shall apply to first and second level employees of the Bureau of Internal Revenue.

**III. BASIC POLICIES**

1. The Performance Management System (PMS) shall be made an integral part of the Human Resource Development program of this bureau.

2. The PMS shall establish the formation and operation of the Performance Management Review Committee (PMRC) in the following levels: Top Management, Service and the Regional Offices, to review performance standards, targets and final rating of personnel.
3. The Performance Management Review Committee shall review and confirm the performance targets and performance standards before the rating period. Likewise, the PMRC shall also confirm the evaluation rating at the end of the rating period.
4. Service Chiefs, Regional Directors, Division Chiefs, Revenue District Officers, and Heads of Sections/Units shall be responsible for their employees performance, as well as for setting mutually agreed performance targets, evaluation of levels of achievement against performance target, and compliance with the system in order to align individual performance with the office strategies and objectives.
5. The performance targets must be specific and measurable and must be mutually agreed upon by the supervisor and subordinate at the beginning of the appraisal period. The performance of an employee must be evaluated in relation to such performance targets.
6. Performance evaluation shall be done on a semestral basis ending on June 30 and December 31 of every year. However, if the organizational needs require a shorter or longer period, the minimum appraisal period shall be at least ninety (90) days or three (3) months. No appraisal period shall be longer than one (1) year.
7. Outstanding and Poor rating shall be justified. A proof of accomplishment or non-accomplishment and the Logbook of Critical Incidence concurred by the Chairman of the PMRC of that level shall be submitted to the Human Resource Development Service.
8. Only employees with **OUTSTANDING (O)** and/ or **VERY SATISFACTORY (VS)** performance rating for two (2) consecutive rating periods shall be considered for promotion.
9. **Two (2)** successive **UNSATISFACTORY** ratings or **one (1) POOR** rating shall be a ground for separation from the service.
10. All seconded/detailed personnel assigned to Special Project (One Stop Shop, LRA etc.) shall be rated by their project supervisors and shall submit a copy of the rating to their mother unit for purposes of ranking.

11. Performance evaluation of employees who are sent on training/scholarship must be adjusted accordingly; if the period of training/scholarship exceeds three (3) months, the performance rating for the last rating period prior to the grant shall be considered and a certified photo copy of the Training/Scholarship Contract shall be attached to the Performance Management Form (PMF) to be submitted to the PMRC of that service or region.
12. Employees who shall retire shall submit their accomplished Performance Management Form within the prescribed period to be entitled to payment of Productivity Incentive Bonus.
13. Officials and employees with Unsatisfactory rating either in the 1st semester or 2nd semester or both shall not be entitled to receive the Productivity Incentive Bonus.
14. Productivity Incentive Bonus shall not be given to employees who failed to submit their signed PMF.

#### **IV. COMPOSITION OF PMRC**

1. Top Management (MANCOM)

Chairman – Commissioner

Members – Deputy Commissioners

Assistant Commissioner, HRDS

Assistant Commissioner, Policy & Planning Service

Positions they oversee: Asst. Commissioner, Head Revenue Executive  
Assistant, Regional Director, Asst. Regional  
Director, RDC Head

2. Service level (National Office)

Chairman – Assistant Commissioner

Members – Head Revenue Executive Assistant

Chief of Division concerned

Section Chief concerned

Positions they oversee: Division Chief; Asst. Division Chief,  
Section Chief, Rank and File

3. Regional Office

Chairman – Regional Director

Members – Assistant Regional Director

Director of Revenue Data Center concerned

Chief of Division concerned

Revenue District Officer concerned

Section Chief concerned

Positions they oversee: Division Chief; Asst. Division Chief, Revenue District Officer, Asst. Revenue District Officer, Section Chief, Rank and File

**V. ROLES AND RESPONSIBILITIES**

**A. Performance Management Review Committee (PMRC)**

1. Initiates the review and comparative assessment of employees' performance targets to ensure rationalization of employee workload, particularly of those holding similar positions and working under same work conditions and recommends necessary modification or corrective action, if necessary.
2. Reviews performance standards adopted for each functions of a position in the different organizational units in the Service/Regional Offices. It also ensures the adoption of uniform standards of measurements in rating employees holding similar positions, performing similar functions and working under same conditions.
3. At the end of the rating period, reviews documents, evaluates work accomplishments and performance ratings. If necessary, provides opportunities for employee or supervisor to defend a particular rating. The PMRC or its duly authorized representative completes the review and approval of employees' rating not later than 15 days after the office/units have submitted the accomplished Performance Management Form.
4. Reviews and approves rewards and recognition recommended by the rater.
5. Monitors and evaluates the effectiveness of the PMS every year, and effects or implements improvements essential to ensure its continued suitability to the different positions and needs of the Bureau.
6. Conducts hearings or dialogues, whenever necessary, for the supervisor or subordinate to defend ratings, and decides on disputes and appeals pertaining to performance management, particularly on performance standards used and performance ratings given. The Service/Regional PMRC shall approve the changes in the Performance Management Form.

## B. Human Resource Development Service

1. Serves as coordinator/facilitator in the information dissemination of PMS process.
2. Thru the Personnel Division and HRMU, provides coaching or training to employees, supervisors and managers on dealing with performance management issues.
3. The Personnel Division/HRMU shall assist the Service/Regional PMRC in the implementation and monitoring of the PMS. The HRMU Heads shall be made responsible for the correctness and completion of documents submitted to the Personnel Division pertaining to Performance Management System.

## C. Rater

1. Commits the time needed per employee for the full PMS process execution.
2. Evaluates the work performance and behavior of subordinates
3. Encourages joint process and career discussions.
4. Documents data and process. Maintains a Logbook of Critical Incidence.
5. Commits the timely submission of accomplished performance targets and evaluation forms.

## D. Ratee

1. Commits to agreed tasks and targets established during the Planning Session.
2. Maintains a record of accomplishments.
3. Takes feedback constructively and works on developmental areas.

# VI. PROCEDURAL GUIDELINE

## A. Performance Planning

The Human Resource Development Service, through the Personnel Division and HRMU shall initiate the information dissemination of the performance management system (PMS).

A **planning session**, within 15 days before the start of the rating period, shall be set jointly by the supervisor and subordinates. The expected output must be in accordance with the objectives and strategies of the concerned office.

The supervisors and subordinates define the tasks of each member of the group, agree on the duties and responsibilities attached to a particular task, and establish the standards on which specific work outputs and behavior shall be measured. The General Standards (Annex B) may be utilized as a guide.

**Timetable of performance planning:**

- |                   |  |
|-------------------|--|
| December 15 to 31 | - planning period for the first semester<br>- 5 days target setting<br>- 10 days PMRC review and approval  |
| June 15 to 30     | - planning period for the second semester<br>- 5 days target setting<br>- 10 days PMRC review and approval |

Targets/major duties and responsibilities established during the planning sessions shall be listed in the Performance Management Form (Annex A) under the column for Key Result Area (KRA) and Performance Objectives/Measures. The Performance Objectives/Measures can be expressed in either Quantity, Quality or Timeliness. Agreements on the targets shall be jointly signed by both supervisor and subordinates at the start of the rating period. It is also important to take note at this stage of the hierarchy of raters as follows:

<b>National Office</b>		<b>Regional Office</b>	
<u>Ratee</u>	<u>Rater</u>	<u>Ratee</u>	<u>Rater</u>
Staff	Section Chief	Staff	Section Chief
Section Chief	Asst. Div.Chief	Section Chief	Asst.Div.Chief
Asst. Div. Chief	Division Chief	Asst. Div. Chief	Division Chief
Service Staff	HREA	Division Chief	Regional Director
Division Chief	ACIR	Asst. RDO	Rev. District Off.
		Director's Staff	Asst. Reg'l. Dir.
		Rev. District Off.	Regional Director

Copies of the PMF with indicated planned targets shall be forwarded to the Service/Regional PMRC within 15 calendar days after the end of the rating period for review and validation to ensure rationalization of employee workload and uniform standards of performance measurements. The Service/Regional PMRC shall submit their recommendations/approval of the targets to supervisors within the allotted 15 days period, retaining a copy for reference purposes.

**B. Performance Monitoring and Progress Review**

The supervisor and subordinate shall sign the final draft of the Performance Management Form, submitting a copy to the Service/Regional PMRC and retaining a copy for each, for performance monitoring and progress review purposes.

The subordinate shall work to meet the performance objectives/targets. He keeps track of his job accomplishment by maintaining a Monthly Accomplishment Report which he submits to his supervisor. He shall communicate openly with his supervisor on problems and progress in achieving the targets.

The supervisor/rater shall observe the performance of his subordinates by keeping a "Logbook of Critical Incidence", a tracking device to record the causes of the subordinate's failure in meeting his targets. He shall update the Performance Objectives/Measures together with subordinates as conditions changes. He shall provide feedback and coaching to overcome the causes of difficulties in meeting the targets. It is important for supervisors to create conditions to motivate employees as well as reinforce effective behavior.

The Service/Regional PMRC shall approve the changes in the Performance Objectives/Measures. The committee shall provide coaching and counseling to both supervisors and subordinates on performance issues relating to office goals and objectives.

#### C. Performance Evaluation and Appraisal

Before the end of the rating period, supervisors and subordinates shall review separately the previously signed Performance Management Form (Annex A) focusing on the Key Result Area and Performance Objectives/Measures, noting on the validated changes. There shall be an interactive performance appraisal discussion to foster better working relationship between them. Thereafter, they shall review the list of accomplishments and agree on the actual results and performance rating. Supporting data or documents maybe attached for reference.

In rating employee's behavior, both supervisor and subordinate must refer to the guidelines (Annex C). The scale presents five (5) behavioral factors for non-supervisors and six (6) for supervisors. For each factor there are five (5) levels of performance or anchors which range from Outstanding (10) to Poor (2). Supervisors and subordinates shall choose the level of behavior that gives the most accurate description of the employee.

#### D. Mechanics of Rating

The supervisor/rater prepares the final assessment of the subordinate's performance by accomplishing the rating column of the PMF.

##### Part 1 Performance (70%)

1. Add all the rating obtained for each Performance Objectives/Measures.
2. Divide the sum by the number of ratings to arrive at the Average Point Score.
3. Multiply the Average Point Score by .7 to get the Equivalent Point Score.

##### Part 2 Behavioral Dimensions (30%)

1. Add all the total ratings obtained for each behavioral factor.
2. Divide the sum by the number of behavioral factors to arrive at the Average Point Score.
3. Multiply the Average Point Score by .3 to get the Equivalent Point Score.

<u>Rating</u>	<u>Adjectival Rating</u>	<u>Description</u>
10	Outstanding	Performance exceeding targets 30% and above of the planned targets.
8	Very Satisfactory	Performance exceeding targets by 15% to 29% of the planned targets; but fall short of what is considered an outstanding performance.
6	Satisfactory	Performance target/quota 100% accomplished as planned
4	Unsatisfactory	Performance of 51% to 99% of the planned targets
2	Poor	Performance failing to meet the planned targets by 50% or below.

#### E. Overall Rating

The overall rating is computed by adding the Equivalent Point Score for both job accomplishment and behavioral dimension. Convert the Overall Point Score into its equivalent Adjectival Rating by referring to the table:

Overall Point Score	Adjectival Rating	
9.6 - 10.00	Outstanding	(O)
8.0 - 9.5	Very Satisfactory	(VS)
4.6 - 7.9	Satisfactory	(S)
2.8 - 4.5	Unsatisfactory	(US)
2.0 - 2.7	Poor	(P)

#### F. Discussion of Results

The supervisor/rater shall accomplish the evaluation column of the PMF and set a formal meeting with the subordinate to discuss the finalized performance assessment and ratings. They shall identify the subordinate's strengths and weaknesses, improvement areas and development needs. Both shall sign the completed PMF.

The supervisor and subordinate shall also discuss or schedule the discussion of the subordinate's Key Result Area and Performance Objectives/Measures for the next performance management cycle.



The Service/Regional PMRC shall review and approve the final performance evaluation rating not later than 10 days upon submission of the PMF. If necessary, the PMRC shall provide opportunities for supervisors or subordinates to defend a particular rating. The performance rating arrived at after the approval of the PMRC is final and cannot be changed.

At the end of the 2<sup>nd</sup> rating period, offices shall submit their force-ranked list to the HRDS in hard and soft copies.

**G. Performance Reward and Development**

The employee who excels in the achievement of his targets shall be given recognition. If he cannot be promoted, other forms of rewards shall be given. For employees who fails to reach the performance targets despite the assistance, support and remedial efforts employed such as coaching, training or counseling, an appropriate disciplinary action shall be taken against the said employee.

**VII. MECHANISM OF APPEAL**

1. Employees who feel aggrieved or dissatisfied with their final performance rating can file an appeal with the Performance Management Review Committee (PMRC) within ten (10) days from date of receipt of their Performance Management Form (PMF). Ratings obtained by other employees can only be used as basis or reference for comparison in appealing one's performance rating.
2. The PMRC shall decide on the appeals within one month from the date of receipt. Appeals lodged at any PMRC shall follow the hierarchical jurisdiction of various PMRCs in the Bureau.

**VIII. SANCTIONS**

Unless justified and accepted by the PMRC, non-submission to PMRC of PMS Targets within the specified date and PMS Report Forms within 15 days after end of each rating period will be a ground for:

- a. Employee's disqualification for performance-based personnel actions 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 PMS Targets or PMS Report Form or both.

**IX. REPEALING CLAUSE**

All provisions of existing Revenue issuance's, instructions and circulars inconsistent herewith are hereby superceded or revoked.

**X. EFFECTIVITY**

This Performance Management System shall take effect upon the approval by the Civil Service Commission.

(Original Signed)  
**GUILLERMO L .PARAYNO, JR.**  
**Commissioner of Internal Revenue**

M-1/du/acr  
Pms rmo v.18

APPROVED BY:

(Original Signed)  
**DIRECTOR AGNES D. PADILLA**  
CSC Regional Director  
February 14, 2005