



Technical Report

Performance Management System (PMS) for the Large Taxpayer Service (LTS), Bureau of Internal Revenue

by the EMERGE PMS Team led by Marie Herminia Cruz-Soriano, Team Leader

Prepared for

**Bureau of Internal Revenue
Department of Finance
Republic of the Philippines**

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Preface

This report is the result of technical assistance provided by the Economic Modernization through Efficient Reforms and Governance Enhancement (EMERGE) Activity, under contract with the CARANA Corporation, Nathan Associates Inc. and The Peoples Group (TRG) to the United States Agency for International Development, Manila, Philippines (USAID/Philippines) (Contract No. AFP-I-00-00-03-00020 Delivery Order 800). The EMERGE Activity is intended to contribute towards the Government of the Republic of the Philippines (GRP) Medium Term Philippine Development Plan (MTPDP) and USAID/Philippines' Strategic Objective 2, "Investment Climate Less Constrained by Corruption and Poor Governance." The purpose of the activity is to provide technical assistance to support economic policy reforms that will cause sustainable economic growth and enhance the competitiveness of the Philippine economy by augmenting the efforts of Philippine pro-reform partners and stakeholders.

This technical report, a Performance Management System (PMS) Guidebook, was written by a team led by Marie Herminia Cruz-Soriano, Performance Measurement Specialist/Team Leader. The team included: Maria Teresa Tolosa, Performance Management Specialist; John Paul Vergara, Systems Integrator/Rewards Specialist; Carijane Dayag-Laylo, Statistician; Cristina Bejar-Gallardo, Communications Strategist/Training Specialist; Tisha Borinaga, Research Associate; Blanca Deza Pasaporte, Task Manager/Chronicler; Paolo Agloro, Systems Developer; Sandra Lovenia, Systems Analyst; Orlando Manalang, Compensation Specialist; Venir Cuyco, Legal Adviser; and Karla Nicolas, Administrative Assistant. Mr. Guillermo Parayno, Commissioner of Internal Revenue, requested the EMERGE project to provide technical assistance to help the Bureau of Internal Revenue (BIR) develop and install a PMS in the Large Taxpayer Service (LTS) in order to implement the new Performance Attrition Act.

The objective was to help BIR management officials improve and sustain the level of BIR performance through better office and individual target setting, performance management and documentation, performance evaluation and rewards allocation. Specifically, this activity aimed to develop and install in the BIR LTS the following: (a) a system for setting financial and non-financial performance goals at the unit and individual levels; (b) a clear set of performance measures at the unit and individual levels; (c) a system for evaluating performance at the unit and individual levels; and (d) a rewards and attrition framework. The LTS accounts for 54 percent of total tax collections of the Bureau.

The PMS Guidebook provides the context, framework and process of the PMS project as installed in the LTS. The Guidebook embodies the principles of the Balanced Scorecard as the overall framework of the PMS, the processes and the methodologies undertaken by the component teams in developing and installing the PMS. It is a step-by-step guide, which serves as the 'handbook' of the LTS in its implementation of the PMS.

There are nine (9) chapters in the Guidebook. The first chapter presents an overview and the PMS context and framework; Chapter 2 describes the partnership between the BIR-LTS

Managers and Supervisors and the EMERGE Team in the implementation of the BMS; Chapter 3 presents the process of aligning targets from the service to the office levels and down to the individual levels; Chapter 4 looks at the possible focus and feature of performance monitoring at each level of the LTS; Chapter 5 discusses the tools and process for performance evaluation at the service, office and individual levels; Chapter 6 describes a rewards framework that is based on performance and recognizes the variations in accountabilities of the offices and employees in the LTS; Chapter 7 describes the Performance Management Information System (PMIS), the present environment and requirements, the steps in installing the system and instructions in using it within the different phases of the performance management cycle; Chapter 8 contains the communication strategies to ensure success in the implementation of the PMS; and Chapter 9 presents the evaluation results of various workshops and coaching sessions conducted by the EMERGE team. It includes the quantitative results that reflect the assessment of the participants toward the interventions in the course of project implementation. The qualitative results on the other hand reveal the reactions, opinions and feelings of the attendees concerning the interventions.

The views expressed and opinions contained in this publication are those of the authors and are not necessarily those of USAID, the GRP, EMERGE or the latter's parent organizations.

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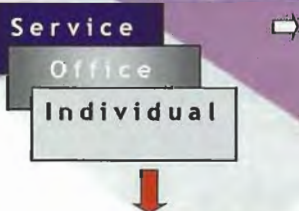
PMS



EMERGE
EFFECTIVE MANAGEMENT BY DESIGN

Roadmap 1: PMS Process, Major Steps, and Outputs

Target Setting



Major Steps

- Articulate the LTS Vision and Mission.
- Define the LTS Strategy Map.
- Translate the LTS Strategy Map into performance contracts at the service, office, and individual levels.

Outputs

- The LTS Vision and Mission Statements and Strategy Map
- PMS-generated performance contracts at the service, office, and individual levels

Monitoring



Major Steps

- Assess the quality of information being gathered and the appropriateness of the means of verification (MOV) tools.
- Design the appropriate MOV tools.
- Track, document, and analyze performance data.
- Take corrective actions.

Outputs

- Suggested service level monitoring tools of the four (4) perspectives of the Strategy Map
- Office performance documentation through various means of verification tools
- Individual performance documentation through various means of verification tools

Evaluating



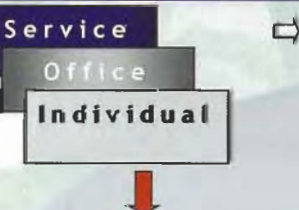
Major Steps

- Compute ratings.
- Analyze areas of strength and development.
- Take corrective actions and capture these in development plans.

Outputs

- Service level performance ratings for each perspective
- Overall rating of service level performance
- Office evaluation results, office development plans, and office management reports
- Completed individual performance evaluation form and individual development

Rewarding



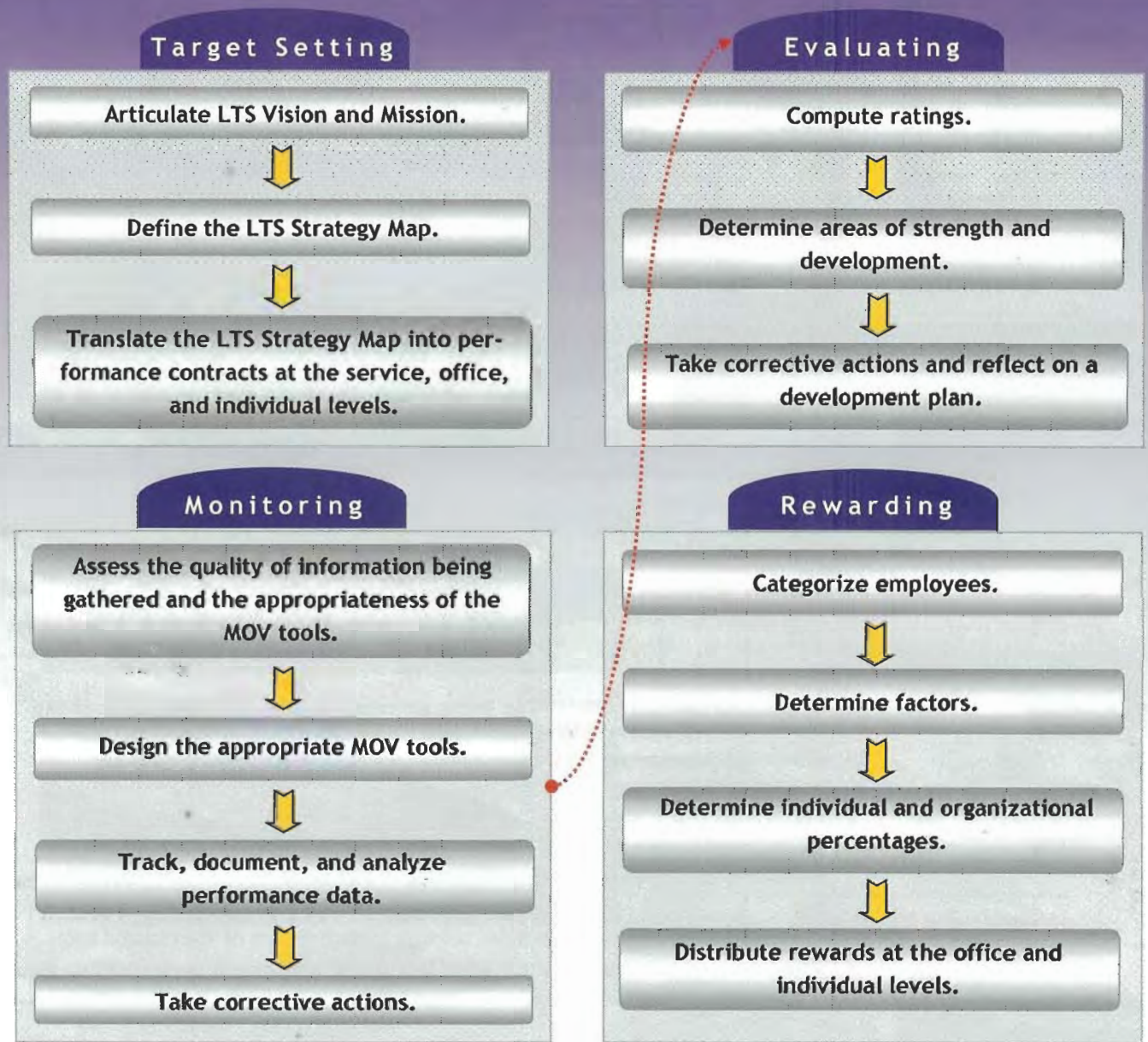
Major Steps

- Categorize employees.
- Determine factors.
- Determine individual and organizational percentages.
- Distribute rewards at the individual and office levels.

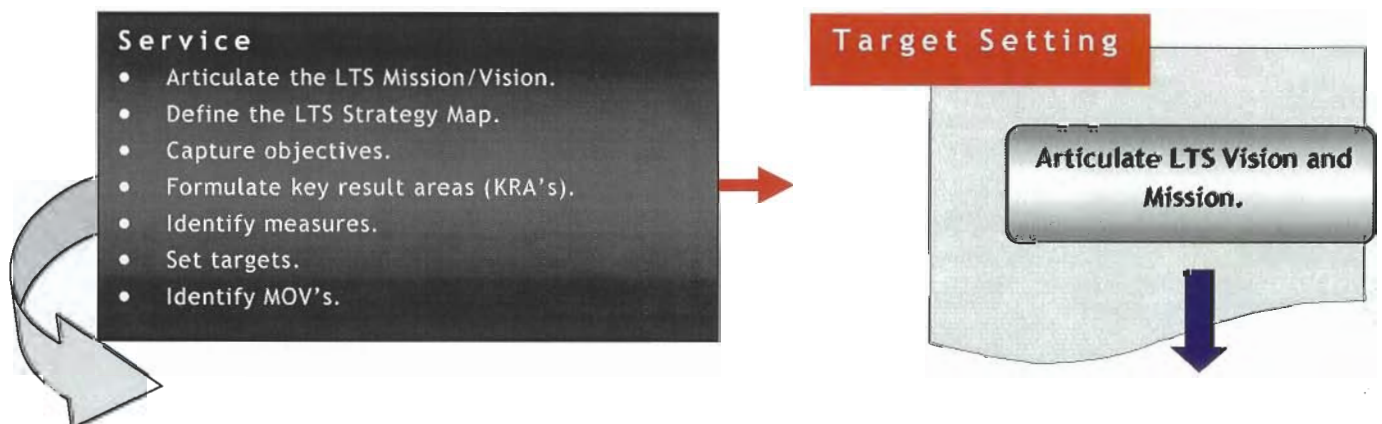
Outputs

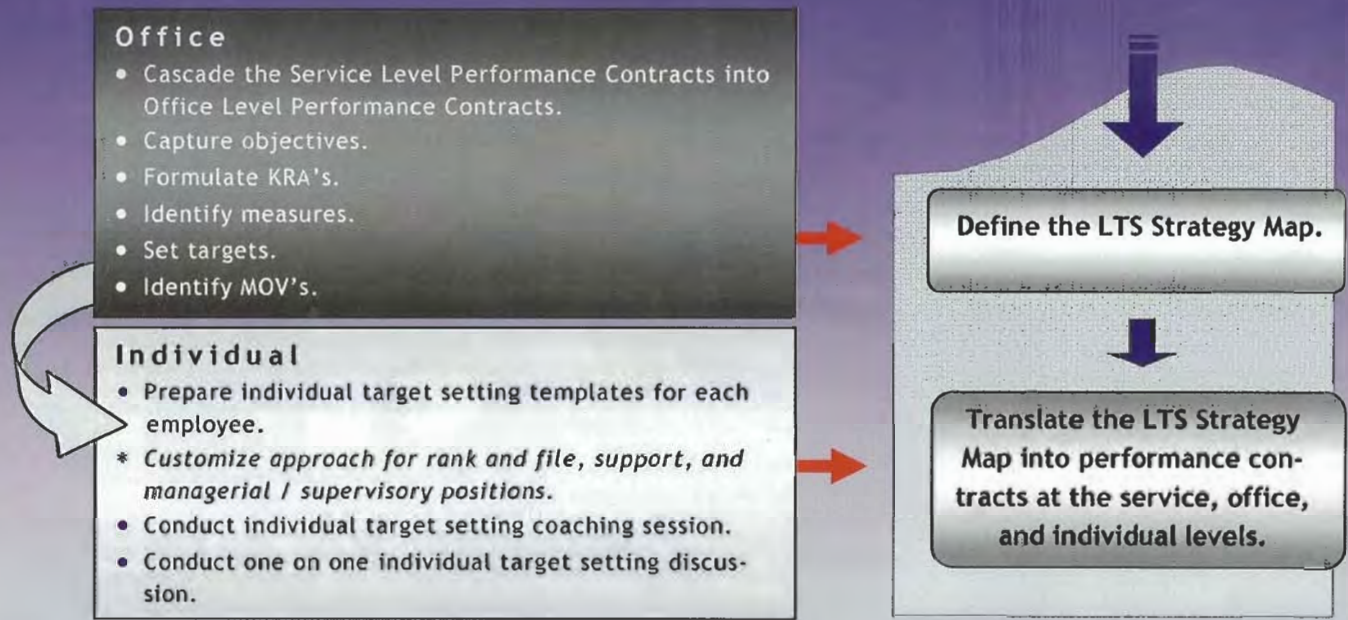
- Transparent and objective rewards framework and simulations

Roadmap 2: PMS Process and Major Steps

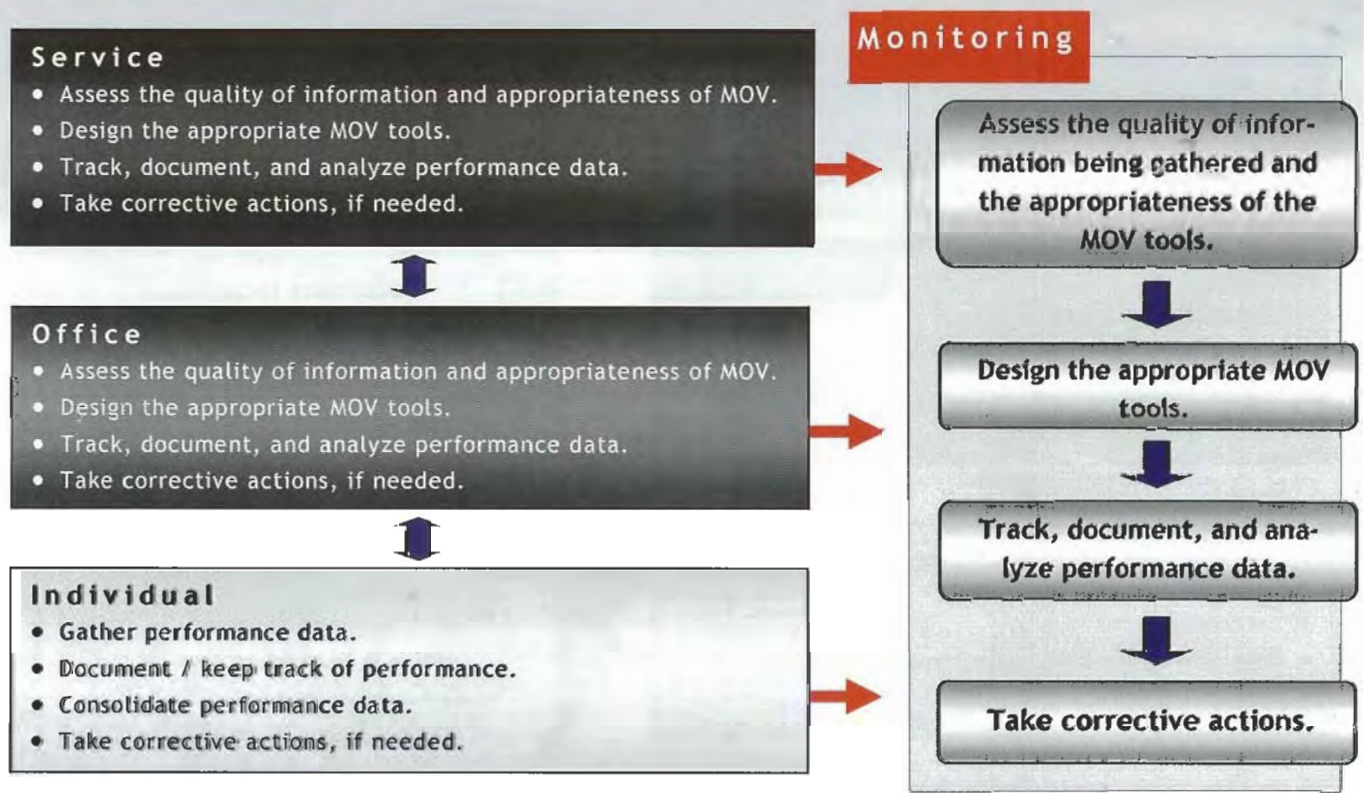


Roadmap 3: Target Setting Process with Steps per Organizational Level

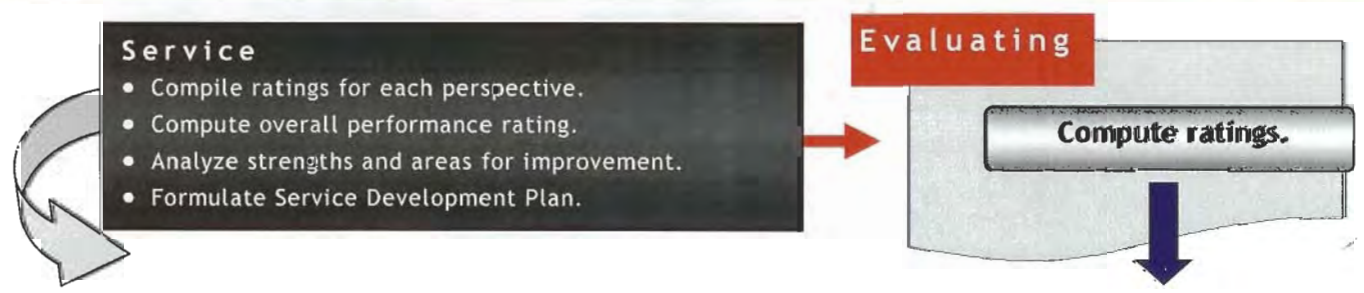


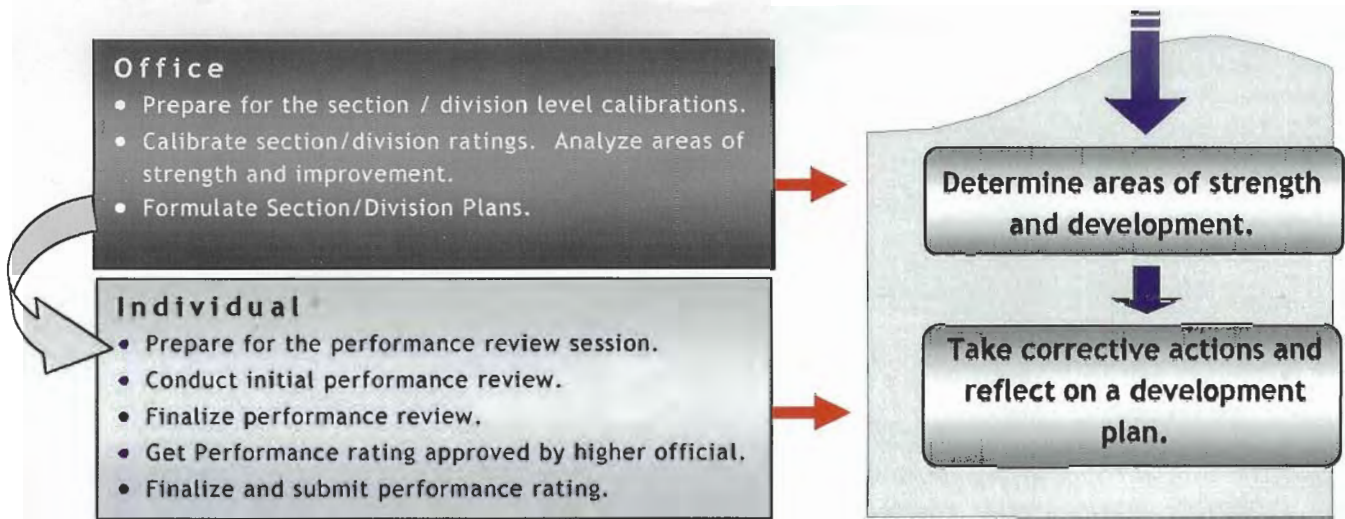


Roadmap 4: Monitoring Process with Steps per Organizational Level

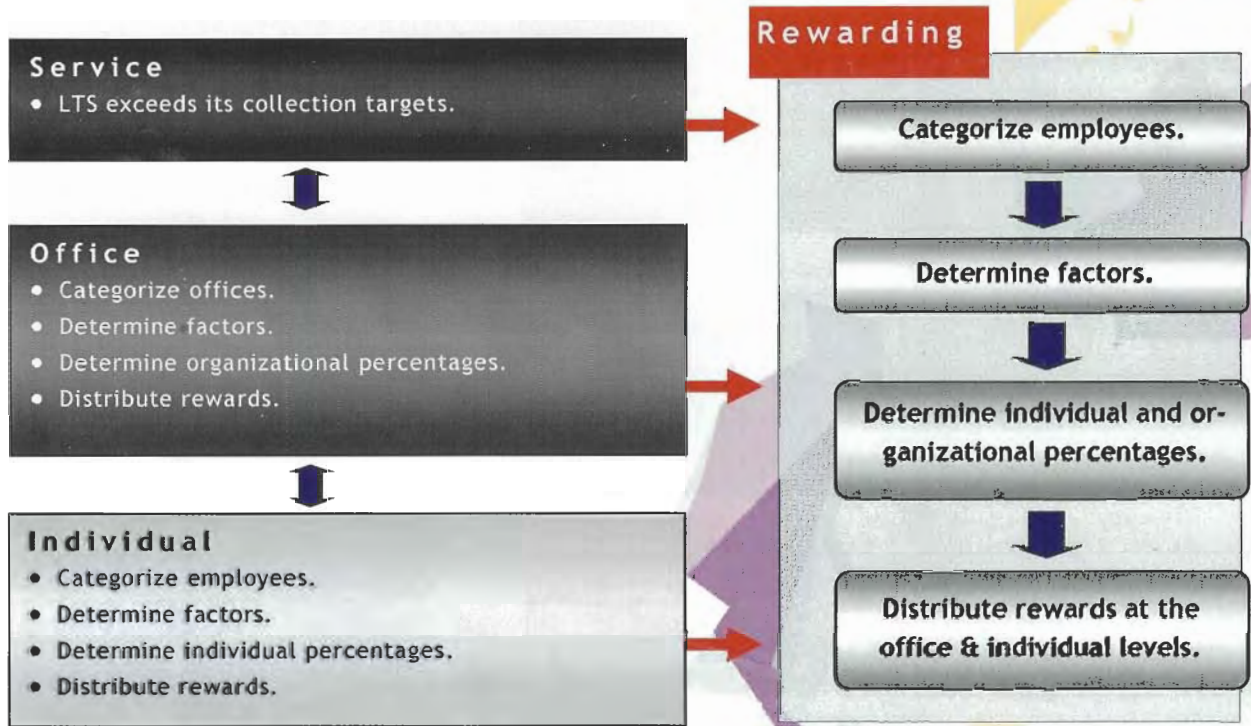


Roadmap 5: Evaluating Process with Steps per Organizational Level





Roadmap 6: Rewarding Process with Steps per Organizational Level



The Background

This chapter provides an overview of the context, framework and process of the Performance Management System project in the LTS of the BIR. The PMS is adopted from the Balanced Scorecard which provides a holistic view of organizational performance as it looks at financial and non-financial measures of past, present and future performance. Revenue agencies from other countries noted to be using the Balanced Scorecard are the US, Canada, Eastern Europe, South America and Singapore. The chapter includes some anecdotal data on the perceived gains and pains of the use of the tool by both management and employees. It ends with some caveats on the use and implementation of the PMS.

Chapter 1: PMS Context and Framework

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Description

This chapter puts in context the Performance Management System project in the LTS of the BIR. It traces its roots in the Performance Measurement System installed in 2004. It is driven by the impending implementation of the Attrition Act of 2005. It lays down the Balanced Scorecard framework that serves as the foundation for effectively measuring and managing performance. It presents some of the perceived gains and pains of PMS based on anecdotal data culled from results of interviews with LTS managers and supervisors as well as the rank and file.

Objectives

The chapter aims to:

- Contextualize the rationale and need for an enhanced Performance Management System in the LTS of the BIR;
- Present the Balanced Scorecard System as the theoretical and operational bases for the enhanced application of the Performance Management System and its wide application in other organizations and revenue agencies worldwide.
- Explain the caveat that goes with the implementation of the Performance Management System.

Acronyms

BIR - Bureau of Internal Revenue

CSC - Civil Service Commission

DBM - Department of Budget and Management

DCIR - Deputy Commissioner

ACIR - Assistant Commissioner

EMERGE - Economic Modernization through Efficient Reforms and Governance Enhancement

HREA - Head Revenue Executive Assistant

IRR - Implementing Rules and Regulations

LTS - Large Taxpayers Service

Definitions

Balanced Scorecard System is a strategic management and implementation system that comprises a strategy map and an accompanying balanced scorecard of strategic measures, targets, and initiatives.

Performance Management System is the process of setting targets, monitoring, and evaluating performance at the *individual* level.

Performance Measurement System is the process of setting targets, monitoring, and evaluating performance at the *office* level.

Republic Act No. 9335,¹ also known as the “Attrition Act of 2005,” was passed by the Thirteenth Congress of the Philippines on 19 January 2005 and approved by the president on 25 January 2005. A consolidation of House Bill No. 2996 and Senate Bill No. 1871, it was certified by the president as an urgent measure to help improve the fiscal position of the government.

Strategy Map serves as a strategy implementation roadmap. It describes the high level strategic objectives that the organization must deliver if it is to successfully execute its strategy. It shows causal relationships of the strategic objectives.

Context

Performance Measurement System 2004

The current Performance Management System (PMS) project is a continuation of the Performance

¹“An Act to Improve the Revenue Collection Performance of the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC) Through the Creation of a Rewards and Incentives Fund and of a Revenue Performance Evaluation Board and For Other Purposes”

Measurement System installed at the Large Taxpayers Service by The Asia Foundation in 2004. Back then, Commissioner Guillermo Parayno volunteered the Large Taxpayers Service of the Bureau of Internal Revenue, then headed by DCIR Estellita Aguirre, as the pilot site for the conduct of an office level performance-based evaluation, upon the request of CSC Commissioner Karina David and DBM Secretary Emilia Boncodin.

Under the leadership of DCIR Estellita Aguirre, the PMS 2004 project adopted two-pronged objectives:

- Identification of relevant performance measures at the office level anchored on the BIR Strategic Plan, and
- Evaluation of the performance of BIR-LTS offices based on the pre-identified performance measures.

The project accomplished these objectives and ended with the turn-over of a Performance Measurement System Toolkit containing details of the outputs of the project, namely: LTS Strategy Map, LTS Cascaded Measures, LTS Assessment Scheme and Baseline Results, structured learning activities used in the installation of the PMS, and an identification of next steps.

The outputs were used by LTS managers in mapping out and cascading their targets for 2005 to the individual level.

Performance Management System 2005

The Performance Management System, as mandated by the Civil Service Commission, is implemented in BIR-LTS. The system, however, is unable to provide a significant rewards package for high performers. With the impending implementation of the Attrition Act of 2005 (See Appendix for details), there is a bigger motivation to perform better because a significant financial reward package is at stake. Section 4 of the Attrition Act of 2005 creates the Rewards and Incentives Fund to be sourced from the collection of the BIR in excess of its revenue targets for the

year, as determined by the DBCC. The Fund will be calculated according to the following percentages:

Table 1.1 – Permutation of Rewards Based on Actual Performance

<u>Excess of Collection Over the Revenue Targets</u>	Percent (%) of the Excess Collection to <u>Accrue to the Fund</u>
30% or below	15%
More than 30%	15% of the first 30% plus 20% of the remaining excess.

The Fund is deemed automatically appropriated, and will be released on the year immediately following the year when the revenue collection target was exceeded.²

Incentives from the Fund will be apportioned among the various units, officials, and employees of the BIR. Distribution of the incentives will be in proportion to the relative contribution of such units, officials, and employees to the aggregate amount of the excess collection over the targeted amount of tax revenue to be collected by the bureau.³ (See Chapter 6 for Rewards framework and its simulations).

²TPParagraph 2, Section 4, Attrition Act of 2005

³Paragraph 4, *Ibid.*

The Attrition Act provides a basis for rewarding high performers and “attriting” low performers. DCIR Kim Henares, the current head of the LTS, sees the Attrition Act from a more optimistic perspective. She sees it as an enabling mechanism for deploying rewards. Thus, she sought the technical assistance of EMERGE as early as October 2004 to install an enhanced PMS that could provide the basis for deploying rewards based on an objective and transparent basis of discriminating high from low performers. She wanted the project on Performance Measurement System continued and translated up to the individual level.

Most of the identified areas for improvement and recommended next steps of the Performance Measurement System 2004 project were addressed and captured in the current Performance Management System 2005 project. The first refers to performance target setting, monitoring, and evaluating at the office level while the latter refers to the same process focused at the individual level. As experienced in the LTS, the Performance Management System can only be effective once the performance measures are effectively established at the office level.

The BIR- LTS Management Team composed of DCIR Kim Henares, HREA’s Corazon Pangcog and Elvira Vera, their chiefs and supervisors introduced a number of enhancements to the present PMS. They defined and streamlined their strategies in a simpler Strategy Map that minimizes overlaps and facilitates deployment and alignment of targets. They also:

- Mapped out a proposed performance contract at the service level that shows a balanced set of financial and enabling performance measures;
- Co-designed with EMERGE consultants a set of performance monitoring instruments that could be used to monitor the impact of performance outputs

at the office level on collections, taxpayer compliance, taxpayer satisfaction and employee learning and satisfaction;

- Defined performance contracts at the office level with a prioritized set of objectives, key result areas, and measures through assignment of weights;
- Implemented the shared goal concept for second semester 2005 performance contracts which means everyone in LTS has at least a 15% to a maximum of 40% stake in the LTS collection goal, depending on whether the office has a financial or non-financial target. The shared goal concept aims to foster accountability and teamwork across levels of the LTS. It means that office and individual ratings are affected by this weight depending on whether or not the LTS meets its collection target.
- Cascaded and aligned performance contracts at the office level to the individual level;
- Improved a number of their current monitoring or means of verification tools specifically those measuring and evaluating quality;
- Conducted a calibrated and consensus-based office evaluation process;
- Adopted the rewards framework which links office and individual performance results with reward.

Aside from these improvements, the present PMS project added other features to make its implementation more “user- friendly” and responsive to the needs of the BIR-LTS.

- Automation is one of the greatest advantages of PMS 2005. The investment in an automated Performance Management Information System facilitated the generation of office and individual performance contracts and evaluations.
- The training on change management for the rank and file helped establish buy-in and anticipate and manage the sources of resistance on the PMS from the rank and file.

- The weekly information dissemination on the PMS through its LIBReToS kept everyone in the LTS informed about the status of the PMS during its installation stage.
- The weekly coaching sessions with the division chiefs, assistant division chiefs and section chiefs provided the LTS managers and supervisors with the required skills in performance planning, monitoring, and evaluating as applied to their own office settings.

The PMS Framework

The Balanced Scorecard, introduced by Kaplan and Norton in 1990 ⁴ is the framework adopted in the design and installation of the PMS in 2004 and 2005 at the BIR-LTS. The Balanced Scorecard is a strategy management and implementation system that comprises a Strategy Map and an accompanying Balanced Scorecard of strategic measures, targets, and initiatives. ⁵ The framework provides a holistic view of organizational performance as it looks at financial and non-financial measures of past, present, and future performance.

An analysis in 2003 from the US-based consultancy Bain and Company found that no less than 60% of large and medium-sized North American, European and Australian firms are using the Balanced Scorecard with an overall satisfaction rate from scorecard users of about four on a scale of one to five (with five being the highest score).⁶ There is also a growing adoption rate of the framework among Asian countries specifically in Singapore, Indonesia and Hong Kong⁷.

Within the revenue agencies worldwide, countries noted to be using the Balanced Scorecard are the

TP⁴PT The Balanced Scorecard, Robert S. Kaplan and David P. Norton, 1996.

⁵ Mastering Business in Asia, Succeeding with the Balanced Scorecard, James Creelman and Naresh Makhijani, 2005.

⁶ Ibid.

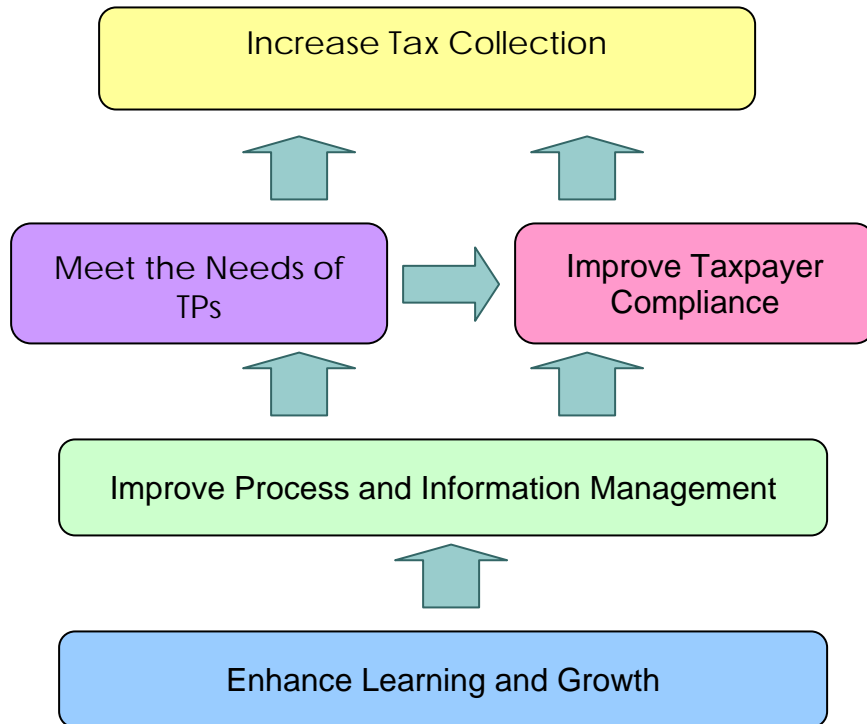
TP⁷PT Ibid.

US, Canada, Eastern Europe, South America⁸, and Singapore⁹.

Aside from its growing popularity as a management and measurement tool, the framework is adopted in BIR-LTS because of the following elements of the Balanced Scorecard:

The Strategy Map. This proved to be a very helpful tool in mapping out the cause-effect relationships among the goals of the LTS. The strategy map, as shown below, explains LTS strategies to attain or exceed its collection target. It states that investment in the learning and growth perspective has a causal effect on success in the process and knowledge management improvements, which in turn creates success in taxpayer compliance and satisfaction, and finally in the attainment of LTS collection targets.

Figure 1.1: The LTS Strategy Map



TP[®]PT The IRS Performance Management System: Creating a link to a balanced set of measures; Kelly Cables, HTU Kelly.cables@irs.gov. 2001 TUH.

⁹ Shared by HREA Elvie Vera and Division Chief Tes Dizon based on their attendance of an International Workshop with other heads of Revenue Agencies, 2005.

Performance Contracts

The strategy map has an accompanying scorecard of measures, targets, and initiatives. The use of the scorecard, termed as *performance contracts* in the LTS, reflects the objectives and targets. The LTS performance contract was slightly changed with the additional concepts of key result areas and weight assignments (See Template 1.1 below). The use of key result areas as tangible outputs was important to help managers focus on and measure results instead of activities. There was, however, a gnawing realization that managers and supervisors had to deliver so many key result areas. Thus, the EMERGE team introduced the concept of weights. This proved helpful for LTS managers and supervisors in prioritizing and communicating their tangible, critical deliverables towards the attainment of objectives in the strategy map.

Template 1.1: Performance Contract

Objective	Weight	KRA	Weight	Measure	Weight	Target	MOV's

The Five Principles of the Balanced Scorecard

Adopters of the Balanced Scorecard adhered to the following key principles that led to their successful strategy implementation and financial turn-around. The same principles were integrated in the implementation of the PMS in BIR-LTS.

Principle 1: *Translate the strategy to operational terms.* The LTS Strategy Map was translated into the office and individual performance contracts containing the concepts of objectives, key result areas, measures, weight assignments, and targets.

Principle 2: *Align the organization to the strategy.* The LTS identified common objectives captured in its strategy map which every office has to contribute to, monitor, evaluate, and reward performance against.

Principle 3: Make strategy everyone's everyday job. Performance targets at the service, division, and section levels are cascaded to the individual level. Everyone has a performance contract that explains one's contribution to the LTS strategy map.

Principle 4: Make strategy a continuous process. Several office calibration coaching sessions were conducted among LTS division chiefs and section chiefs to review, evaluate performance, and identify causes of variance and new KRA's as solutions to the causes of variance. A workshop was conducted among the LTS top managers to raise the LTS performance bar by making actual performance data as the targets for the second semester. Such examinations and feedback made strategy formulation an iterative, continuous process towards improvement.

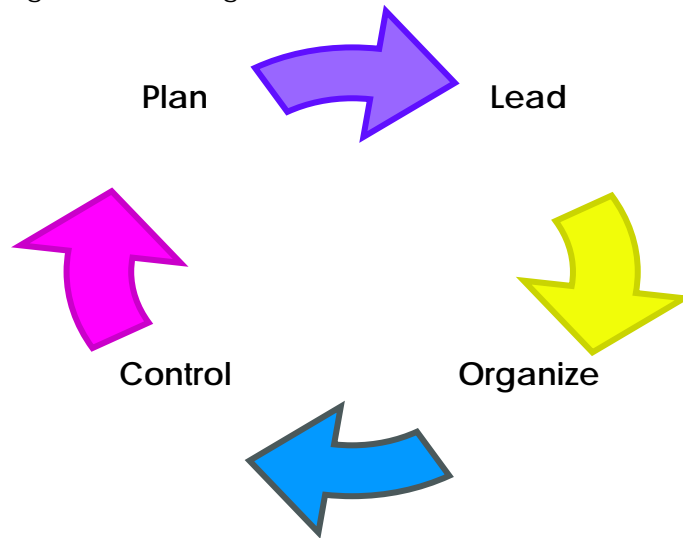
Principle 5: Mobilize change through executive leadership. The final principle speaks of the need for executive management support in the installation of the PMS. In LTS, the whole management and supervisory team is galvanized behind the PMS. To further institutionalize executive sponsorship, PMS installation is made one of the deliverables or KRA's of the division and section chiefs under its fifth objective on organizational learning and growth for the second semester 2005 performance contracts.

Key Functions of Management

Before jumping into the PMS cycle, let us **review** the four key functions of management.

Managers and supervisors perform the following four key functions:

Figure 1.2: Management Functions



Planning: the work managers/supervisors perform in:

Setting targets- setting goals, establishing detailed steps and timetables for achieving needed results, then allocating resources to make it happen; and,

Establishing Direction- developing a vision of the future and strategies for producing the changes needed to achieve that vision.

Leading is the work that managers and supervisors perform in:

Motivating - inspiring, encouraging, and impelling people to take required action; and,

Guiding- coaching the people towards the attainment of common goals.

Organizing is the work that managers and supervisors perform in:

Aligning – designing the structure, delegating, and aligning performance targets from the office to the individual level; and,

Developing a Human Network – strengthening others, fostering collaboration, and creating teams

and coalitions that understand the vision & are committed to its achievement.

Controlling - is the work that managers and supervisors perform in:

Setting Standards - establishing criteria by which work and results can be measured and evaluated;

Measuring Performance - recording and reporting work being done and results obtained;

Evaluating Performance - analyzing, interpreting, and determining the worth or quality of work done and the results secured; and,

Taking Corrective Action - rectifying or improving the work being done and the results secured.

The Management Function Interwoven with the PMS Cycle

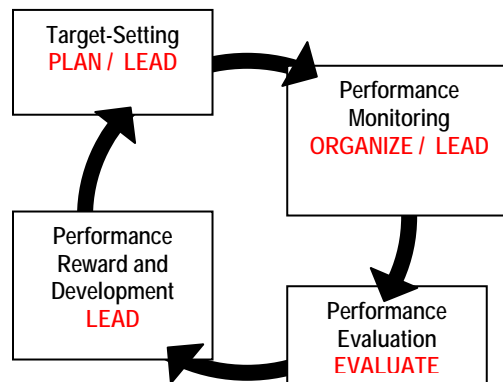
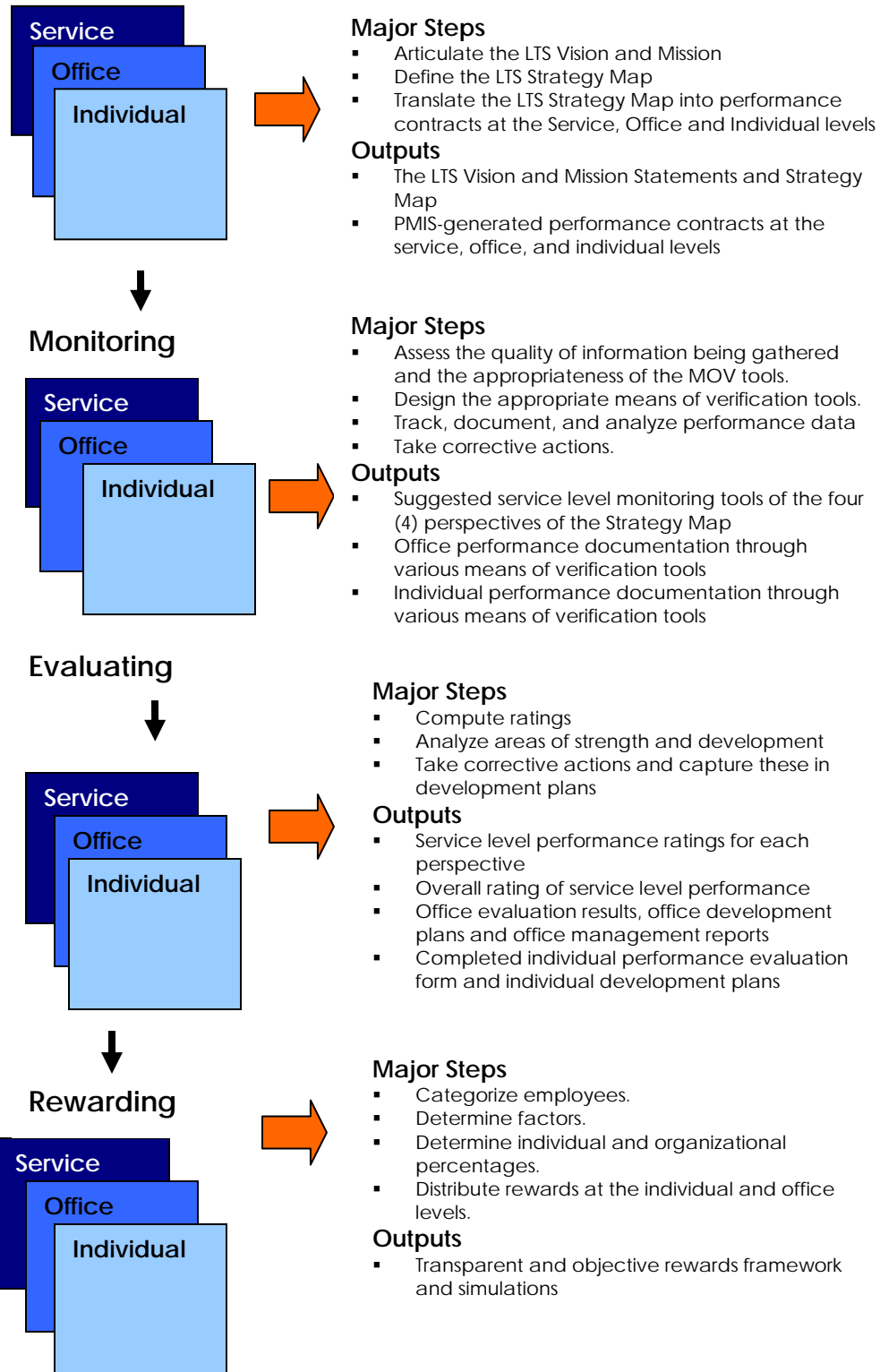


Figure 1.3 Management Function Interwoven with PMS Process

The Performance Management System has four stages that run in a cycle: target setting, performance monitoring, evaluating, and rewards and development.

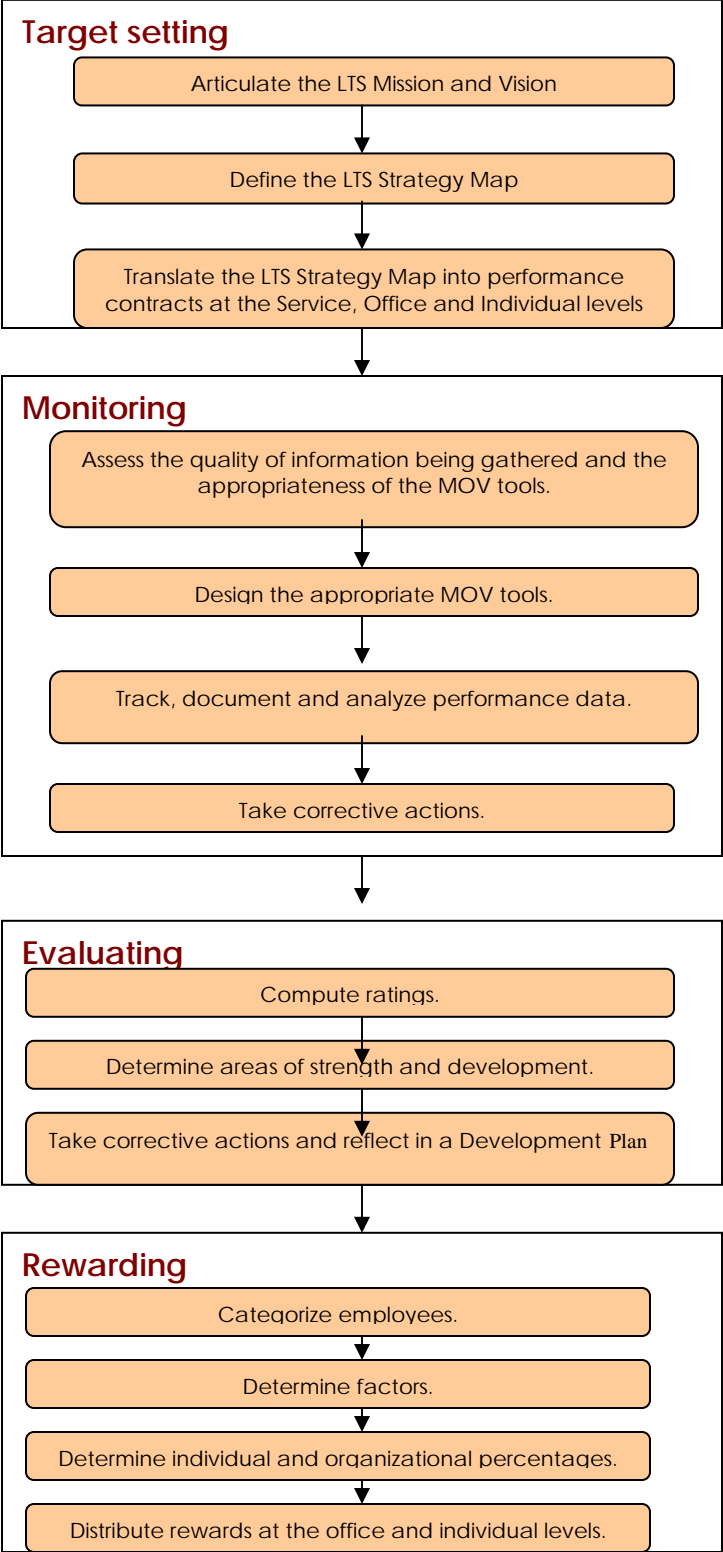
From this cycle, one can see that the cycle captures the core functions of management. This is further elaborated in the diagram below which shows the PMS process, major steps, and outputs.

Figure 1.4: PMS Process, Major Steps, and Outputs
Target Setting



The major steps across stages of the PMS from target setting, monitoring, evaluating, and rewarding are summarized further as a flowchart or roadmap.

Figure 1.5: PMS Process and Major Steps

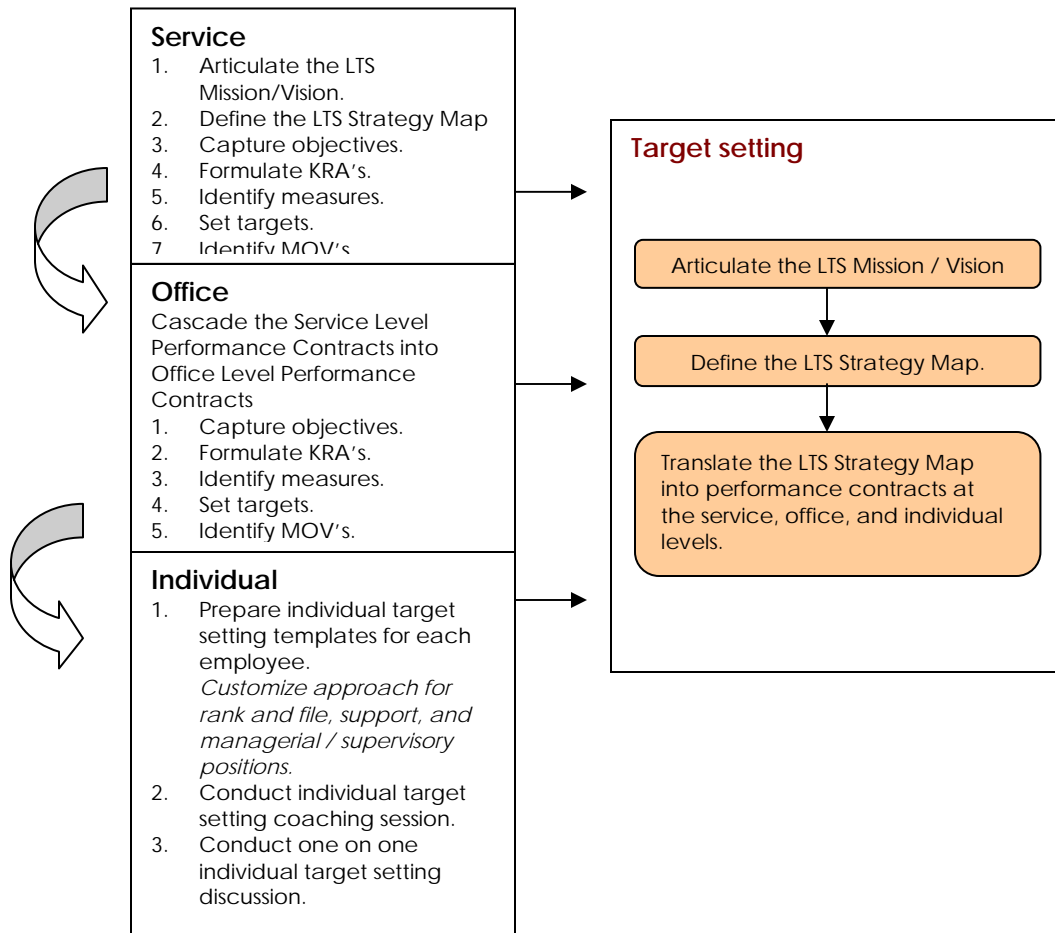


Target Setting

The collection goal of the BIR is set by the Development Budget and Coordinating Committee (DBCC) and deployed by the Planning Service of the BIR among its regional offices. Other than the collection targets, the enabling targets or targets in other performance areas that drive collection are set by the LTS management and division chiefs. Performance Planning is typically done in January and July before a new performance period begins.

The detailed activities in this stage are shown in the diagram below and covered in detail in Chapter 3, *Target Setting*.

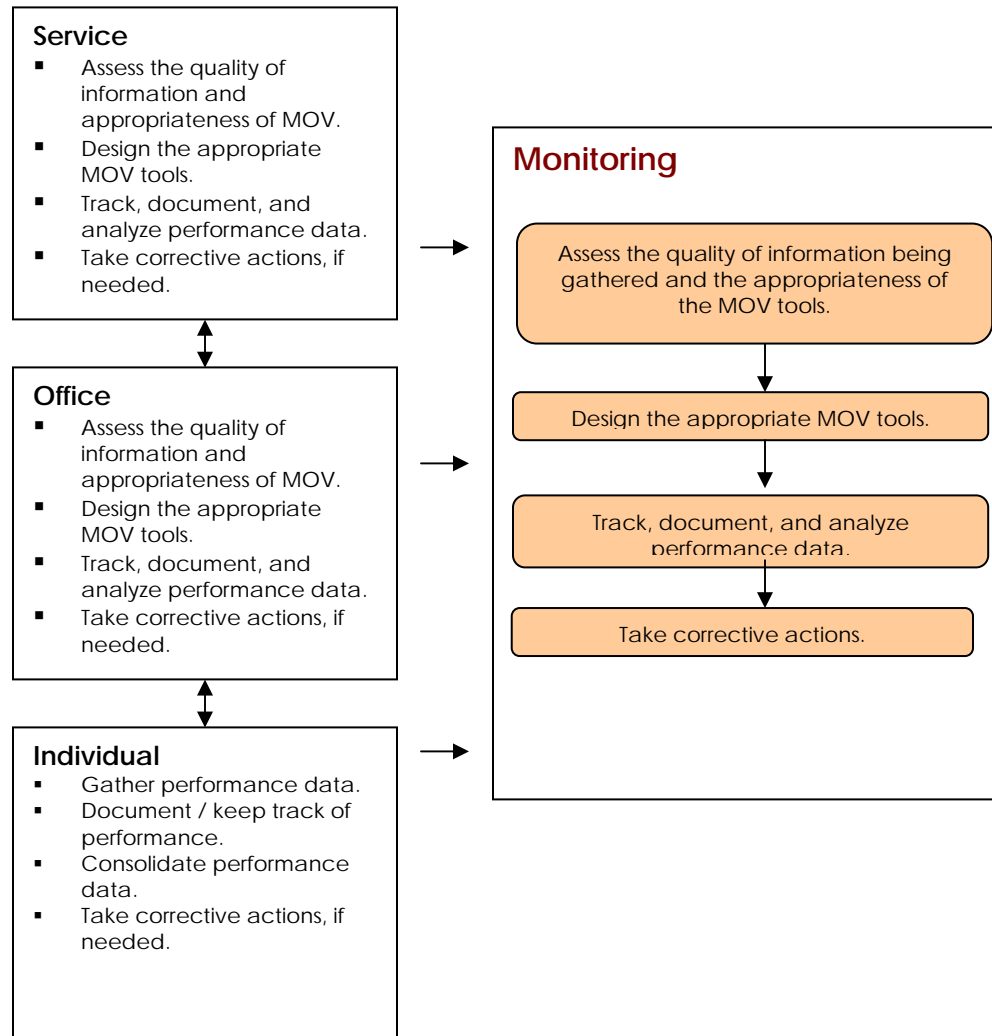
Figure 1.6: Target Setting Process with Steps per Organizational Level



Monitoring

The next stage of the cycle is Performance Monitoring. It involves accomplishing tasks and meeting timelines, as well as monitoring and collecting data on performance. An important part of this stage is analyzing trends and taking corrective actions in problematic key result areas that could deter the service, office, or individual from attaining the targets. The detailed activities in this stage are shown in the diagram below and covered in detail in Chapter 4, *Monitoring*.

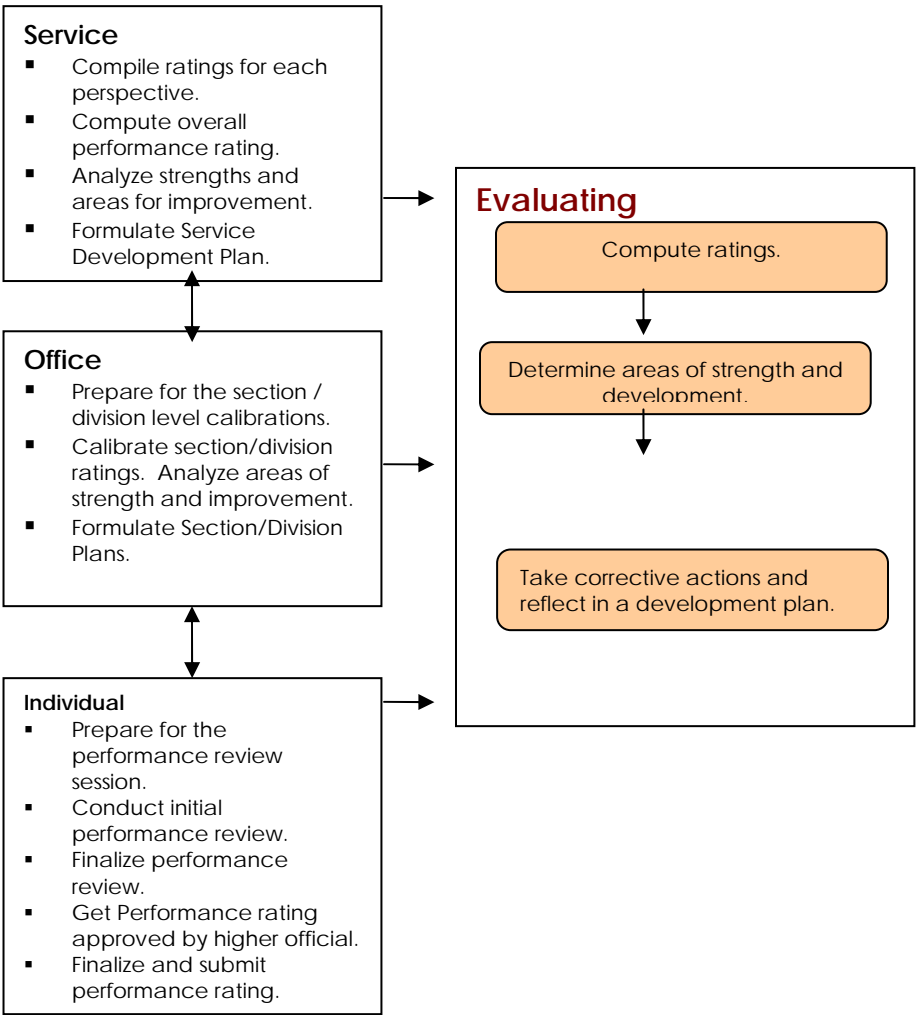
Figure 1.7: Monitoring Process with Steps per Organizational Level



Evaluating

Performance Evaluation occurs at the end of the performance period when LTS management, division chiefs and their assistants, and section chiefs conduct office and individual evaluations to determine their areas of strength and improvement. The detailed activities in this stage are shown in the diagram below and covered in detail in Chapter 5, *Evaluating*.

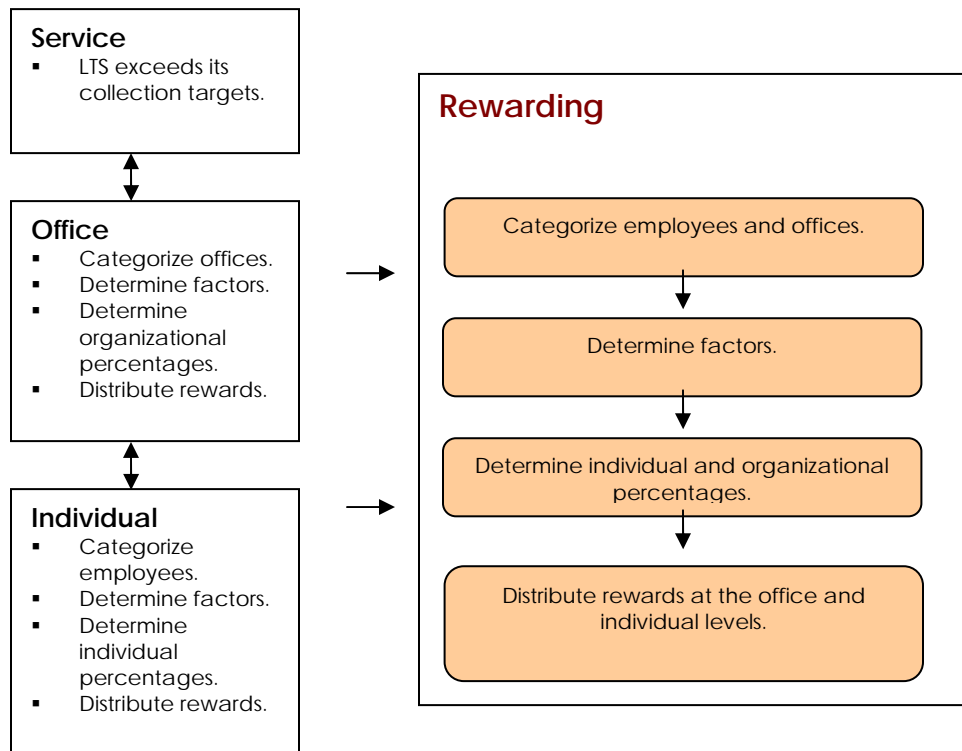
Figure 1.8: Evaluating Process with Steps per Organizational Level



Rewarding

The process of Performance Reward involves determining how performance will be recognized and rewarded. Rewards may include monetary incentives and non-monetary recognition of good performance both at the office and individual levels. From here, the cycle of PMS begins again. The detailed activities in this stage are shown in the diagram below and covered in detail in Chapter 6, *Rewarding*.

Figure 1.9: Rewarding Process with Steps per Organizational Level



Anecdotal Data: The Gains and Pains of PMS 2005

Ultimately, the aim of PMS is to help managers and supervisors in the performance of their management functions through better target setting, monitoring, evaluating, and rewarding.

Here are some anecdotal data culled from interviews and evaluation feedback on how PMS has helped managers and supervisors perform their management functions. It balances this feedback with common complaints from employees on the installed PMS.

A. *Perceived Gains*

The PMS provides a basis for continuously stretching the LTS performance bar. "THE PMS pushes people to prove themselves and raise their level of performance. I am happy that I can perceive a beginning of a paradigm shift. It is helped by the PMS because people know what is expected of them. Our goal can be achieved when they see that everyone needs to work on it together...We've started to crawl, someday we'll get to the point where we'll be running..." *DCIR Kim Henares on PMS, featured in LIBReToS, August 1, 2005.*

"PMS has raised the standards of the quality of work. The attitude of rank and file employees has improved. They are more task-oriented and more serious about their work. They now understand their specific role and its importance in the overall attainment of goals. PMS has also led to concrete results as reported in our weekly staff meetings. Staffs are motivated to perform their functions well because they have to report their accomplishments every week." *Observations of Division Chief Grace Javier, Division Chief, LTCED.*

“PMS has made our staff more aware or conscious of their obligations. The pace of work is notably faster because we have clear timetables and targets. People understand what they need to do and are trying to achieve the targets. Complacency is being minimized. Through PMS, we also realized that we have a lot of areas for improvement. For example, the tracking of documents has been a problem. We are now trying to improve the process of receiving documents. We are tracking this process weekly such that outstanding issues are discussed, resolved or acted upon, and not left pending for more than a week.
Lisa Pellejera, Division Chief, LTAD II.

“The simple process of communicating standards, monitoring and tracking quality helped improve the quality of outputs of my staff.” *Division Chief of LT Programs Division, Magdalena Ancheta, August 5, 2005.*

The PMS establishes performance standards that are aligned from the service to the divisions, sections, and individual levels. “The emergence of PMS as a proponent of change is a welcome change. One attribute of the PMS is that it allows us to determine how much work each individual is contributing to the bottom line. Now the employees see that they play a big role in improving collections...” *Division Chief of the LT Field Operations Division, Fegurita Lipio, shared in the LIBReToS July 25, 2005 issue.*

The PMS communicates targets and fosters collaboration. “Performance measures create an awareness of work focus. Knowing one’s functions and tasks clearly enables employees to accomplish their goals. The realization of a shared responsibility in collection was also fostered within the division. *Nagkaroon ng work appreciation. Naging clear ang direction- where we should be heading in terms of division functions.* (There was work appreciation. Direction became clear as to where we should be heading in terms of division functions.) Continuous dialogue within the division was also conducted to

monitor and evaluate activities performed. Collaboration with the other divisions was also encouraged to better respond to taxpayer needs and improve compliance. Through a collective effort, rendering quality service to taxpayers becomes easily attained." *LTFOD Section Chief, Socorro Avila from Alcohol Products and Automobile Section featured in LIBReToS, July 25, 2005 issue.*

"It helped tremendously in opening the eyes of every personnel in the office that the PMS is not their enemy but rather it sets in clear terms their work and objectives." *LTDO Cebu evaluation results among section chiefs.*

"It helped us see the whole picture... Everyone was involved, there was communication and consultation, a plan was drawn out which took into account the target date for completion." *Rank and file evaluation of the target setting process.*

"Target skills were enhanced one way or the other, which the division and section chiefs were able to apply in cascading the targets to the other levels." *Division chiefs' evaluation of the target setting process.*

"There was an exercise of two-way communication during the target setting sessions where the parties involved agreed to the targets set." *Division chiefs' evaluation of the target setting process.*

"The resulting office development plans at the division and section levels were clearly aligned." *Division chiefs' evaluation of the target setting process.*

The PMS establishes accountability across levels.

During the office evaluation at the section and division levels with the EMERGE- PMS consultants, the idea of creating an Audit Quality Scorecard was born. With the help of her Section Chiefs and

Supervisors, she devised the AQS with the sole purpose of monitoring their performance and accountability. In line with this is the concept of shared responsibility. In this sense, it is not just Ms. Dizon who becomes accountable for the quality of her division's audit reports. The accountability cascades down to her group heads. The AQS provides a "per group tracking system" which makes it easier to determine which group is performing above average." *Article about the Division Chief of the Regular Audit Group, Tes Dizon, featured in LIBReToS, August 1, 2005.*

The PMS provides basis for objective evaluation. "I would like to emphasize the value of the PMS. The division and section chiefs use the outputs as basis for cascading targets to the individual level. Subsequently, they were able to distinguish high from low performers at the individual level. Although I would like to prove this further, I believe the improvement in target collections last year is attributable in a large part to PMS." *DCIR Kim Henares during a Q & A session with the LTS staff, captured in LIBReToS, April 25, 2005.*

The PMS establishes transparency in performance monitoring and evaluation. "PMS spells objectivity. At the end of the day, we get a justified recognition and reward." *Rank and file asked about the benefits of the PMS for them, LIBReToS, June 20, 2005.*

The PMS develops service orientation. "The stakeholders observed that the workforce of the LTS is more service-oriented. They provide more in-house training and discussions for taxpayers. The front liners of the service accept their system mistakes now and are willing to address the taxpayers' concerns. They make the effort to satisfy the latter. They're very helpful in assisting taxpayers to approach and clarify vague matters..." *Focus Group Discussion attended by external stakeholders of the LTS last May 24 at the Narra Room, Dusit*

Hotel. The participants were comprised of the organizations' tax lawyers and finance officers.

B. Perceived Pains

Below were some of the common complaints about the PMS culled from results of EMERGE training or coaching evaluations.

"It's a threat to my professional life."

"This is demoralizing the rank and file."

"We are in a transition period. We will need to observe and internalize the PMS."

"This creates uncertainty in our future work in BIR."

"Personally, the PMS will have little effect on my work."

"This only means more pressure for us."

"PMS is a good tool but it is hard to apply."

"What about the regions, when will they apply the PMS? It is unfair if only the LTS will implement the PMS."

"All these—target setting, monitoring, and documenting performance will only take us away from implementing our real work."

Caveats

The PMS can help LTS managers and supervisors in the performance of their management functions. However, there are some "precautions" that should be highlighted at the onset to help manage expectations from the implementation of PMS.

1. **The PMS is not the quick fix solution to all of LTS problems.** The PMS is not a quick fix solution to the performance problems of LTS. It merely puts in place a system for implementing its strategies, a shared understanding of its performance targets, an information system for monitoring and documenting performance, and a framework for deploying its financial rewards if and when it exceeds its collection targets. Mapping out

numerical goals and targets does nothing to accomplish improvements in processes. Changing the process is what is needed to improve performance and achieve desired outcomes. Setting performance contracts does not automatically resolve LTS-HR issues. Changing HR systems is what is needed to address many of LTS-HR issues. What the PMS does is to help the senior team better do its job—to implement strategies and translate these into measurable targets.

2. **The cause and effect of outcomes are not easily established.** While the LTS Strategy Map shows hypothetical cause and effect relationships of objectives, establishing the real cause and effect relationships takes time and a lot of in-depth analyses. Monitoring and evaluation tools and instruments at the service level have only been proposed in this project. LTS management has to decide when and how to use these.
3. **Measurements only approximate the actual system.** Performance measurement provides a valuable tool for management and the organization's continuous improvement. However, people might try to "manipulate" the data to make their performance evaluations look good. Additionally, accurate data may not be available. This is the reason why the measurement system should not only measure performance at the output level; it should map out a reliable, robust, and dynamic system for actively eliciting feedback from other LTS stakeholders.
4. **Poor rating doesn't explain everything.** If performance objectives are not met, it is obvious that something is wrong; but performance rating itself does not provide the reason. It raises a flag requiring further analysis. LTS managers and supervisors should look at evaluation time as a good opportunity to assess and analyze areas of strength and improvement and their causes;

explain the causes of performance variance and make this one of the bases of performance planning for the next performance cycle.

5. **Developmental approach is a better entry point for PMS.** In most organizations where the PMS was successfully implemented, the entry point for change was developmental in nature. In Globe Telecoms for example, PMS was met with minimum resistance because it was introduced as a basis for determining the development needs of its people. People and units were evaluated and any reasons for non-performance were seriously addressed through a carefully mapped out and well-funded training and non-training interventions. In BIR, the PMS has been perceived negatively because it was associated with the attrition implementation. The resistance towards PMS remains a challenge which when left “unmanaged” can make PMS sustained implementation difficult.
6. **Sustained and visible sponsorship is needed all the way.** In about every successful PMS implementation, the quality of the incumbent leadership was central to subsequent achievements. More than alignment, the PMS needs consistency in its message and implementation. If the PMS is installed and yet management doesn't use the performance data as basis for its human resource-related decisions, PMS will be perceived only as added work and nothing more. The PMS, like any other newly installed projects or systems, needs consistent, sustained, and visible sponsorship.

Appendix 1: Salient features of the Attrition Act

Historical Background

Republic Act No. 9335,¹⁰ also known as the “Attrition Act of 2005,” was passed by the Thirteenth Congress of the Philippines on 19 January 2005 and approved by the President on 25 January 2005. A consolidation of House Bill No. 2996 and Senate Bill No. 1871, it was certified by the President as an urgent measure to help improve the fiscal position of the government.

Rationale for the Attrition Act of 2005

As the two main revenue-generating agencies of the government, the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC) collectively account for more than eighty percent (80%) of the country’s total revenues.¹¹ Admitting the need to address the country’s fiscal problems, Congress responded to the request of the Executive Department for the enactment of a law that seeks to improve the revenue collection performance of the BIR and BOC.¹² Together with the excise tax and expanded value-added tax laws,¹³ the Attrition

TP¹⁰PT” An Act to Improve the Revenue Collection Performance of the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC) Through the Creation of a Rewards and Incentives Fund and of a Revenue Performance Evaluation Board and For Other Purposes”

¹¹See, for instance, the figures on the country’s revenue performance as of January 2005 at <http://www.dof.gov.ph/stat/revperformance05.pdf>.

¹²In the Eleventh Congress, a measure similar to the Attrition Act of 2005 was filed. It was passed by Congress but was vetoed by President Macapagal-Arroyo in February 2001 on due process grounds. Said due process objections are addressed in the Attrition Act of 2005, particularly in Section 7(b) and Section 9 thereof.

TP¹³PTRepublic Act No. 9334, “An Act Increasing the Excise Tax Rates Imposed on Alcohol and Tobacco Products, Amending for the Purpose Sections 131, 141, 142, 143, 144, 145 and 288 of the National Internal Revenue Code of 1997, as Amended,” approved on 21 December 2004 and Republic Act No. 9337, “An Act Amending Section 27, 28, 34, 106, 107, 108, 109, 110, 111, 112, 113, 114, 116, 117, 119, 121, 148, 151, 236, 237, and 288 of the National Internal Revenue Code of 1997, as Amended, and for Other Purposes,” approved on 24 May 2005. The Supreme Court in its decision in G.R. No. 168056 and its accompanying cases on 01 September 2005 upheld the validity of R.A. 9337.

Act of 2005 is expected to help ease the country's fiscal difficulties.

A. Status of the Attrition Act of 2005

Having been published in at least two newspapers of general circulation last 27 January 2005, the Attrition Act of 2005 became effective pursuant to its Section 15. However, its implementing rules and regulations (IRR) are not yet effective as of this writing. The Attrition Act of 2005 is not a self-executory law in that it explicitly requires the issuance of the IRR to provide the details for its proper implementation.¹⁴ Also, deliberations in Congress, and even the text of the law itself,¹⁵ indicate that the details of implementation will be provided by the IRR. Its implementation will therefore depend on the effectivity of such IRR.¹⁶

B. Correlation with the Performance Management System

a. Civil Service laws, rules, and regulations

In itself, the Performance Management System (PMS), as a tool for evaluating the performance of BIR personnel, has legal basis under Section 33, Chapter 1, Subtitle A, Title I, Book V, Executive Order No. 292 (1987), otherwise known as the "Administrative Code of 1987."¹⁷

¹⁴TPSection 11, Attrition Act of 2005

¹⁵Section 7(b), *Id.*

¹⁶Department of Finance Assistant Secretary Gil Beltran was quoted as saying that the Attrition Act of 2005 will take effect in 2006. See the story at http://money.inq7.net/topstories/view_topstories.php?yyyy=2005&mon=09&dd=05&file=2.

¹⁷"Section 33. Performance Evaluation System. - There shall be established a performance evaluation system, which shall be administered in accordance with rules, regulations and standards promulgated by the [Civil Service] Commission for all officers and employees in the career service. Such performance evaluation system shall be administered in such manner as to continually foster the improvement of individual employee efficiency and organizational effectiveness.

"Each department or agency, may, after consultation with the Commission, establish and use one or more performance evaluation plans appropriate to the various groups of

b. Republic Act No. 9335 and its IRR

Moreover, Section 7(d) of the Attrition Act of 2005 empowers the Revenue Performance Evaluation Board (the Board) "to prescribe a system for performance evaluation." This provision of the law is amplified in the IRR, which provides that the system for performance evaluation to be adopted by the Board "shall be administered in such manner as to continually foster the improvement of individual efficiency and organizational effectiveness through the use of performance measures that include, but are not limited to, the following indicators: *financial target, taxpayer compliance and satisfaction, process improvement, and organizational wellness.*"¹⁸

Salient features of the Attrition Act of 2005 and its IRR

A. Target setting

Revenue target setting is one of the most important features of the Attrition Act of 2005. In setting the revenue target for the BIR, it is essential that the same should be reasonable and reflective of both the capacity of the taxpaying public to pay as well as the obligation of the revenue agency to collect the correct amount of taxes. Thus, revenue targets should not be too low as to make the same easily achievable, thereby defeating the very purpose of the Attrition Act of 2005, which is to improve revenue collection performance considering the

positions in the department or agency concerned. No performance evaluation shall be given, or used as a basis for personnel action, except under an approved performance evaluation plan: *Provided, that each employee shall be informed periodically by his supervisor of his performance evaluation.*"

TP¹⁸PTSection 25(d), Rule VI of the Attrition Act of 2005 IRR. Emphasis supplied.

government's current fiscal difficulties. On the other hand, revenue targets should also not be set too high as to make the same virtually unattainable, thereby making the rewards provisions of the Attrition Act of 2005 for naught.

B. Bureau

"Revenue targets," according to the Attrition Act of 2005, "shall refer to the original estimated revenue collection expected of the BIR x x x for a given fiscal year as stated in the Budget of Expenditures and Sources of Financing (BESF) submitted by the President to Congress."¹⁹ To determine performance at the end of the fiscal year, the BIR is required to submit to the Development Budget Coordinating Committee (DBCC) the distribution of its revenue targets among revenue districts. To be fair, revenue targets shall not include estimated yields from new revenue measures which, although included in the BESF, were not enacted into law.²⁰

Revenue targets that include yields from new revenue measures that were enacted and implemented later than the original target dates in the BESF will be accordingly reduced.²¹ More specifically, the estimated yields from the new revenue measures will be reduced proportionately. For example, when the BESF submitted to Congress includes the estimated yield of an expanded VAT measure, which gets implemented only during the last quarter of the fiscal year due to certain delays (including, for

¹⁹PTParagraph 3, Section 4, Attrition Act of 2005

²⁰Section 5, Rule II, Attrition Act of 2005 IRR

²¹PTId.

instance, the suspension of its implementation due to a preliminary injunction issued by the Supreme Court), the estimated yield will be proportionately reduced to one-fourth of its original amount.

The IRR requires the BIR to establish a system for rationally allocating revenue targets among its districts, officials, and employees.²²

a. Unit

At the District level, revenue target setting will be based on historical record of revenue collection, among others. However, it will also consider fluctuations in prior years' collections due to non-recurring transactions. The IRR defines "*non-recurring transactions*" as those referring to "one-time transactions which are substantial in amount (i.e., the amount accounts for ten percent [10%] or more of a district's collections for a particular month), including the following: (i) capital gains taxes from the sale of real property or shares of stocks (on a per transaction basis), (ii) documentary stamp taxes, (iii) estate and donor's taxes, and (iv) special projects (e.g., the BIR's voluntary assessment program)."²³

TP²²PTSection 6, Rule II, *Id.*

²³Section 6(a), Rule II, Attrition Act of 2005 IRR. An example of a non-recurring transaction is when a billionaire taxpayer from a revenue district dies in a given year. Due to the magnitude of the taxes to be paid by the estate of said billionaire taxpayer (supposing no massive estate planning was involved), the district's collections increase dramatically for the year. However, since it is not every year that a billionaire taxpayer from the district dies, such increased collections will have to be deemed a non-recurring transaction and will, therefore, not necessarily jack up the revenue target for said district.

Transfers of taxpayers from one district to another will also be considered in target setting among districts. However, to impact on target setting, the transferring taxpayers must account for at least five percent (5%) of a district's collections for the previous year.²⁴

b. Individual

At the individual level, target setting will also be based on historical record of revenue collection, among others. In the case of a new appointee or newly assigned official or employee, the same will be based on the record of the previous incumbent of the position.

Understanding taxpayer behavior is the key towards a rational system for allocating targets at the individual level. Such system will therefore evolve from, and be based on, a better understanding of taxpayer behavior. The BIR is expected to *strive* towards the ability to ascribe changes in taxpayer behavior to specific actions of its officials and employees. Predictability of taxpayer behavior is necessary if the allocation of revenue targets among BIR officials and employees is to have reasonable basis.²⁵

C. The Rewards and Incentives Fund

Section 4 of the Attrition Act of 2005 creates the Rewards and Incentives Fund (the Fund) to be sourced from

TP²⁴PTSection 6(a), Rule II, *Id.*

TP²⁵PTSection 6(b), Rule II, *Id.*

the collection of the BIR in excess of its revenue targets for the year, as determined by the DBCC. The Fund will be calculated according to the following percentages:

Table 1.1

<u>Excess of Collection Over the Revenue Targets</u>	Percent (%) of the Excess Collection to <u>Accrue to the Fund</u>
30% or below	15%
More than 30%	15% of the first 30% plus 20% of the remaining excess.

The Fund is deemed automatically appropriated, and will be released, on the year immediately following the year when the revenue collection target was exceeded.²⁶

Incentives from the Fund will be apportioned among the various units, officials, and employees of the BIR. Distribution of the incentives will be in proportion to the relative contribution of such units, officials, and employees to the aggregate amount of the excess collection over the targeted

²⁶TPParagraph 2, Section 4, Attrition Act of 2005

amount of tax revenue to be collected by the bureau.^{TP27PT}

a. Units

Incentives for units will be based on such units' relative contribution to the aggregate amount of excess revenue collection of the Bureau. However, a unit that does not meet its own revenue collection target will not be entitled to incentives even if the bureau, as a whole, exceeds its revenue target. Under the IRR, a unit's relative contribution to the aggregate amount of the bureau's excess is a function of the percentage of such unit's excess collection over its target.²⁸

b. Individuals

Individual incentives will also be calculated in accordance with an official's or employee's relative contribution to the aggregate amount of excess revenue collection of the BIR. Such relative contribution will be reflected in the performance evaluation rating of such official or employee.

In the case of officials and employees who have revenue collection functions,²⁹ their

^{TP27PT}Paragraph 4, *Id.*

²⁸Section 12(a)(i), Rule III, Attrition Act of 2005 IRR

²⁹For individuals performing support (i.e., non-revenue collection) functions, Section 12(a)(ii), Rule III, Attrition Act of 2005 IRR provides: "For purposes of rewards and incentives for Officials and Employees who provide support services to revenue collection but do not have direct revenue collection functions, the same shall be determined through the Performance Management System to be adopted by the Board for a particular Bureau in accordance with the provisions of Section 7 of the

performance evaluation rating will take into account the performance rating of their respective units. Also, officials and employees who exercise greater responsibilities will have bigger incentives. Hence, those who occupy higher ranks will correspondingly be entitled to greater rewards and incentives. In addition, individuals holding positions subject to attrition are entitled to an additional premium in view of the risk of attrition inherent in such positions.

Officials and employees who are transferred in the middle of the period are entitled to a pro-rata share in the incentives.³⁰

D. The District Incentive

In line with the policy to encourage officials and employees to exceed revenue targets, the Attrition Act of 2005 also rewards a revenue district that exceeds its target even if the entire BIR fails to meet its own revenue target by less than ten percent (10%). Such reward will be known as the District Incentive. The District Incentive is equivalent to ten percent (10%) of the excess over the district's allocated target. For a district to be entitled to the District Incentive, however, its allocated target must have been reported and validated by the DBCC

Act. This provision shall apply equally to Officials and Employees in Support Units as well as to those providing support services in Districts."

TP³⁰PTSection 12(b)(i), *Id.*

as required in Section 4 of the Attrition Act of 2005.³¹

Similar to the Fund, the District Incentive is deemed automatically appropriated, and will be released, on the year immediately following the year when the revenue collection target was exceeded by the district.³² However, since there is no BIR excess collection in this case, the District Incentive will have to come from congressional appropriations. Hence, the proposed annual budget of the BIR will incorporate an item that allocates an amount to cover the District Incentive taking into account the performance of the districts, among others. In the event the actual District Incentive exceeds the amount appropriated for said purpose in the budget, the difference will be added to the proposed allocation for the District Incentive in the succeeding year's budget of the BIR.³³

Attrition

A. Who are subject to attrition?

TP³¹PTSection 5, Attrition Act of 2005. Also under this provision, a revenue district, which deliberately foregoes any revenue collection in any given year as part of a scheme to avoid a higher allocated target for the subsequent year, will not be entitled to a District Incentive in such subsequent year notwithstanding its having exceeded its allocated target. Deliberately foregoing any revenue collection is defined in Section 13(b), Rule IV, Attrition Act of 2005 IRR as follows: "A District shall be deemed to have deliberately foregone revenue collection when, after it has reached or exceeded its annual target before the end of the year, its collection for the remaining period decreases significantly as compared to its collection for the same period in the previous year: *Provided*, that the remaining period shall at least be one (1) month. A decrease in collection of at least twenty percent (20%) shall be deemed significant unless extenuating circumstances similar to those enumerated in Section 18, Rule V are determined by the Board to be present."

³²Paragraph 2, Section 5, Attrition Act of 2005

TP³³PTSection 14, Rule IV, Attrition Act of 2005 IRR

BIR officials and employees who have revenue collection targets are subject to attrition. They include district heads and assistant heads, revenue district officers and their assistants, supervisors and revenue officers who are assigned individual revenue collection targets. Such revenue collection targets are reflected in their respective performance contracts entered into pursuant to Section 7(b) of the Attrition Act of 2005 and Civil Service laws, rules, and regulations. The Commissioner of Internal Revenue (the Commissioner) is required to submit to the Board, not later than the end of the first quarter of the fiscal year, a list of BIR personnel subject to attrition.³⁴

B. How is attrition effected?

The Board, upon the recommendation of the Commissioner, may remove an official or employee from the service when the revenue collection performance of such official or employee falls short of the target by at least seven and a half percent (7.5%),³⁵ with due consideration of all ***relevant factors***³⁶ affecting the level of

TP³⁴PTSection 17, Rule V, Attrition Act of 2005 IRR; Cf. Section 33, Chapter 5, Subtitle A, Title I, Book V, Administrative Code of 1987.

³⁵Payments using tax credit certificates (TCC's) will be included in computing the revenue collection performance of a BIR official or employee pursuant to the last proviso of Section 18, Rule V, Attrition Act of 2005 IRR. It must be pointed out, however, that the inclusion of payments through TCC's in the determination of an official's or employee's revenue collection performance is only for purposes of attrition. Such payments are not included in the determination of revenue collection performance for purposes of computing incentives.

³⁶"SEC. 19. *Relevant Factors Affecting Collection.* - For purposes of Section 7(a) of the Act and Section 18 of this Rule, the Board shall consider the following, among others, as relevant factors affecting the level of collection: *Provided*, That these factors were not taken into account in setting BESF targets:

collection as provided in Section 19 of the Attrition Act IRR. Attrition proceedings are, however, subject to civil service laws, rules and regulations, and compliance with substantive and procedural due process.³⁷ Final decisions of the Board in attrition proceedings are immediately executory.³⁸

C. What circumstances exempt officials and employees from attrition?

Section 7(b) of the Attrition Act of 2005 provides the following exempting circumstances:

- a. Where the district or area of responsibility is newly-created, not exceeding two years in operation, and has no historical record of collection performance that can be used as basis for evaluation;³⁹ and,
- b. Where the official or employee is a recent transferee in the middle of the period under

"(a) Enactment of a law that repeals revenue measures, reduces tax and tariff rates, grants tax exemptions, or otherwise results in the diminution of the tax base or of taxable transactions and activities, including the entry into force of a treaty or an international agreement that the Philippines entered into resulting in preferential treatment for certain taxpayers or transactions: *Provided*, that the Board shall have the final authority to determine the affected District or Districts as well as the amount of revenues deemed foregone due to such enactment or entry into force;

"x x x."

³⁷Section 7(b), Attrition Act of 2005

³⁸Section 7(c), *Id.*

TP³⁹Section 18(a), Rule V, Attrition Act of 2005 IRR; it further provides that: "A District or area of responsibility shall be deemed newly-created when it is established where no District or area of responsibility previously existed, or is carved out of the jurisdiction of an existing District or Districts or of an area or areas of responsibility, or is the result of the merger of two (2) or more Districts or areas of responsibility."

consideration unless the transfer was due to nonperformance of revenue targets or potential nonperformance of revenue targets: *Provided, however,* that when the district or area of responsibility covered by officials or employees has suffered from economic difficulties brought about by natural calamities or *force majeure* or economic causes as may be determined by the Board, termination shall be considered only after careful and proper review by the Board.^{TP40PT}

D. What are the remedies of personnel removed by attrition?

Employees⁴¹ who are removed from the service under paragraphs (b) and (c), Section 7 of the Attrition Act of 2005 may appeal to the Civil Service Commission (CSC) proper within fifteen (15) days from receipt of the denial of a Motion for Reconsideration

^{TP40PT}Section 18(b), *Id.* It further provides that: "The performance of Officials and Employees who are transferred due to nonperformance of revenue targets or potential nonperformance of revenue targets shall be evaluated using their performance in their current and previous assignments on a pro-rata basis: *Provided,* that the power to transfer personnel due to nonperformance of revenue targets or potential nonperformance of revenue targets as embodied in Section 7(b)(2) of the Act shall be without prejudice to the power of the Commissioner of Internal Revenue to assign or reassign internal revenue Officers and Employees under Sections 16 and 17 of the National Internal Revenue Code x x x, in the best interest of the service and as often as the exigencies of the service may require."

^{TP41PT}Employees are rank-and-file personnel, regardless of employment status, who were appointed to and are occupying first or second level positions in the BIR pursuant to Section 8(a) and (b), Chapter 2, Subtitle A, Title I, Book V, Administrative Code of 1987.

of the Board's decision. Officials⁴² similarly removed may appeal such decision to the Office of the President within the same period.⁴³

- E. What is the nature of a removal by attrition?

BIR personnel who are removed from the service by virtue of Section 7(a) of the Attrition Act of 2005 are deemed ***dropped from the rolls*** in accordance with Civil Service laws, rules, and regulations.⁴⁴

- F. Are there penalties other than attrition?

Yes. The power of the Board to remove BIR personnel only pertains to attrition under Section 7 of the Attrition Act of 2005. The Commissioner continues to exercise the power to discipline BIR personnel in accordance with the provisions of Rule IX of the Omnibus Rules Implementing Book V of Executive Order No. 292 (series of 1987), as amended, and other Civil Service laws, rules and regulations.

The Performance Evaluation Board

- A. Composition

The Revenue Performance Evaluation Board is composed of the Secretary of

TP⁴²PTOfficials are those who were appointed to and are occupying third level positions in the Bureau pursuant to Section 8 (c), Chapter 2, Subtitle A, Title I, Book V, Administrative Code of 1987.

⁴³Section 9, Attrition Act of 2005, Section 49, CSC Resolution No. 94-0521, Section 12(11), Chapter 3, Subtitle A, Title I, Administrative Code of 1987; Cf. Sections 48 and 49, Chapter 6, Subtitle A, Title I, Book V, Administrative Code of 1987.

TP⁴⁴PTSection 21, Rule V, Attrition Act of 2005 IRR. Dropping from the rolls is a non-disciplinary means of removing personnel in the Civil Service. A person removed through this means is still entitled to separation benefits and privileges.

the Department of Finance (DOF) or his/her Undersecretary as the Chairman; the Secretary of the Department of Budget and Management (DBM) or his/her Undersecretary; the Director General of the National Economic and Development Authority (NEDA) or his/her Deputy Director General; and as nonvoting members the Commissioner of Internal Revenue, or his/her Deputy Commissioner; two representatives from the rank-and-file employees; and a representative from the officials, both of whom shall be duly nominated by their respective recognized organization.^{TP45PT}

B. Powers and functions

Section 7 of the Attrition Act of 2005 enumerates the following powers of the Board:

- a. To prescribe the rules and guidelines for the allocation, distribution, and release of the Fund due to the Bureau as provided for in Section 4 of the Act and for the allocation, distribution and release of the District Incentive due to a District as provided for in Section 5 of the Act: *Provided*, that the rewards under the Act may also take the form of non-monetary benefits;⁴⁶

^{TP45PT}Section 6, Attrition Act of 2005

⁴⁶Section 25(a), Rule VI, Attrition Act of 2005 IRR states that "non-monetary benefits" include, but are not limited to, "official recognition in the form of plaques, citations, and commendations; added perks and privileges in the form of paid memberships in sports and recreation clubs, special parking spaces, and access to executive lounges; and additional benefits in the form of paid vacation, travel, and foreign training; x x x." It also provides that "Unit rewards and incentives shall not

- b. To set the criteria and procedures for removing from the service Officials and Employees whose revenue collection falls short of the target in accordance with Section 7 of the Attrition Act of 2005;
- c. To terminate personnel in accordance with the criteria adopted in Section 7(b) of the Attrition Act of 2005;
- d. To prescribe a system for performance evaluation;⁴⁷
- e. To perform such other functions as are necessary or incidental to its mandated functions, including the issuance of rules and regulations for the proper conduct of its functions; and,
- f. To submit an annual report to the Congress.

C. Secretariat support and budget

Section 26, Rule VI of the IRR creates a Secretariat to support the operations of the Board. It also provides that the budget to cover the expenses of the Board and of the Secretariat will be included in the annual appropriations

be distributed as additional salaries or added remuneration for such Unit's Officials and Employees."

⁴⁷Section 25(d), Rule VI, Attrition Act of 2005 IRR provides that the performance evaluation system to be adopted by the Board "shall be administered in such manner as to continually foster the improvement of individual efficiency and organizational effectiveness through the use of performance measures that include, but are not limited to, the following indicators: financial target, taxpayer compliance and satisfaction, process improvement, and organizational wellness."

of the DOF. In addition, it places the Board and the Secretariat under the DOF for purposes of administrative supervision.

Conclusion

Making the Attrition Act of 2005 work requires a fair and accurate mechanism for measuring performance whose results are not only verifiable but also susceptible to replication. The Performance Management System seeks to provide such a mechanism. When performance is fairly and correctly evaluated, as is sought under the Performance Management System, providing the appropriate rewards or sanctions will become less complicated. It will reward those who perform well and weed out unsuitable personnel either through attrition or, in the long run, through the prevailing performance evaluation rating system. By helping improve revenue collections, this system, together with the Attrition Act of 2005, will assist the government in addressing its fiscal problems.

Description

This chapter describes the partnership between the BIR-LTS managers and supervisors and the EMERGE team in the implementation of an enhanced PMS at the BIR-LTS. Strong executive sponsorship is a critical success factor in this project. Without the active and visible sponsorship from the DCIR to the HREA’s, division, and assistant division and section chiefs, the project could not have gone this far. It describes the other equally important roles played by the BIR-LTS managers and supervisors in the implementation of an enhanced PMS. It also identifies the technical assistance provided by the EMERGE team to help the BIR-LTS managers and supervisors implement the PMS better.

Chapter 2: The BIR-LTS/ EMERGE Partnership

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Description

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Objectives

The chapter aims to:

- Present the roles of the LTS management, division chiefs, assistant division chiefs, and section chiefs in the PMS project;
- Describe the critical success factors for possible replication of the project in other offices of the BIR;
- Describe the components of the EMERGE Project.

Acronyms

BIR- Bureau of Internal Revenue

CIR- Commissioner

DCIR- Deputy Commissioner

EMERGE- Economic Modernization through Efficient Reforms and Governance Enhancement

HREA-Head Revenue Executive Assistant

LTS-Large Taxpayers Service

PMIS-Performance Management Information System

Definitions

Consultants' Scorecard is a summary report on the comments, anecdotes and ratings given by the different stakeholders on the various interventions and technical assistance provided by the EMERGE team.

LTS Management refers to high level decision makers in LTS composed of the DCIR and HREA's.

Performance Management Information System, or PMIS, is a web-based database system designed to support and enable the different stages of performance management.

LIBReToS is the PMS newsletter published weekly to ensure that all the stakeholders of the LTS are constantly informed about the phases of the project.

PMS Process Documentation is a compilation of all the weekly meetings, reports, and coaching and training sessions with different stakeholders documented by the EMERGE team.

PMS Guidebook refers to this toolkit. It provides a comprehensive step-by-step process in the implementation of the PMS.

Guiding Principles in the Installation of an “Enhanced” PMS

Active and visible sponsorship is required to make the project work. The EMERGE team actively sought the sponsorship of the LTS management in the installation of an enhanced PMS at the outset of the project. The LTS management, together with their division, assistant division and section chiefs assured the EMERGE team of their **101%** support for the project. They knew they had a critical role to play in the project. True to this promise, they participated actively and visibly throughout the project. Deputy Commissioner Kim Henares provided the direction and steered the process by formulating many “strategic, albeit unpopular” policies on target setting and evaluating performance. HREA Corazon Pangcog and Elvira Vera helped generate solutions on many installation issues. The division and section chiefs demonstrated professionalism by religiously attending the coaching sessions, setting stretched targets for their offices, and institutionalizing a number of changes to help the PMS work.

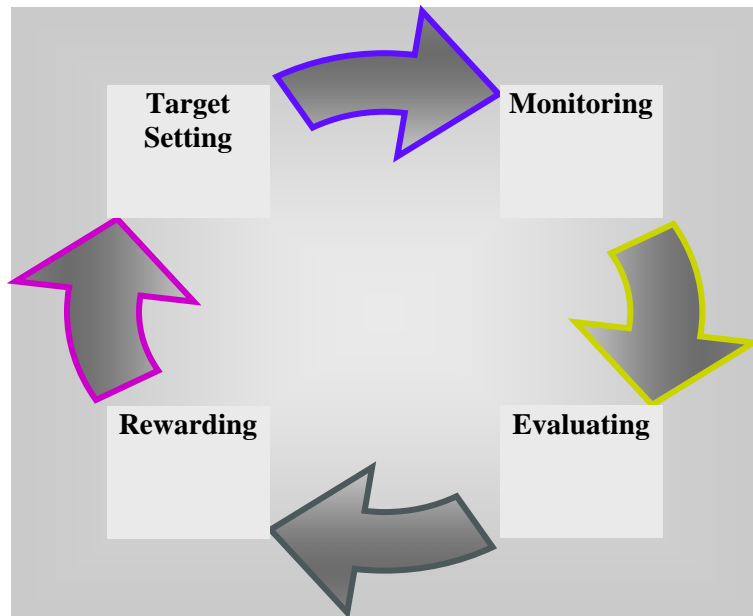
Key messages are repeated early and often. The EMERGE team knows that transparency is vital to make the project work. Thus, everyone in LTS is kept informed about the PMS project through a variety of communication media such as the weekly newsletter, LIBReToS, coaching sessions with the division and section chiefs, and change management training for all 550 employees, managers, and supervisors of LTS. The DCIR and HREA’s are likewise given weekly “one-on-one breaking news and developments” about the PMS.

Customized coaching sessions facilitated buy-in and ownership of the PMS. The Performance Management System is a strategic management tool. It equips managers with the necessary tools in performance target setting, monitoring, evaluating, and rewarding. For buy-in and ownership of the tools, the division chiefs, their assistants, and the section chiefs attended coaching sessions on PMS. As a result, they set the targets themselves for their offices and staffs; they installed additional office monitoring tools; and evaluated their office performance through a calibration process. It was a long, tedious process but at the end it paid off because not only were the LTS managers better equipped with PMS skills, they are now also the staunch proponents of the PMS.

Outputs

Figure 2. 1: Four Major Components of PMS

The Technical Assistance has four major components: **performance target setting, performance monitoring, performance evaluation and performance reward system.** Each component has one or two outputs: PMIS-



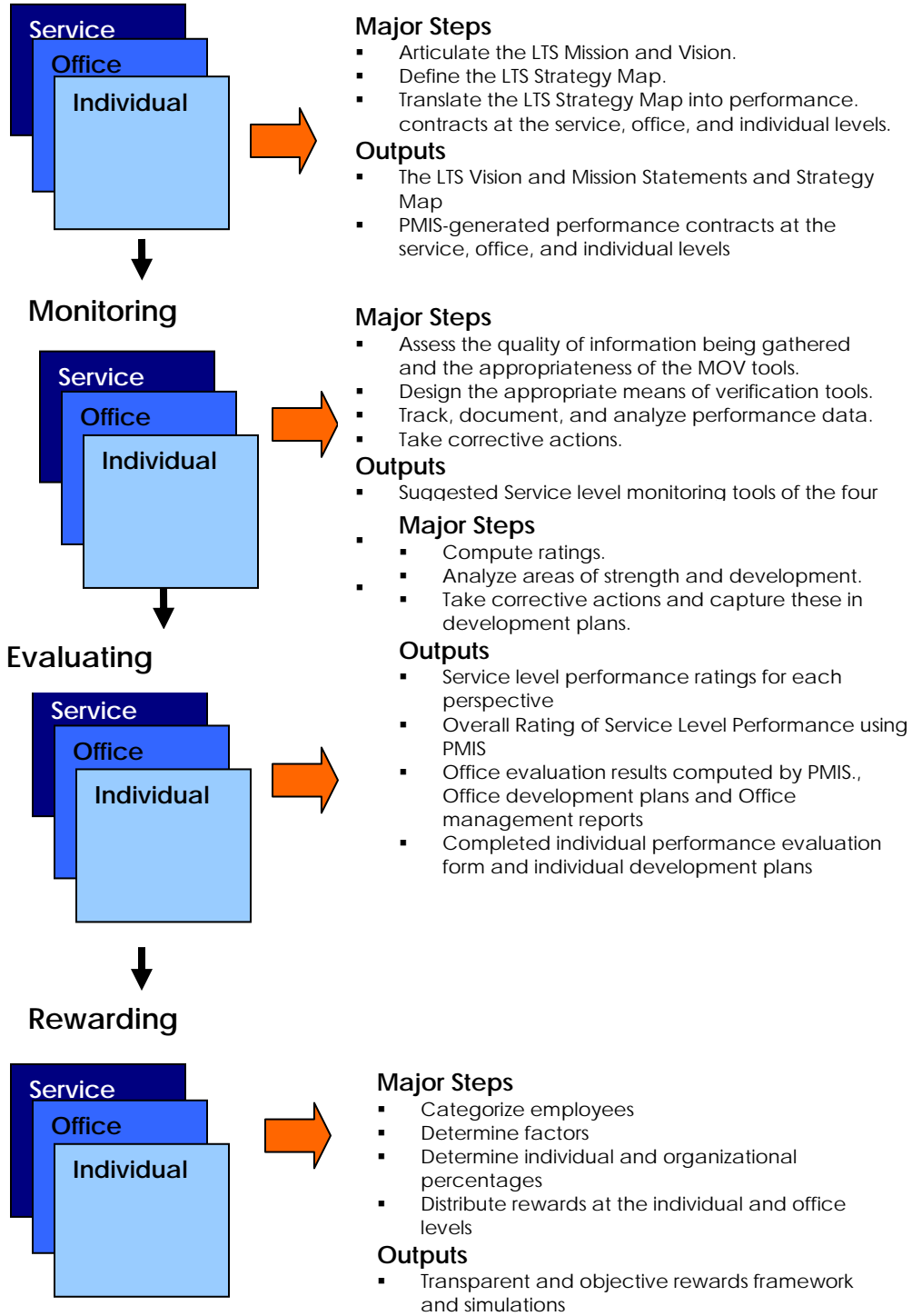
generated office and individual performance contracts for the component on target setting; service level outcome instruments as well as office and individual monitoring tools for the component on performance monitoring; office evaluation and management reports for the component on performance evaluation; and the LTS rewards framework and simulations for the component on rewarding. Each of these outputs is discussed below. For a more extensive coverage of these outputs, see the respective chapters after chapter 2.

Component 1: Performance target setting

LTS Strategy Map and PMIS-Generated Performance Contracts.

Target-setting starts with the translation of the LTS vision and mission statement into the LTS Strategy Map which in turn is translated into service, office and individual performance contracts. Each office aligns with the Service Level Performance Contract. Each individual aligns with the Office Level Performance Contracts. The PMIS generated performance contracts follow the same template. Each template contains objectives and weight assignments, key result areas and weight assignment, measures and weight assignments, targets, and means of verification tools. Performance contracts using the Performance Management Information System are generated once all these elements are identified across all levels of the LTS. This is further elaborated in the diagram below which shows PMS process, major steps, and outputs.

Figure 2.2: PMS Process, Major Steps, and Outputs
Target Setting



Component 2: Performance Monitoring

Service Level Documentation and Monitoring Tools

For each perspective of the strategy map, different proposed measurement instruments are designed at the service level. For the tax compliance perspective, a tax compliance index is measured using a matrix that computes for filing as well as reportorial and payment compliance rates. For the taxpayer satisfaction perspective, the proposal is to come up with a taxpayer satisfaction index through the implementation of a representative survey of taxpayers using the sealed-envelope technique and a questionnaire for its administration with focus on the various service products of the LTS. For the organizational learning and growth perspective, the suggested mechanism is the creation of an employee productivity and satisfaction index through a survey of LTS employees, again using the sealed-envelope technique and a survey instrument. For the process improvement perspective, each division identifies core processes which could greatly affect taxpayer compliance if improved turn-around time is achieved. Corresponding worksheets to monitor these are being proposed.

Office Level Documentation and Monitoring Tools

In the performance monitoring stage, actual performance data are collected. Many of these tools are already in place at the office level, but quite a number were installed this semester especially in areas measuring quality of outputs. These tools were introduced by the division chiefs themselves, notably, the Audit Quality Scorecard (AQS) by Division Chief Tes Dizon and the LTPD monitoring tool by Division Chief Magdalena Ancheta.

Performance logs and summaries associated with each measure may also be encoded into the Performance Management Information System. From these templates and logs, aggregate performance data for the evaluation period are determined manually for each measure, to be encoded into the system during the evaluation stage.

Individual Level Documentation and Monitoring Tools

A new feature of this year's PMS is the monitoring of the behavioral component at the individual level. The Critical Incident Form or the STAR tool documents the situation or context where the behavioral component is demonstrated, what actions were taken, and the result/s of the actions.

Figure 2.3. Audit Quality Scorecard as of August 1, 2005

**LARGE TAXPAYERS AUDIT & INVESTIGATION
DIVISION I
AUDIT QUALITY SCORECARD**

Name of Taxpayer _____

L.A. No. _____ Dated _____

Taxable Year _____

Name of Revenue Officer _____

Name of Group Supervisor _____

Name of Section Chief _____

Component 3: Performance Evaluation

PMIS-Generated Performance Evaluations

In the performance evaluation stage, actual aggregate performance data are encoded and compared with the corresponding targets. The comparisons are subjected to rating schemes, from which ratings at the measure, KRA, and objective levels are determined for each office. A self-evaluation is first conducted, wherein the head of the office inputs performance data and ratings. This is then generated for validation with the LTS management team. The rater updates this evaluation to produce a final evaluation report. Once office evaluations are completed, office ratings are determined and encoded into the system. The evaluation stage also drives the office development plan and office management report that serves as input to the target setting stage of the next evaluation cycle.

Component 4: Performance Rewarding

Rewards Framework and Simulations

As of the printing of this guidebook, a rewards framework and simulation has been presented to the LTS management and subsequently to the Technical Working Committee drafting the IRR of the Attrition Act for their approval. The framework is a result of a series of consultations, revisions, and enhancements based on the suggestions given by the LTS Managers and Supervisors. BIR management will have to decide whether to use the framework as a basis for their rewards deployment should the Performance Attrition Act be implemented in 2006.

Five other major outputs are underscored here because these provide the backbone of the PMS installation process. These are the Performance Management Information System, the LIBReToS, the PMS process documentation, the Consultants' scorecard, and the present Guidebook.

The Performance Management Information System, or PMIS, is a web-based database system designed to support and enable the different stages of performance management. Its installation and implementation is a major component of the BIR-PMS LTS project since it is the system that facilitates the encoding and processing of measurement data to arrive at performance ratings

for offices and employees in the Large Taxpayers Service (LTS) of the Bureau of Internal Revenue.

The PMIS supports performance management primarily at the office level although its features allow evaluations to be carried out for employees under each office. The initial setup of data thus involves the encoding of office and employee information that reflect the current organizational structure and personnel complement of the LTS. The performance management cycle begins with the setup of evaluation period data, after which the first stage, target setting, can be carried out.

The major modules of PMIS correspond to the key PMS activities: (1) target-setting; (2) monitoring; and (3) evaluation.

The PMIS is being developed using the following technologies:

- Database Server Software (MySQL version 4.1 or higher)
- Web Server (Apache version 1.3 or higher)

The LIBReToS

This weekly newsletter is a strategic tool in ensuring that all the stakeholders of the LTS are constantly informed about the phases of the project. From the choice of its name (LIBReToS—which is an imperfect anagram for the BIR-LTS, and which is a re-structuring of the Spanish word—*libreto*, meaning 'passbook' which is also a measurement tool), to the choice of articles, as well as the layout—everything had to be done with the following objectives:

- Keep the readers informed;
- Persuade the readers to accept the Performance Management System with minimal resistance;
- Increase the number of sponsors by featuring their initiatives within their offices regarding the project;
- Feature the issues and complaints of the readers;
- Feature the responses of management to these issues; and,
- Get the readers to act on the basis of their acceptance of PMS.

The LIBReToS is printed and delivered to the office of the HREA Corazon Pangcog every Monday for distribution to all the offices of the LTS. All personnel are required to signify their receipt of the

newsletter with their office secretary. This initiative is the counterpart of the sponsor.

The LIBReToS always published an email address to allow the readers to respond. Several readers wrote to share their insights, issues, concerns, and recommendations.

As a strategic tool, the LIBReToS had to be balanced in that the articles came from 3 different sources:

- The EMERGE-PMS team;
- The LTS management (through interviews, or direct contributions); and,
- The LTS rank and file (through interviews, or emailed contributions).

This way, the target recipients of the project were involved and they subsequently felt an ownership over the project. This, of course, was the ultimate goal of the newsletter.

Also, the LIBReToS was always in support of the coaching sessions and the workshops by way of reference material or subject reinforcement material. For example, to ensure that the participants of the coaching session for the target setting would understand the STAR method in reporting Critical Incidents, an issue prior to the coaching session focused on this. Or, Frequently Asked Questions (FAQ's) were published ahead of time, and are easily referred to when the same issues were raised.

PMS Process Documentation is a compilation of all the weekly meetings, reports, coaching, and training sessions with different stakeholders documented by the EMERGE Team. This can be used as reference material in future installation of PMS in other regional sites of BIR.

Consultants' Scorecard is a summary report on the comments, anecdotes, and ratings given by the different stakeholders on the various interventions and technical assistance provided by the EMERGE team. This is a source of constructive feedback and one of the bases for addressing the developmental areas of the project.

Finally, this ***PMS Guidebook*** is a toolkit that provides a comprehensive step-by-step process in the implementation of PMS. The four cycles of the PMS are discussed thoroughly in the

Guidebook. Planning templates, monitoring tools and instruments, evaluation templates, and rewards guidelines are included in the Appendices and on the CD-ROM to make these tools fast and easy to use.

Phases of the Project

The steps and processes used to produce the above outputs are discussed in Chapters 3-9 of this Guidebook.

This section describes the roles and actions taken by both BIR-LTS managers and supervisors and the EMERGE team in two phases of the project: start up / design and implementation.

The steps are further categorized by the four primary stakeholders in the BIR-LTS PMS project:

- LTS DCIR and HREA's
- LTS division chiefs and section chiefs
- LTS employees
- EMERGE team

The steps and roles the stakeholders played in the design and implementation of PMS are shown in the table below with the columns representing project timing (start up /design and implementation) and the rows representing the stakeholders.

Table 2.1: Roles of Key Stakeholders during the Design and Implementation of PMS

Stakeholders	Start up /Design Stage (January to May 2005)	Implementation Stage (May to October 2005)
LTS DCIR and HREA's	<ul style="list-style-type: none"> ▪ Defined the objectives of the project. ▪ Validated the approach and technical assistance to be provided by the EMERGE team 	<ul style="list-style-type: none"> ▪ Prioritized /clustered the objectives in the Strategy Map. ▪ Set the required policies on PMS, specifically, target setting and performance evaluation. ▪ Mapped out a "pilot" performance contract at the service level ▪ Identified pockets of resistance and developed strategies to counter this resistance. ▪ Resolved implementation issues. ▪ Provided the necessary

Stakeholders	Start up /Design Stage (January to May 2005)	Implementation Stage (May to October 2005)
		counterpart resources such as time, food, equipment, and venue for the training.
LTS Division Chiefs and Section Chiefs	<ul style="list-style-type: none"> ▪ Attended PMS orientation and training on change management. 	<ul style="list-style-type: none"> ▪ Attended coaching sessions on office target setting, monitoring, evaluating, and rewarding. ▪ Attended coaching sessions on individual target setting. ▪ Defined targets for the office and individuals in their office. ▪ Evaluated office performance for the first semester of 2005 using a calibration and consensus process. ▪ Cascaded office targets for the second semester to the individual level. ▪ Installed the required and necessary changes such as monitoring quality of performance. ▪ Resolved implementation issues.
With LTS Employees	<ul style="list-style-type: none"> ▪ Created initial awareness on the PMS through the LIBReToS. 	<ul style="list-style-type: none"> ▪ Actively gathered feedback from the employees through the LIBReToS. ▪ Shared ongoing project implementation updates through the LIBReToS.
EMERGE Team	<ul style="list-style-type: none"> ▪ Designed the approach and technical assistance to be provided for BIR-LTS. ▪ Formed the team based on requirements of the project. ▪ Mapped out a work plan for the four components of the PMS. ▪ Provided change management training for LTS management, division chiefs, assistant division chiefs, and section chiefs. 	<ul style="list-style-type: none"> ▪ Developed coaching and training materials and strategies for LTS division chiefs, assistant division chiefs, section chiefs, and rank and file. ▪ Coached LTS management, division chiefs, assistant division chiefs, and section chiefs on office target setting, monitoring, evaluating, rewarding, & use of the PMIS to develop sponsor capabilities. ▪ Assisted section chiefs in the cascade of office performance contracts to the

Stakeholders	Start up /Design Stage (January to May 2005)	Implementation Stage (May to October 2005)
		<p>individual level.</p> <ul style="list-style-type: none"> ▪ Provided ongoing updates for LTS management on project progress and implementation issues; sought their input on critical decisions. ▪ Sought approval from LTS management for key milestones in the project. ▪ Developed service-level monitoring and evaluation instruments approved and validated by LTS Management, DC's, ADC's, and SC's. ▪ Provided technical legal assistance in drafting the IRR for the Attrition Act. ▪ Developed and installed PMIS. ▪ Kept LTS informed about the PMS through its weekly newsletter, LIBReToS. ▪ Taught encoders and LTS managers and supervisors on the use of PMIS. ▪ Conducted STATISTICS 101 to some technical rank and file of selected offices as a starting tool for translating performance data into performance information; ▪ Conducted "roadshows" solely for the orientation of the entire LTS on the PMIS and rewards framework.

Critical Success Factors

Visible and Active Sponsorship

The PMS project can only work with the visible and active sponsorship by management. This was evident in the various roles the LTS management, division chiefs, assistant division chiefs, and section chiefs played in the installation and implementation phases

of the PMS. They set the tone and laid down the necessary policies related to performance target setting, monitoring, evaluating, and rewarding. They provided the needed resources during the conduct of training and coaching sessions. They completed the required outputs of the PMS project. They solved many of the implementation issues. Some individual attributes that proved helpful and were evident among many of the LTS management, division chiefs, their assistants, and the section chiefs were:

- Ownership of the PMS as a management tool;
- Ability to see the big picture and to think strategically and cross functionally;
- Problem solving ability;
- Independent thinking ability; and,
- Flexibility and ability to deal with ambiguity.

Elicit, Anticipate, and Manage the Sources of Resistance

The original plan of the EMERGE Team was to train the LTS Managers and Supervisors on Change Management so they are equipped with anticipating and managing resistance on any change initiative. HREA Corazon Pangcog, however, convinced the EMERGE consultants to conduct a PMS orientation-cum-change management workshop for the rank and file. In the process, EMERGE facilitators directly came face-to-face with the issues and sources of resistance of the employees regarding the PMS. Issues were forwarded to LTS management and acted upon by the concerned parties. This line of communication with the rank and file kept the designers of the PMS sensitive and attuned to the valid issues and needs of the employees. In another case, some section chiefs discussed with the EMERGE consultants issues related to individual evaluation and promotion. These were brought to the attention of the HREA and DCIR who acted on the issues at hand. Issues as they are brought to the attention of EMERGE consultants are acted upon before they become big sources of resistance towards the PMS.

Skills Enhancement on PMS

LTS managers and supervisors were trained along the four stages of PMS: target setting, monitoring, evaluating, and rewarding to ensure that they have a shared understanding of the key concepts and tools.

Constant Communication to Project Stakeholders

Different stakeholders of the project are kept informed about the updates and developments of the project through various media. Please see figure below to show the various stakeholders of the project and how they are kept updated and informed. Keeping them informed established buy-in and ownership of the project.

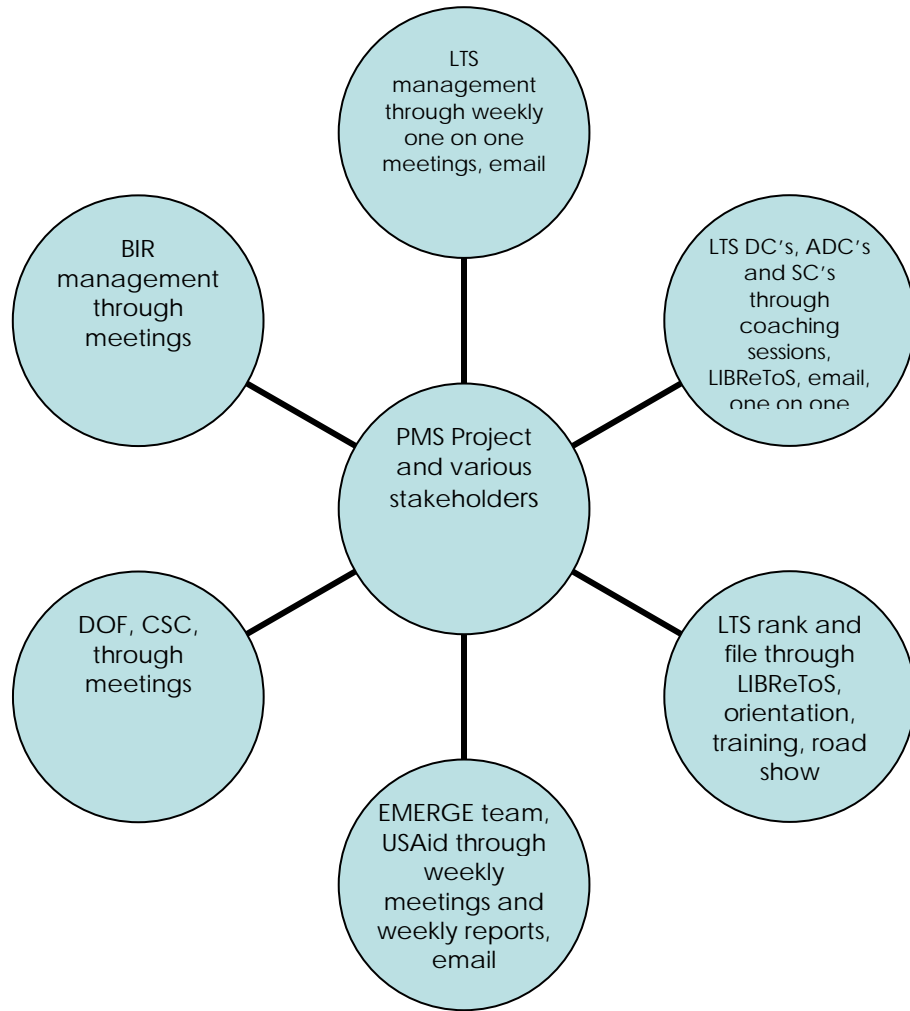


Figure 2.2: The Various Stakeholders of PMS and the Means Used to Keep Them Updated about the Project.

Areas for Improvement

For the next phase of the implementation of the PMS in other offices of the BIR, the following are some areas needing improvement:

Portability of the PMS. The process of defining, aligning, and cascading performance targets was a tedious, consultative, and iterative process that took almost four months in most offices of the LTS. The same emotional-laden and consensus-building process of evaluating office performance took another month. The processes were tried and tested in LTDO Cebu during the last phase of the PMS project. The skills training, including the PMIS installation and generation of performance contracts for all LTDO employees and offices, took only four days. Again with executive sponsorship from the assistant division chiefs and section chiefs of LTDO Cebu; the availability of computers; and the openness of the LTDO employees to the process, the experience in Cebu shows that the technology transfer can actually be made shorter and easier. This was also facilitated by the fact that many of the outputs generated in the other offices in LTS were used and validated by the managers and supervisors of LTDO Cebu. The same “portable process” may be replicated in other *offices* of the BIR yielding the same results assuming similar support shall be afforded to the project.

Division and Section Chiefs as Critical Link in the Process. Division and section chiefs attended coaching sessions on the components of PMS, namely, target setting, monitoring, evaluating, and rewarding. As owners of the process, it is critical that they are seen by the employees as the credible sources of information on office targets, monitoring tools etc. From the LTS experience, while they have the expertise on the content, they have yet to be trained on effective communication and presentation skills. Three to five days training on these should make them more confident “messengers, advocates, and proponents” of the PMS.

Comprehensive messages should be delivered. Since PMS was heavily customized in the LTS, many of the tools, templates, frameworks and concepts emerged during the implementation of the project. These pockets of information were disseminated but probably in bits and pieces. With the whole package customized and completed for LTS, the information may actually now be disseminated to other offices of BIR in more comprehensive but bite-size dosages. This is to give the target audience a more holistic perspective of the gains and pains associated with the implementation of a working and effective Performance Management System.

More Creative Venues and Greater Reach for Coaching. Division and section chiefs may be trained on pertinent PMS skills with the use of interactive videos, where they will listen to the BIR-CIR talk about the need for PMS or LTS management discuss their own experiences with the PMS, supported and complemented by a competent pool of trained BIR-PMS facilitators. More creative approaches should be concocted to make PMS skills training more fun, as well as accessible nationwide.

The BIR Support System as PMS Champions. For the next phase of the PMS project, the BIR Resource Management Group, Information Systems Group, and Planning Group should definitely play more active and visible roles in the transfer of the PMS technology to other offices of the BIR towards its nation-wide implementation.

Description

The collection goal of the BIR is set by the Development Budget and Coordinating Committee (DBCC) and deployed by the Planning Service of the BIR among its regional offices. Historically, the LTS contributes close to 56% of the total BIR collection. Other than the collection targets, the enabling target or targets in other performance areas that drive collection are set by the LTS management and division chiefs. This chapter walks us through the process of aligning targets from the service to the office levels all the way to the individual levels.

Chapter 3: Target Setting

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Description

The collection goal of the BIR is set by the Development Budget and Coordinating Committee (DBCC) and deployed by the planning service of the BIR among its regional offices. Historically, the LTS contributes close to 56% of the total BIR collection. Other than the collection targets, the enabling target or targets in other performance areas that drive collection are set by the LTS management and division chiefs. This chapter walks us through the process of aligning targets from the service to the office levels all the way to the individual levels in five steps.

Objectives

This chapter aims to:

- Explain the overall target setting process as experienced in the BIR-LTS;
- Show the process of mapping out a strategy map based on the LTS vision and mission statements; and,
- Demonstrate the process of translating the strategy map into performance contracts cascaded and aligned from the service to the office and individual levels.

Framework

The LTS target setting process is guided by the Balanced Scorecard System as discussed in Chapter 1 of this Guidebook.

Outputs

- The LTS Vision and Mission Statements and Strategy Map
- The Service Level Performance Contract
- The Office Level Performance Contract and Development Plan
- The Individual Performance Contract and Development Plan

Acronyms

Offices

BIR - Bureau of Internal Revenue

DBCC - Development Budget and Coordinating Committee

LTAD 1 - Large Taxpayers Assistance Division (for Regular Large Taxpayers)

LTAD 2 - Large Taxpayers Assistance Division (for Excise Large Taxpayers)

LTAID 1 - Large Taxpayers Audit and Investigation Division (Regular Large Taxpayers)

LTAID 2 - Large Taxpayers Audit and Investigation Division (Excise Large Taxpayers)

LTCED - Large Taxpayers Collection and Enforcement Division

LTDO Cebu - Large Taxpayers District Office in Cebu

LTDO Makati - Large Taxpayers District Office in Makati

LTDPOAD - Large Taxpayers Document Processing Quality Assurance Division

LTFOD - Large Taxpayers Field Offices Division

LTPD - Large Taxpayers Programs Division

LTS - Large Taxpayers Service

Positions

CIR – Commissioner of the Internal Revenue

DCIR - Deputy Commissioner of the Internal Revenue

HREA - Head Revenue Executive Assistant

DC - Division Chief

ADC - Assistant Division Chief

SC - Section Chief

Definitions

Key Result Areas or KRA's are the specific outputs or deliverables an office or individual is accountable for. Based on the LTS experience, an office has 15 to 20 KRA's and an individual has 5 to 10 KRA's.

LTS Management refers to high level decision makers in LTS composed of the DCIR and HREA's.

Means of Verification or MOV's refer to the records or forms of documentation that would provide evidence on whether targets are met or not. These are the materials one would inspect to determine and confirm actual performance. Examples of MOV's may include: activity log sheets, journals, notes, weekly / monthly accomplishment reports, routing slips, logbooks, or quality scorecards of the different offices.

Measure describes the indicator by which effective performance in a KRA is gauged. They may be described in terms of quantity, quality, and / or timeliness. They describe clearly what the rater will look for in the ratee's performance.

Mission defines the mandate, core purpose of the organization, and its contribution to society.

Objective reflects the five key strategies of the LTS. Offices contribute to several objectives depending on their office mandate. Individual employees contribute to one or more objectives, depending on which KRA's are assigned to them.

Performance Contract is the target setting template or tool containing the objectives and their weight assignment; key result areas and their weight assignment; measures and their weight assignment; targets; and means of verification tools. The LTS performance contract as a target setting tool looks the same from the service, to the office, and to the individual levels.

Strategy Map. The LTS Strategy Map serves as a strategy implementation roadmap in that it describes the high-level strategic objectives that the LTS must deliver if it is to successfully attain its mission and vision.

Target defines the expected level of performance required for each measure.

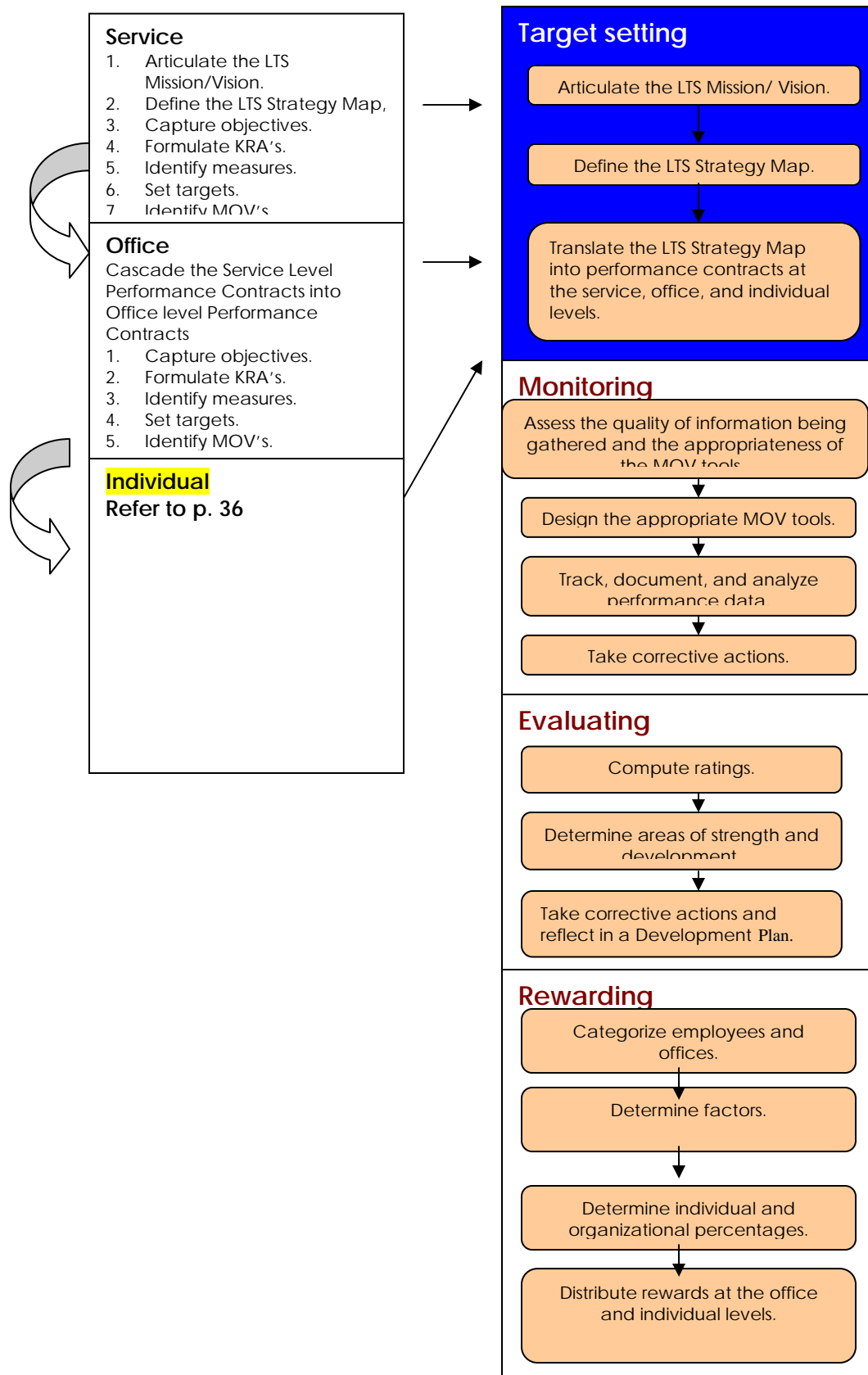
Vision is a vivid description of what the organization will be like when its mission is fulfilled. It is the dream or overarching goal that drives the organization into the future.

Weight indicates priorities at the objectives, key result areas, and measures level. Weight under the objective, KRA, or measure level should always total 100%.

Target Setting Process

The LTS target setting process is an iterative, participatory process containing the following steps shown in the diagram below.

Figure 3.1: PMS Process with focus on target setting



Target Setting at the Service Level

Description

Target setting at the service level defines strategic directions, establishes overall objectives and priorities, and spells out the KRA's each office is accountable for achieving.

Outputs

- LTS Strategy Map
- LTS Performance Contract

Process

The detailed steps in target setting at the service level are shown below.



Figure 3.2. Target Setting at the Service Level


Step 1.

Articulate the LTS mission and vision. It is important that performance targets at different levels of the organization are aligned with the strategic directions of BIR and LTS. The strategic direction of an organization refers to three major concepts: mission, vision, and strategies. The LTS management and the division chiefs articulated these concepts in a series of iterative meetings.

The mission defines the core purpose of the organization and the contribution it makes to society.¹ In government organizations, the mission is its mandate. The mission should not be confused with goals or strategies. A mission does not change while goals and strategies change through time because of changes in the environment. While the mission does not change, it inspires change. An organization must continually stimulate change and progress in order to live its mission more fully.²

The LTS Mission

As the LTS contributes around 56% of the total tax collection of the BIR, its mission statement is:

Collect taxes efficiently by strictly implementing tax laws; promptly detect and plug tax leakages; provide exceptional service to the large taxpayers to encourage voluntary tax compliance; and produce empowered leaders for the revenue service.

The vision, on the other hand, is the dream or overarching goal that drives the organization into the future. It is a vivid description of what an organization will be like when its mission is fulfilled. A vision should not be confused with its mission. To illustrate, NASA's mission is to explore outer space. Its vision in the 60's was "To put a man on the moon by the end of the decade."

¹ Napier, Rod, Sidle Clint and Sanaghan Patrick (1998). High Impact Tools and Activities for Strategic Planning. Creative Techniques for facilitating Organization's Planning Process, Mc Graw Hill.

² Collins, James and Poras JErry, (1998). Built to last, Successful habits of visionary companies. Random House Business Books.

The LTS Vision

The LTS envisions itself to become:

The standard of excellence in the enforcement of tax laws and the engine of innovation in providing quality service setting best practices in the world...

Step 2.

Define the LTS Strategy Map. The next step translates both the LTS mission and vision statements into a strategy map. The same as Step 1, high level decision makers are involved in this step, namely, the LTS management and the division chiefs.

The Strategy Map serves as a strategy implementation roadmap. It describes the high level strategic objectives that the organization must deliver if it is to successfully execute its strategy.³ Central to the premise of the Balanced Scorecard philosophy is a graphical representation of the causal relationship among strategic themes, e.g., taxpayer compliance, taxpayer needs, internal processes and information management, and organizational learning and growth.

The causal relationship among the strategic themes in the LTS Strategy Map is tailored to the LTS realities and concerns (Figure 3.4). The map comprises the conventional scorecard perspectives of financial, customer/ taxpayer, business processes, and learning and growth. **The arrows show hypothetical causal relationships which should be empirically and statistically proven.** It shows that for LTS to increase its tax collection, it has to improve its taxpayer compliance and meet taxpayer needs. For the LTS to do these two objectives well, it has to improve its internal processes and information management which in turn is dependent on the learning and growth initiatives of the LTS for its offices and individual employees.

In constructing the LTS Strategy Map, the LTS mission and vision statements are used as reference points. To demonstrate the

³ Creelman, James and Makhijani, Naresh (2005). Mastering Business in Asia. Succeeding with the Balanced Scorecard. Wiley Executive MBA.

construction of the LTS Strategy Map, the following sub-steps are taken:

2.1. Review the LTS strategic direction. Identify and draw a circle around the core messages of the LTS mission and vision statements.

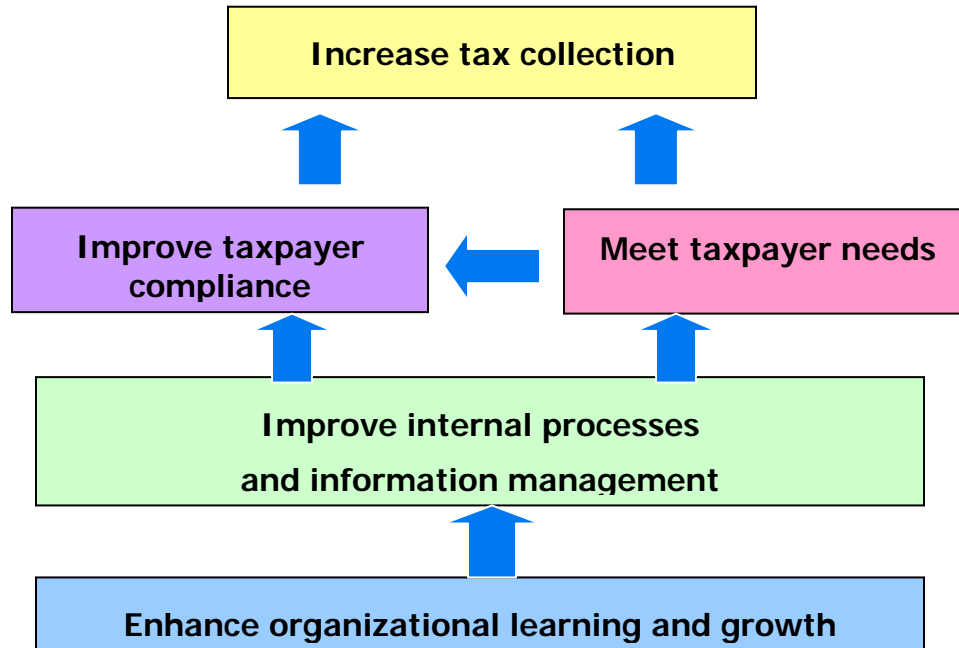
2.2. Identify the LTS overall strategy. Cluster common objectives or strategic themes. The initial strategy map of the LTS drafted in 2004 had 13 strategic themes. This year, the LTS management opts to reduce and prioritize the strategic themes into five to reduce redundancies, simplify the representation of strategic themes, and facilitate recall. The strategies related to enforcement and elimination of revenue leakages are subsumed under improvement of tax compliance. The strategies related to improvement of the LTS image are subsumed under taxpayer needs. Improvement in processes and knowledge management are clustered together.

Figure 3.3: Illustration of How LTS Vision and Mission Core Messages May Be Used as Basis for Doing the Strategy Map.



2.3. Determine cause-effect relationships. The five strategic themes or objectives are graphically shown and summarized in Figure 4. Financial or collection objective is the mandate of BIR. The other objectives are called enabling objectives because they drive collection, as seen from the Strategy Map below.

Figure 3.4: The LTS Strategy Map



The LTS Strategy Map looks simple but it is a potent communication tool. It communicates the focal strategy of LTS. It also unfolds the relationships of its sub-strategies. These cause-effect relationships have to be proven in time through statistical analyses. But for now let us be explicit with LTS focus and its hypotheses on what significantly drives collection. There are various ways of reading and interpreting the Strategy Map.

- ***Taxpayer compliance as the driver.*** This is currently the focus of LTS. It stipulates that for LTS to increase its tax collection, it has to improve its taxpayer (TP) compliance. LTS has many strategic key result areas or programs across offices intended to improve TP compliance. These programs lead to improvement in TP compliance in filing, payment, and reporting. LTAID 1 and 2, LTDO Makati and Cebu, LTCED, LTDPQAD, and LTFOD play a strategic role

here. However, this doesn't mean these are the only offices that contribute to collection.

- Other offices play a big role in other objectives such as TP satisfaction and process improvements. They complete the Strategy Map. For TP compliance to improve, LTS has to address taxpayer needs. LTAD 1 and 2 play a significant role in the attainment of this objective. For the LTS to do these two objectives well, it has to improve its internal processes and information management. LTPD and LTDPQAD are the main players in the attainment of this objective.

Other objectives can be the focus of LTS in the future.

- ***Organizational learning and growth as the focus.*** The ability of the LTS to recruit, retrain, and develop competent personnel will determine how well it can provide better processes and quality services that taxpayers expect. An increase in investment in organizational learning and growth yields better processes. Better processes lead to better TP satisfaction. Higher TP satisfaction leads to better compliance which in turn leads to higher collection. LTS is beginning to invest in organizational learning and growth. One initiative for 2005 is its implementation of the PMS. If the IRR of the Attrition Act is implemented in 2006 and LTS exceeds its target, a sizeable amount of the rewards shall be invested for its human capital and offices. *This can potentially be the next focus of LTS.*
- ***Taxpayer satisfaction as the impetus.*** The US Revenue Agency chose this as its strategy to better attain its collection target. The US Internal Revenue Restructuring and Reform Act in 1998 gave the IRS a clear mandate—do a better job in meeting the needs of taxpayers. This new direction paved way for a new mission statement, new goals, and measurement systems, a new customer-focused organizational structure, and the implementation of new taxpayer rights.⁴ *This can potentially be the next focus of LTS.*
- ***Knowledge management and process improvements as catalysts.*** LTS' information technology infrastructure and systems play a critical role in meeting TP needs and

⁴ IRS Strategic Plan. Fiscal Year 2000-2005. www.irs.gov.

improving TP compliance. A major challenge of LTS is to be responsive to the IT needs of its different offices while meeting the requirements of its external stakeholders such as Congress, Department of Finance, etc. *This can potentially be the next focus of LTS.*

The table below elaborates more on the strategic themes of the LTS Strategy Map.

Table 3.1: The LTS Strategic Themes

Perspective	No.	Objectives	Description
Financial	1	Increase Tax Collection	<p>Collection from voluntary compliance</p> <p>Collection from audit/ collection/ enforcement</p> <p>Collection from audit</p> <p>Pursuing and collecting from delinquent accounts</p>
Taxpayer Compliance	2	Improve TP Compliance	<p>Improve TP compliance</p> <p>Tracking and enhancing various taxpayer compliance behavior, including registration, filing, payment, and reporting compliance</p> <p>Detect and eliminate revenue leakages</p> <p>Employing various TPI strategies, reconciliation, document matching, spot-checking, stocktaking, stop-filer detection</p> <p>Identifying and addressing loopholes in issuances that are a source of leakages</p> <p>Intensify enforcement</p> <p>Conducting quality audits</p> <p>Issuing permits according to regulatory requirements</p>
Taxpayer Satisfaction	3	Meet the Needs of TP's	<p>Meet the needs of TP's</p> <p>Identifying and analyzing taxpayer needs by industry segment</p> <p>Providing customized, industry-specific services to help taxpayers fulfill their tax obligations</p> <p>Registration</p> <p>Improve LTS image</p> <p>Projecting a positive public image of LTS</p> <p>Working towards accreditation of LTS in quality assessment institutions as a way of showcasing its efforts at continuous improvement</p>
Internal Processes	4	Improve Process and Knowledge Management	<p>Process improvement</p> <p>Reviewing and streamlining manual and electronic processes to reduce transaction time, requirements, steps, and costs</p> <p>Broadening the use of electronic interactions</p>

Perspective	No.	Objectives	Description
			<p>Knowledge management analysis and utilization</p> <p>Determining what data should be collected and analyzed</p> <p>Developing a reliable and comprehensive knowledge base of data and information to support planning, policy- and decision-making in LTS</p>
Organization and Employees	5	Enhance Learning and Growth	<p>Installing the Performance Measurement System</p> <p>Target setting at the office and individual levels</p> <p>Monitoring and evaluation of staff</p> <p>Use of PMIS</p> <p>Recommendation for staff reward</p> <p>Providing training and other development opportunities to foster continuous learning among employees</p> <p>Institutionalizing a reward and recognition system within LTS</p> <p>Strengthening organizational communication; improving the cascade of information</p>

Increase Tax Collection. This financial objective refers to amount collected from voluntary compliance and special efforts such as audit, enforcement, and leakage detection.

Improve Taxpayer Compliance. This refers to key result areas related to registration, filing, payment, and reporting compliance. It also pertains to elimination of revenue leakages through third party information, reconciliation, document matching, spot-checks, stocktaking, and stop filer detection. It also subsumes efforts to intensify enforcement through the conduct of quality audits and the issuance of permits according to regulatory requirements.

Meet the Needs of the Taxpayers. This pertains to key result areas leading to quality service to LTS taxpayers which can be realized by providing customized or industry-specific services to help taxpayers fulfill their tax obligations willingly. Specific outputs are industry specific information dissemination tools and materials, permits, replies to taxpayer queries, evaluation of application for abatement, compromise settlements, and certificate of payments, among many others.

Improve Internal Processes and Information Management. This objective requires reviewing and streamlining of core processes to reduce turn around time and cost. It also pertains to developing a reliable and comprehensive knowledge base of

data and information to support planning, policy, and decision making in LTS and stakeholders from offices outside the LTS such as BIR Planning Office, Malacañan, the Department of Finance, and Congress.

Enhance Organizational Learning and Growth. This objective refers to efforts related to developing high performing, committed, and motivated human asset. For this year, the programs related to this objective are: the installation of the Performance Management System (PMS), the conduct of prioritized development interventions for the LTS personnel, and the institutionalization of formal and informal office-based rewards system.



Step 3.

Translate the LTS Strategy Map into a performance contract at the service level. Capture the five objectives of the Strategy Map under the 'objectives' column.

Similar to Steps 1 and 2, the same high level decision makers are involved in this step, namely, the LTS management and the division chiefs.

The performance contract contains the strategic objectives, KRA's, and measures at the service level. Targets and their means of verification (MOV's) are likewise included.

The table below is a template of a service level performance contract.

Table 3.2: Performance Contract Template

Objective	Weight	KRA	Weight	Measure	Weight	Target	MOV's

Capture the five objectives of the Strategy Map under the 'objectives' column. Assign a weight for every strategic objective. Ensure weight assignment totals 100%. The LTS weight assignment across objectives at the service level is shown below.

Table 3.3: Weight Assignment across the Five Objectives of LTS

Objective	Weight
1. Increase collection	40%
2. Improve tax compliance	30%
3. Meet TP needs	10%
4. Improve processes & knowledge management	10%
5. Enhance learning & growth	10%

The objective on increasing tax collection has a weight assignment of 40%. It is the highest among the objectives not only because tax collection is the overriding goal of LTS or the BIR as a whole, but also because it is the only established measure and target so far. In time, the weight assignments may change as lessons from other countries show that efforts to improve tax compliance and meet TP needs assure sustainability of tax collection. Revenue agencies of developed countries, such as the Internal Revenue Service (USA), Australian Taxation Office (Australia), and Inland Revenue Department (New Zealand) give equal, if not more, importance to tax compliance and taxpayer satisfaction objectives because these can result in sustainable yield in revenue collection. In the future, when the LTS measures are more mature and stable, a higher weight may be assigned to these other objectives.

The other objectives such as improving processes, knowledge management, and enhancing learning and growth get 10% weight assignment respectively because few initiatives are in place such as enhancing automation of processes and installation and implementation of the PMS.


Step 4.

Formulate key result areas per strategic objective. KRA's at the service level are, *ideally, the outcomes of efforts expended by the different offices of the LTS.* Below are examples of KRA's at the service level which are the *outcomes* of outputs produced by the different offices of the LTS. Release of permits, audit reports, and seminars are all examples of outputs at the office level that should result to TP compliance. At the service level, we are more interested in finding out the effects of all the LTS

services and products on their external and internal stakeholders, namely, the taxpayers and employees.

Table 3.4: Key Result Areas at the Service Level

Objective	KRA's
Increase collection	Collection from voluntary compliance Collection from special efforts
Improve TP compliance	Voluntary Compliance Index Special Effort Compliance Index Stopfiler Index
Meet the needs of taxpayers	TP Satisfaction Index
Improve processes and knowledge management	TP satisfaction with LTS turn-around time on services Level of satisfaction of knowledge/information users with the analyses generated by LTS offices
Enhance organizational learning and growth	Employee Productivity and Satisfaction Index PMS institutionalization Training and development

Key result areas at this level are the accountabilities of the DCIR and HREA's for LTS. They have to make sure that the targets set at the division and section levels yield the desired outcome at the service level.

A balanced set of KRA's are captured at the service level to ensure that outcomes that drive collection are monitored and tracked. Based on the LTS Strategy Map, key result areas on TP compliance, satisfaction, processes, and employee satisfaction drive collection. It is important that we are able to explain the organizational factors that contribute to the attainment of the collection target. KRA's at the division and section levels that significantly contribute to the outcome at the service level should be continued. On the other hand, KRA's at the division and section levels that only deter or minimally drive the outcomes at the service level should be changed or given less priority.

Contingency Process: In the absence of resources for the conduct of performance measurement at the outcome level – the integrated outputs of several offices of LTS leading to the attainment of an objective can serve as contingency KRA's.

Below are examples of KRA's at the service level that are the *integrated outputs* of several offices of LTS.

For the example below, each office has almost equal accountabilities in the attainment of this service level objective. Each office chose a core process that they will enhance in terms of turn-around time.

Table 3.5: KRA's at the Service Level as Summation of Outputs of LTS Offices with Sample Weight Assignments.

Objective	KRA's	Weight
Improve internal processes and knowledge management	LTAID 1	20%
	LTAID 2	10%
	LTCED	10%
	LTFOD	10%
	LTDO Makati	10%
	LTDO Cebu	10%
	LTAD 1	10%
	LTAD 2	10%
	LTPD	10%
	LTDPQAD	10%

The example below on the other hand shows different weight assignments for each office. This reflects the effort being expended by the office under the objective on improving TP compliance. As a rule, bigger weight is given to the office which has many strategic programs or KRA's along the objective.

Table 3.6: Collection as a KRA at the Service Level with Sample Weight Assignments.

Objective	KRA's	Weight
Improve TP compliance	LTAID 1	12.5%
	LTAID 2	12.5%
	LTCED	9 %
	LTFOD	10 %
	LTDO Makati	10 %
	LTDO Cebu	10 %
	LTAD 1	9 %
	LTAD 2	10 %
	LTPD	7 %
	LTDPQAD	10 %
Improve TP satisfaction	LTAID 1	9%
	LTAID 2	9%
	LTCED	7 %

Objective	KRA's	Weight
	LTFOD	9 %
	LTDO Makati	12 %
	LTDO Cebu	12 %
	LTAD 1	15 %
	LTAD 2	15 %
	LTPD	5 %
	LTDPQAD	7 %

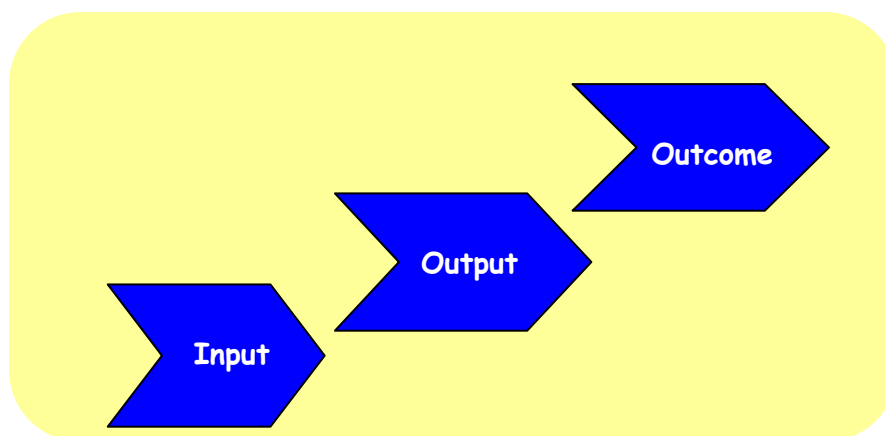
All KRA's per objective should have a total weight of 100%.

Step 5.

Identify relevant measures per KRA. Performance measures may be described in terms of

- Levels: Inputs, Outputs, and Outcomes
- Types: Quantity, Quality, and Timeliness

Figure 3.5: Levels of Measures



Input: Measures at this level track the level, quantity, quality, and adequacy of financial and non-financial resources provided. This type of measure is relevant at the service level when the key result area is at its implementation stage. It is therefore significant to measure or track the adequacy of the resources and quantity/quality of inputs provided.

Examples:

- Number of training programs conducted by LTS
- Number of attendees in various LTS training programs

Outputs: Measures at this level track the direct and immediate tangible result or product of an activity or set of activities.

Outputs create the potential for outcomes to occur. Outputs measured at the service level are the integrated outputs of the different offices of LTS.

Examples:

- % decrease or increase in LTS turn around time in the delivery of its core services such as: audit processing time, issuance of permits, reconciliation of ORB's, and/or stocktaking

Outcomes: Measures at this level establish the effects of outputs, e.g., issuances, data analyses, and/or resolution of issues on the five objectives of the LTS strategy map:

Examples:

- Increase in collections
- Improvement in TP compliance
- Increase in TP satisfaction
- Simplification in processes
- Enhancement in organizational learning and growth

They are captured as outcome key result areas at the service level because they are the effects of outputs and efforts expended by different offices and many individuals in LTS. For example, collection from special efforts is a result of a combination of correct audit strategy, implementation plan, and/or taxpayer assistance programs contributed by different divisions. Taxpayer satisfaction is a function of an array of factors such as effective and efficient processes, and/or competent employees. In the same light, employee satisfaction is a result of a combination of effective and strategic HR systems such as performance management system, training, selection, and/or rewards, etc.

Next, let us describe the types of measures. Measures may also be described in terms of quantity, quality, and/ or timeliness. Examples of measures at the service level are expressed either in terms of quantity, quality, or timeliness are shown in the table below.

Table 3.7: Sample KRA's with Different Types of Measures

Objective	KRA	Measure	Weight
Improve collection (40%)	Collection from voluntary compliance (37%)	<i>Quantity:</i> Amount collected from voluntary compliance	100%
	Collection from special efforts (63%)	<i>Quantity:</i> Amount collected from special efforts	100%
Improve TP compliance (10%)	TP filing compliance (10%)	<i>Quantity and Time:</i> % of TP's filing within prescribed time	10%
	TP reportorial compliance (20%)	<i>Quantity and Time:</i> % of TP's submitting required documents on time	20%
	TP payment compliance (50%)	<i>Quantity and Time :</i> % of TP's paying declared tax dues on time	50%
	Stop/non filer resolution (25%)	<i>Quantity :</i> Rating in BIR-wide KPI	20%
Meet TP needs (10%)	TP satisfaction (100%)	<i>Quality:</i> Level of TP satisfaction	100%


Step 6.

Set targets for each measure. The collection goal of the BIR is set by the Development Budget and Coordinating Committee (DBCC) and deployed by the Planning Service of the BIR among its regional offices. Historically, the LTS contributes close to 56% of total BIR collection. Other than the collection targets, the enabling targets are set by the LTS management and division chiefs. The following are some targets for the second semester at the service level. For a complete list of targets at the LTS level, please see Appendix 4.

Table 3.8: Sample Targets at the Service Level

Objective	KRA	Measure	Targets
Improve collection (40%)	Collection from voluntary compliance (37%)	Amount collected from voluntary compliance (100%)	P 286 Billion for 2005 P143 Billion for each semester
	Collection from special efforts (63%)	Amount collected from special efforts (100%)	LTAID1: 0.75% of VC; LTDO's: 0.75% of VC; LTAID2: 0.75% of VC - P30M; LTFOD: Stocktaking and ORB reconciliation targets: LTCED: 18% increase from previous year's enforcement collection

Objective	KRA	Measure	Targets
Improve TP compliance (10%)	TP filing compliance (10%)	% of TP's filing within prescribed time (10%)	95% of LTP's
	TP reportorial compliance (20%)	% of TP's submitting required documents (20%)	80% of LTP's
	TP payment compliance (50%)	% of TP's paying declared tax dues on time (50%)	95% of LTP's
	Stop-/non-filer resolution (25%)	Rating in BIR-wide KPI (20%)	LTS maintains 80% rating

At present, there are limitations in setting targets for the enabling objectives, such as TP Compliance, Satisfaction, Processes, and Employee Learning and Growth. Baseline data are yet to be established.

However, the LTS performance contract (Appendix 4) for the second semester of 2005 will take precedence, of which after the evaluation, the results will be used as the baseline of measurement for the next semester.

Performance measurement is a process of regularly measuring outputs and outcomes. Thus, in the next performance measurement phase in the first semester of 2006, the enabling objectives should be given more importance, particularly TP satisfaction and TP compliance objectives, as these can have strong potential to yield higher collection. The efforts given to improve TP satisfaction and TP compliance could mean sustainability of tax collection, when services accorded to TP's are what they really need. Currently, several initiatives on voluntary compliance and special efforts are in place. It is only a matter of consolidating these activities that should bear outcome-oriented results.

Step 7.

Identify means of verification tools per measure.

Many of the MOV's at the service level are still being finalized and institutionalized. The instruments on taxpayer satisfaction, taxpayer compliance index, and employee satisfaction rating are discussed in the next chapter under *Performance Monitoring*.

Target Setting at the Office Level

Description

To ensure alignment of targets from the service to the division and section levels, target-setting at the service level needs to happen first. This sets direction, establishes overall objectives and priorities, and spells out the KRA's each office is accountable for achieving.

The alternative route of defining performance contracts at the division and section levels may take effect first before elevating these to the service level. However, this option proves bumpy, unwieldy, and time-consuming.

Unlike Steps 1-3, Step 4 involves the division chiefs, the assistant division chiefs, and all the section chiefs per division. Office performance planning then starts with the division chiefs identifying the major objectives in the strategy map to which the office is accountable. They also identify major KRA's that lead to the attainment of each objective. Below are the sub-steps of completing the performance contracts at the office level.

Outputs

PMIS-Generated Division and Section Performance Contracts.

Each division and section chief goes through a step-by-step process leading to the completion of his/her performance contract containing the office financial and enabling targets that are aligned with the objectives of the LTS Strategy Map and Performance Contract.

The table below captures the performance contract at the office level. This is the same template used at the service level. Starting in the second semester of 2005, the LTS division and section performance contracts are generated through the PMIS. *For step-by-step procedures on generating office level performance contracts, see Chapter 7 on PMIS.* The process of filling up the office level performance contract is discussed in the succeeding sections *to demonstrate* some examples of the cascade process from the service, to the division, and to the section levels.

Table 3.9: Office Level Performance Contract Template

Objectives	Weight	KRA	Weight	Measures	Weight	Target	MOV's

Process

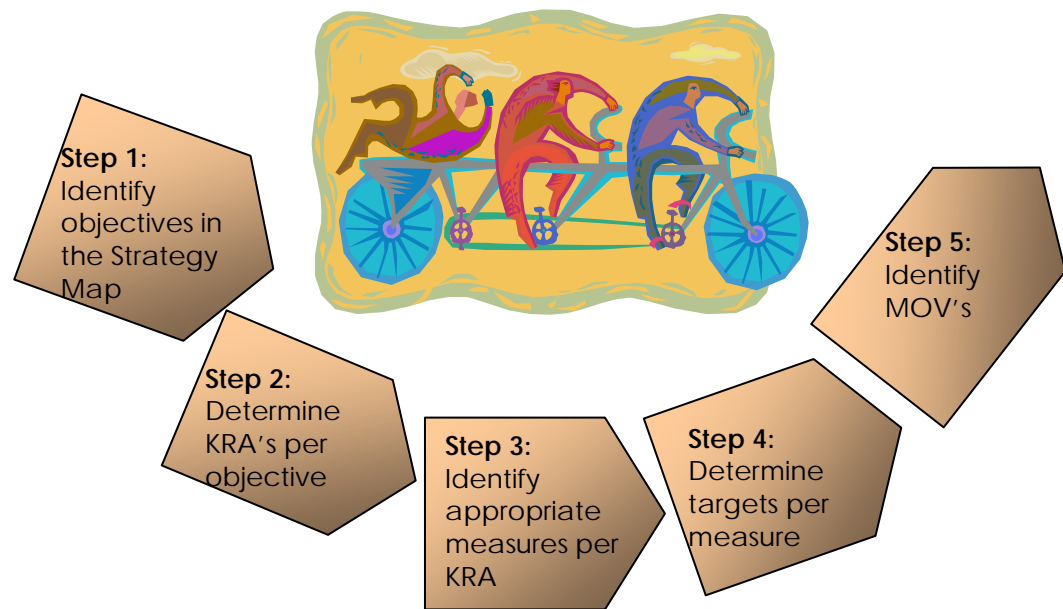


Figure 3.6: Target Setting Process at the Office Level

The detailed discussion of each step is as follows:



Step 1. Identify objectives of the LTS Strategy Map to which the division and section contribute. An objective is a 'verb noun' statement culled from the LTS Strategy Map. To reiterate, the prioritized objectives for 2005 are the following:

1. Improve collections
2. Improve TP compliance
3. Meet TP needs
4. Simplify processes
5. Enhance organizational learning and growth

Assign weight per objective. The total weight assignment across objectives is 100%. Here are some guidelines in the assignment of weights.

- All offices have a stake in collection, termed in LTS as the “Shared Goal Concept”. This means that all offices with or without direct collection targets apportion at least 15% of their overall objective weight for collection. These refer to LTAD 1 and 2, LTDPQAD, and LTPD. Offices with collection targets from special efforts such as LTAID 1 and 2, LTDO’s Makati and Cebu, LTFOD, and LTCED agree to a standardized weight assignment of 40% for collection.
- A bigger weight is assigned to objectives where the office has a big accountability because it is its mandate. For example, offices with collection targets from special efforts, e.g., audit, monitoring on site, and enforcement are assigned 40%.
- A bigger weight is likewise expected from offices which play a big role in that objective because no other office significantly contributes to that objective. For example, LTPD has a 40% weight under ‘Improving Processes and Knowledge Management’ since it is the office assigned to churn and analyze data into meaningful information.
- The sections subsumed under each division are aligned with the division weight assignments.

The table below shows the assignment of weights across objectives and divisions of the LTS.

Table 3.10: Assignment of Weights across Objectives for LTS Divisions Based on 2005 Semester Target Setting Process

	Weight Assignments Based on Shared Goal Concept									
	Audit		Assistance		Field	District Offices		Enforce-ment	Prog-rams	Quality Assuran- ce
Objectives	1	2	1	2	LTFO D	Makat i	Cebu			
Improve Collections	40%	40%	15%	15%	40%	40%	40%	40%	15%	15%
Improve TP Compliance	30%	30%	25%	35%	35%	35%	20%	20%	15%	35%
Meet the needs of TP’s.	10%	10%	40%	30%	10%	10%	20%	20%	10%	20%
Improve processes and knowledge management	10%	10%	10%	10%	5%	5%	10%	10%	45%	20%
Enhance organizational learning and	10%	10%	10%	10%	10%	10%	10%	10%	15%	10%

	Weight Assignments Based on Shared Goal Concept									
	Audit		Assistance		Field	District Offices		Enforcement	Programs	Quality Assurance
Objectives	1	2	1	2	LTFO D	Makati	Cebu			
growth										


Step 2.

Determine the key result areas. For each objective, determine the key result areas of the office. Key result areas (KRA's) are:

- Tangible outputs that logically lead to the attainment of the objective;
- Critical categories or deliverables of the office in which a high level of performance is necessary;
- Critical few areas which the office is expected to invest in, on a priority basis—time, energy, talent, and resources;
- Likely unique to the office since these in particular are the reasons the office exists; and,
- The cumulative KRA's within an office satisfy the office mandate.

Key Result Areas avoid the ABC pitfalls.

- **Activity** Trap – KRA's allow us to select the critically important activities from the unimportant;
- Keep **Busy** Trap – KRA's allow us to identify office KRA's that contribute to the attainment of the objectives of the Strategy Map.
- **Conflicting** Activities – KRA's serve as a basis for allocating resources, i.e., time, budget, information, training, process, and managerial support.

Guidelines for writing KRA's:

- Described by 3-5 words;
- They are tangible outputs, written as a noun; and,
- They are not activities; therefore action verbs must be avoided.

Below is a list of some KRA's across objectives and divisions culled from the second semester 2005 office performance contracts.

Table 3.11: Sample KRA's at the Office Level

Improve Collections	
Collections from voluntary compliance	
Collections from special efforts such as audit, delinquent account, and monitoring on site.	
Improve TP Compliance	
<i>Audit Divisions</i>	<i>Assistance Divisions</i>
Audit effectiveness	Transactional permits
Cases closed	Special continuing permits
Audit reports	ATRIG's
Aging of cases	Labels
Stop filer resolution	TP compliance with bonds
	Surveys
<i>Field Operations</i>	<i>Programs Division</i>
Resolution of issues	ORB Monitoring Control Program
<i>Quality Assurance Division</i>	
Analyses and recommendations on removals	EFPS monitoring and matching
Orders for lifting GUIA's	TP ledger clean up
Stocktaking	A/R cases
<i>Collection and Enforcement Divisions</i>	
Monitoring and reconciliation system	CBR suspense rates
Administrative and summary remedies	RPS suspense rates
Meet the Needs of Taxpayers	
<i>Audit Divisions</i>	<i>Collection and Enforcement Division</i>
Response to queries	Issuance of tax debit memo
Review and approval of reports	Issuance of delinquency verification certificate
<i>Assistance Divisions</i>	
Curriculum	Evaluation of applications
Campaigns / briefings	DST retirement and transfer
Secondary registration on requirements	Response to TP queries
Research	Evaluation of application for abatement of penalties
<i>Field Operations</i>	<i>Programs</i>
Issuance of BIR Forms	Replies to stakeholders
<i>Quality Assurance Division</i>	
Issuance of denaturing order	Certified true copies of returns
	Certificate of no outstanding liability
	Response to requests
	Certificate of payments

Assign weights per KRA. The total weight assignment across KRA's per objective is 100%. A bigger weight is assigned to KRA's that critically contribute to the attainment of objectives.

Cascading KRA's. Division chiefs deploy the key result areas at the division to the section levels in different ways. The first pattern entails deploying exactly the same KRA's from the

division to the section level. Cases in point are the audit divisions whose sections are tasked to do the same functions targeting different taxpayer industries. It is noted that the KRA's assigned to the sections are exactly the same as the divisions.

Table 3.12: Same KRA's at the Division Level Are Cascaded to the Section Levels.

Audit Division 1	Weight	Banks and Insurance	Weight	Manufacturing	Weight	Services	Weight
Audit effectiveness	30%	Audit effectiveness	30%	Audit effectiveness	30%	Audit effectiveness	30%
Cases closed	20%	Cases closed	20%	Cases closed	20%	Cases closed	20%
Audit reports	40%	Audit reports	40%	Audit reports	40%	Audit reports	40%
Stop filer resolution	5%	Stop filer resolution	5%	Stop filer resolution	5%	Stop filer resolution	5%
Aging of cases	5%	Aging of cases	5%	Aging of cases	5%	Aging of cases	5%

A second pattern emerges with other divisions such as LTPD, LTAD 1 and 2, LTCED, and LTFOD. It's KRA's at the section levels add up to the KRA's at the division level.

Table 3.13: KRA's at the Section Levels Add Up to the KRA's at the Division Level

Programs Division	Performance Monitoring	Excise Data Analysis	Programs Development Section	Research Data
Analyses of collection for all tax types (15%)				Drastic change and analyses of collection (20%)
Comparative excise tax /removals and analyses (15%)		Comparative excise tax /removals and analyses (60%)		
Consolidated accomplishment reports (10%)	Consolidated accomplishment reports (100%)			
Data profiling (10%)		Data profiling (10%)		Data profiling (20%)
Industry benchmarking (20%)				Industry benchmarking (40%)
Internal and external stakeholders (10%)		Internal and external stakeholders (30%)		Stakeholders' information (20%)
Issuances (20%)			Issuances (80%) Library issuances (20%)	

For the LTAD permutation, not all KRA's at the section levels are captured at the division level. These KRA's are the accountabilities of the section chiefs and need not go up the division level (see shaded rows in the table below).

Table 3.14: Example of KRA's at the Section Level that Need **Not** Be Captured at the Division Level

Assistance Division 1	Taxpayer Information and Education Section	Service Delivery Section	Registration Section
Curriculum program per industry (10%)	Curriculum program per industry (20%)		
Digest of latest and relevant issuances (5%)	Digest of latest and relevant issuances (5%)		
FAQ flyer (5%)	FAQ flyer (10%)		
LTS quick guide (5%)	LTS quick guide (25%)		
Registration documents (5%)			Registration documents (10%)
PCD/SS/Permits/ATP/ loose leaf/POS/CRM (20%)			ATP/CRM-POS (25%)
Quarterly briefing (10%)	Quarterly briefing (30%)		
Registration book of accounts (15%)			Registration book of accounts (25%) Registration books of accounts (on site) 10%
Replies to TP queries (20%)	Replies to TP queries (5%)	Replies to TP queries (60%)	Replies to TP queries (20%)
Tax clearances (5%)			Tax clearances (5%)
	Expanded withholding tax brochure (5%)	Receiving, screening, verification of docs/ diskettes (40%)	

LTDO Makati and Cebu at the division level provide another permutation. They are the integrated KRA's captured at the section level. This is similar to the contingency set of KRA's at the service level discussed under Step 4.

Table 3.15: KRA's at the Division Level are Functions of Section Ratings

Objectives	Weight	KRA's	Weight
Collection	40%	LTDO Collection	25%
		LTS Collection	12.5%
		Special efforts	62.5%
Improve TP Compliance	35%	AS	20%
		CES	20%
		DPOAS	30%
		TAS	30%

Step 3.**Identify appropriate performance measures per key result area.**

An equally important concept of measures is its type. Determine relevant measure per KRA. "What you measure is what you get." Measure quality and you get quality. It is good to have a balanced set of performance measures per KRA.

Consistent with other discussions on weight assignments, assign bigger weight for measures that critically contribute to the attainment of the KRA's.

Step 4.

Identify targets. Targets represent the desired results of a performance measure.

Examples of targets are:

- 100% of LT taxpayers per industry receive copies of new issuances
- 5.7 million collection from audit activities
- December 2005 as the prescribed date for the completion of an operations manual

Targets are not cast in stone. Targets are changed and adjusted towards continuous improvement. The LTS management, for example, agreed to raise their performance bar for the second semester. They said that actual performance data for the first semester becomes the target for the second semester. They further added that if actual performance is lower than the target, the first semester is carried over to the second semester.

Below is a summary table of the improvement in targets by the different offices as manifestations of their firm resolve to raise the LTS performance bar.

Table 3.16: Improvement in Targets

		Office	Measures
LT Assistance Division 1	Number of briefings per quarter	▪ 1 briefing per quarter	▪ 5 briefings per semester
LT Assistance Division 2	Number of days to process application of permits	▪ 100% permits processed within 3 days	▪ 100% permits processed within 2 days
	Timeliness of submission of research reports	▪ 7 days	▪ 3 days
LT Field Operations Division	Prescribed time to act on simple issues	▪ 5 days	▪ 3 days

		Office	Measures
	Timeliness of submission of analyses on removals and recommendations to improve collections	<ul style="list-style-type: none"> Within 25 days after the end of each month 	<ul style="list-style-type: none"> Within 20 days after the end of each month
	Amount of deficiency excise tax collected from stocktaking	<ul style="list-style-type: none"> 2.5M 	<ul style="list-style-type: none"> 5 M
LT Programs Division	Quality of reports, issuances, and analyses	<ul style="list-style-type: none"> Only timeliness of completion was monitored and evaluated 	<ul style="list-style-type: none"> Quality of outputs is given a bigger weight, closely monitored, and tracked. LTPD means of verification capture ratings per output per employee, as well as agreements between the boss and the staff regarding the ratings.
	Actions taken on non-compliant TP's	<ul style="list-style-type: none"> 100% non compliant TP's identified and notified 100% of protests resolved 	<ul style="list-style-type: none"> 100% non compliant TP's identified and notified 100% of protests resolved
	Timeliness of submission of comparative statement of removals	<ul style="list-style-type: none"> 10 working days 	<ul style="list-style-type: none"> 5 working days
	Timeliness of submission of consolidated accomplishment reports	<ul style="list-style-type: none"> 5 working days 	<ul style="list-style-type: none"> 3 working days
LT Collection and Enforcement Division	Number of validated and reconciled TP accounts on TRS	<ul style="list-style-type: none"> 400 taxpayers validated 	<ul style="list-style-type: none"> 450 taxpayers validated
	Response to TP queries	<ul style="list-style-type: none"> 15 days 	<ul style="list-style-type: none"> 10 days
	Timely evaluation of applications for abatement of penalties	<ul style="list-style-type: none"> 30 days 	<ul style="list-style-type: none"> 15 days



Targets must be challenging but realistic. To help set targets, it is helpful to

- Know your past / existing performance data. Set targets higher than your past and existing performance level;
- See how your office compares with benchmark practices. Let us approximate our targets with benchmark practices;
- Know what taxpayers or the public demand. This is important! You might be measuring and setting targets on measures not important to your customers or target beneficiaries.

Step 5.

Identify means of verification tools. The last step in office target setting is the identification of means of verification (MOV's). These are the documents that would show evidence of your actual performance data. Examples are:

- Logbooks
- Activity sheets
- Reports
- Audit Quality Scorecard (AQS)
- LTPD MOV

These facilitate monitoring and evaluation of performance. Although details of the monitoring process and tools will be discussed in the Monitoring chapter, the MOV's are identified best during the target setting stage. This is done so that offices have an agreement on how actual performance data will be documented and monitored for ease in cross-data and across office comparisons, if needed.

Target Setting at the Individual Level

Description

Following target setting at the office level is target setting for individual employees. Individual target setting ensures that each employee's work contributes to the larger objectives of the LTS. An individual's targets are always anchored on the targets of his/her office.

Individual performance planning then starts with the LTS-DCIR and the HREA's, followed by the division chiefs with their respective section chiefs, and the section chiefs with their staff. See the chart below. When this is completed at the beginning of the performance period, everyone at all levels of the LTS will have an Individual Performance Contract.

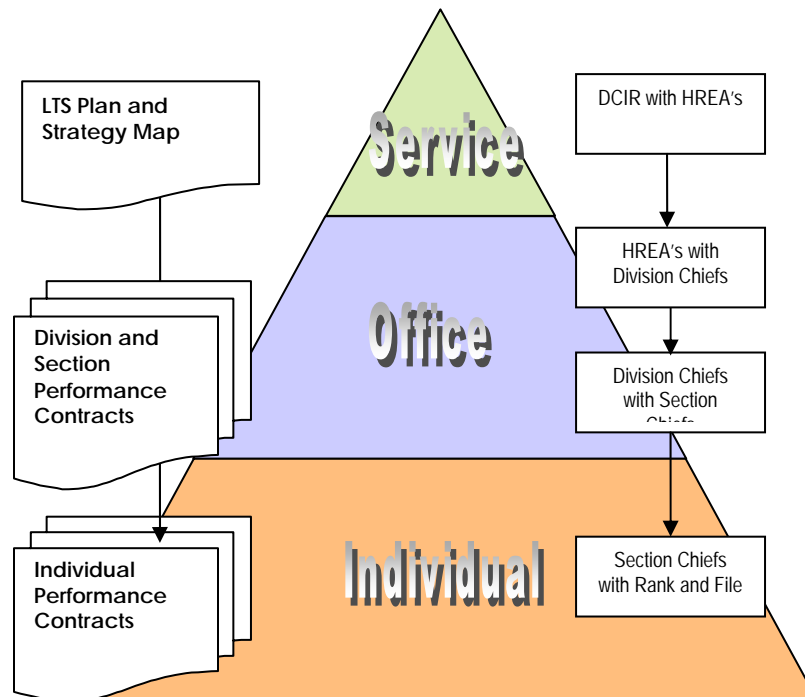


Figure 3.6: Cascading Process

At the end of the individual target setting process, each employee will have an Individual Performance Contract (IPC).

Output

The Individual Performance Contract. The Individual Performance Contract has three components with corresponding weights as shown in the example below:

Table 3:17 Sample Performance Contract Components and Weights

Rank and File Performance Contract	Weight	Weight
Section Level Office Performance	30%	70%
Individual Performance	40%	
Behavioral Dimensions		30%

The *Section Level Office Performance* component reflects the collective performance of an office. Because the LTS has adopted a “shared goal” concept to promote and reinforce teamwork, the office performance rating is factored into each individual performance contract.

The *Individual Performance* component includes the key result areas, measures, and targets specifically assigned to the employee.

The *Behavioral Dimensions* component includes the relevant attributes that employees are expected to demonstrate. It is prescribed in RMO-29-2004. Note that this component applies only to positions from division chief and below.

The weight for each component varies from office to office based on the agreements made at a workshop with the division chiefs, HREA's, and DCIR on June 24, 2004. The agreements on weights are as follows:

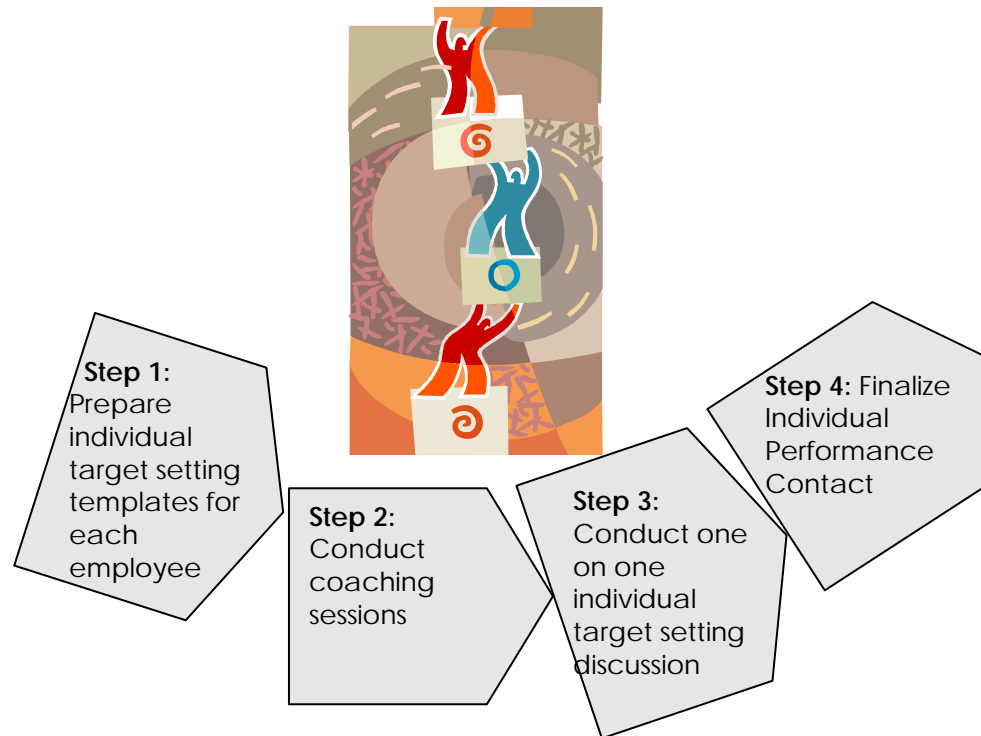
Table 3.18: Weight Assignments for Performance Contract Components

Office	Position	Performance Contract Components		
		Office Performance	Individual Performance	Behavioral Dimensions
LTS	DCIR	70%	30%	NA
	HREA-Regular	70%	30%	NA
	HREA-Excise	60%	40%	NA
	HREA-Enforcement and Administration	70%	30%	NA
	Rank and File	20%	50%	30%
LTAD 1	Division Chief	40%	30%	30%
	Assistant Division Chief	40%	30%	30%

Office	Position	Performance Contract Components		
		Office Performance	Individual Performance	Behavioral Dimensions
	Section Chief	40%	30%	30%
	Rank and File	30%	40%	30%
LTAD 2	Division Chief	35%	35%	30%
	Assistant Division Chief	35%	35%	30%
	Section Chief (A)	50%	20%	30%
	Section Chief (B)	40%	30%	30%
	Rank and File	20%	50%	30%
LTAID 1	Division Chief	35%	35%	30%
	Assistant Division Chief	35%	35%	30%
	Section Chief	50%	20%	30%
	Group Supervisor	20%	50%	30%
	Rank and File	20%	50%	30%
LTAID 2	Division Chief	35%	35%	30%
	Assistant Division Chief	35%	35%	30%
	Section Chief	50%	20%	30%
	Group Supervisor	20%	50%	30%
	Rank and File	20%	50%	30%
LTFOD	Division Chief	40%	30%	30%
	Assistant Division Chief	40%	30%	30%
	Section Chief	40%	30%	30%
	Group Supervisor	10%	60%	30%
	Rank and File	10%	60%	30%
LTCED	Division Chief	40%	30%	30%
	Assistant Division Chief	40%	30%	30%
	Section Chief	40%	30%	30%
	Rank and File	30%	40%	30%
LTDPOAD	Division Chief	35%	35%	30%
	Assistant Division Chief	35%	35%	30%
	Section Chief	50%	20%	30%
	Rank and File	20%	50%	30%
LTPD	Division Chief	40%	30%	30%
	Assistant Division Chief	35%	35%	30%
	Section Chief	50%	20%	30%
	Rank and File	20%	50%	30%
LTD0-Makati	Division Chief	35%	35%	30%
	Assistant Division Chief	35%	35%	30%
	Section Chief - CES	40%	30%	30%
	Section Chief - AS	40%	30%	30%

Office	Position	Performance Contract Components		
		Office Performance	Individual Performance	Behavioral Dimensions
	Section Chief - QAS	50%	20%	30%
	Section Chief - TAS	40%	30%	30%
	Group Supervisor	?	?	30%
	Rank and File - CES	30%	40%	30%
	Rank and File - AS	30%	40%	30%
	Rank and File - QAS	20%	50%	30%
	Rank and File - TAS	20%	50%	30%
LTDO-Cebu	Division Chief	40%	30%	30%
	Assistant Division Chief	40%	30%	30%
	Section Chief	40%	30%	30%
	Group Supervisor	20%	50%	30%
	Rank and File	20%	50%	30%

Process



Target setting for rank and file positions. For rank and file positions, the individual performance component is a significant portion of their total performance. It is given a heavier weight because it spells out the specific responsibilities assigned to the individual. Individual KRA's / measures / targets are a subset of the section KRA's and measures. They may fall under one or more objectives. Individual targets are customized to the individual's assignments.

The next sections address the section chief as the key player in individual target setting for rank and file positions. However, the same processes are applied by other officials, i.e., the assistant division chief, division chief, HREA, and DCIR, when conducting individual target setting with employees who report directly to them.

Step 1.

Prepare individual target setting templates. Once the target setting process at the office level is completed, individual target setting templates can readily be generated from PMIS. *For step-by-step procedures on generating Individual Target Setting Templates, see Chapter 7, the PMIS.*

The template facilitates the development of individual performance contracts for rank and file positions by providing a good starting point in identifying the specific assignments for individuals. It contains the KRA's, measures, and targets that a section is responsible for. It is largely based on the section level performance contract. Using the template as a menu, the section chief selects the KRA's to be assigned to individual positions. Similar positions are expected to have similar KRA's.

The individual performance contract template has the same format as the service and office levels.

Table 3.19: Individual Level Performance Contract Template

Objectives	Weight	KRA	Weight	Measures	Weight	Target	MOVs

Customizing the Individual Target Setting Template. An Individual Target Setting Template must be prepared for each individual in your staff. To customize the template for each employee, the section chief may make adjustments to weight

assignments, KRA's, measures, and/or targets to reflect the performance expectations for each employee. The following steps may be followed:

Select the appropriate KRA's for the individual. A checkmark (✓) may be used to indicate the KRA's you are assigning to an employee. Determine if the section level measures for the chosen KRA's are relevant to the individual.

It is expected that in most cases, the measures at the section level will be applicable to individuals as well. In other instances, the section chief may restate a measure or add a new measure if necessary.

Adjust targets to reflect the level of performance required of the individual. Since the targets on the template reflect section level targets, it is necessary to revise them so that they are appropriate for the individual employee.

As a rule, last semester's actual performance becomes the target for the next semester. However, if the actual performance is lower than the target, the current target or the higher target is retained for the next semester.



Set your expectations to the demands of the job, and recognize that the demands will rise every year. Top performers relish the challenge of meeting even higher goals, and managers with high expectations are organizational talent magnets. – *Dick Grote, The Performance Appraisal Question and Answer Book, 2002.*

Review and adjust weight assignments. Remember to check and if needed, adjust the weights at three levels: objective, KRA and measure.

Weights for objectives depend on the kind of work the individual is assigned. Sometimes, the employee's work contributes only to one or more objectives, and not to all of them.

Assign heavier weights to KRA's to which the employee needs to contribute the most, either because this is a major part of the employee's position / job mandate, or no other position contributes to this KRA as much as this employee does. Weight assignments communicate the areas of priority for the employee.

Assign heavier weights to measures that would best indicate how effective the employee is in a KRA. Weights will show, for example, whether it is quantity, quality, or timeliness that is most important in evaluating the individual's performance.

Determine MOV's. See whether the same MOV's for the section level will be used at the individual level. Make changes as appropriate.

Determine baseline performance and development action. At this point in the preparation phase, performance expectations for the individual are clearly laid out on the template. (The column for "Remarks" is set aside for now and will be explained as part of the coaching session later in this guidebook.) The next step is to do a quick analysis of the individual's baseline performance and identify any development action needed.

Baseline performance is an assessment of how well the employee is currently performing in each of the KRA's. This assessment is necessary in determining any problem areas or areas of difficulty where the employee might need support. It is equally important to recognize any areas of strength which need to be sustained.

Under the column "Baseline Performance", describe the employee's current performance on each target. The description should be brief but at the same time should give a fairly good idea of whether the target is currently being met or not. It is not very helpful to simply say "above target" or "below target". Rather, for instance, for a target like "100% applications processed within 2 days," baseline performance may be described as "applications are processed in 1 day" or "takes 4 days to process applications."

For baseline performances that are below expectations, "development actions" need to be identified. Development actions are the steps to be taken to improve performance and ensure that targets will be met throughout the semester. Development actions should address any problem areas that would hamper the achievement of targets. They may include training and coaching, or providing needed resources or tools.

Step 2.

- Conduct individual target setting coaching session with employees.** The coaching session for individuals is aimed to:
- Help employees understand the PMS process;
 - Review and discuss the individual target setting templates;
 - Arrive at agreements on the targets;
 - Discuss and gain common understanding of behavioral dimensions; and,
 - Agree on next steps

The individual target setting coaching session with employees is conducted by the section chief or the head of the office.



Small size sections can have joint briefing sessions about individual PMS. Likewise, a small division can have one briefing for all its sections. Section chiefs can take turns in explaining the PMS overview, the target setting process, and any relevant management or policy directions for that particular performance period. They can then break up into sections to discuss specific individual targets.

Running the Coaching Session

The coaching session includes the following topics and activities:

Overview of the PMS

This is a review of the PMS cycle. Use the introduction of this chapter as reference in explaining the PMS.

The Office Performance Contract

Present and discuss the Office Performance Contract as this serves as the anchor for all individual performance contracts.

Individual Target-Setting Template

Distribute the individual target setting templates to the appropriate employees. Explain the different parts or columns of the template. Allow employees some time to go over the template and review the KRA's, measures, and targets assigned to them.

Under the "Remarks" column of the template, each employee will indicate whether he/she agrees with the assigned targets or not. A check mark (✓) is placed if the employee agrees with each target. If not, the employee writes down any proposed changes or issues for discussion with the section chief. Proposals

or issues may be discussed and resolved as a group. However, the employee and section chief may agree to hold a separate one-on-one individual target setting discussion (see below for more information).

Baseline Performance and Development Action

The section chief may discuss his/her baseline performance assessment and suggested development action if these have been initially prepared. If not, the section chief may ask employees to make a self-assessment.

Behavioral Dimensions

Behavioral dimensions are attributes, traits, knowledge, and/or skills that are important to the bureau and are essential to successful performance.

While the current set of behavioral dimensions have been used for many years now, it is important to ensure that everyone has a common understanding of how these dimensions are demonstrated on the job. Misunderstanding and misinterpretation can be minimized if there is a shared agreement on what constitutes good or bad performance in a behavioral dimension.

Review each dimension by eliciting examples of effective or ineffective behavior. Explain the STAR approach in documenting critical incidents and other guidelines. For more information, see section on *Documenting Critical Incidents* in Chapter 4.

Next Steps

Discuss next steps. These may include:

- Schedule of one-on-one performance planning discussion
- Approval and finalization of individual performance contracts
- Submission of individual performance contracts

A set of presentation slides has been prepared for the Coaching Session. See Appendix 5.

Step 3.

Conduct the one-on-one individual target setting discussion. The manager and the employee have the option of holding a one-on-one individual target setting discussion apart from the group coaching session. The purpose of the one-on-one target setting discussion is to:

- To give employees and managers / supervisors a venue to clarify targets and development actions; and,
- To resolve issues that can be unwieldy to discuss in a big group.

The steps in conducting a one-on-one target setting discussion are as follows:

Identify the key result areas for the individual.

As appropriate, refer to the KRA's, measures, and targets which have been defined at the office level and which must be taken into account in coming to an agreement on what the individual should be expected to achieve.

Ask the individual what targets or standards of performance he/she believes can be achieved for the KRA.

Discuss the suggested targets and standards and agree on any modifications.

Agree on the means of verification (MOV) or the sort of evidence that can be obtained to indicate the extent to which targets and standards have been attained.

Discuss and come to an agreement on the individual's development plan.



Good leaders are capable of taking people with them and getting them to accept challenges which they did not feel they were capable of meeting. But good leaders also explain why and how, and tell people what support they are going to get. – *Michael Armstrong, Managing People: A Practical Guide for Line Managers*

Step 4.

Finalize and submit Individual Performance Contracts.

The final Individual Performance Contracts contain the agreements reached at the coaching session and/ or one-on-one Performance Planning Discussion. They should be submitted on or before the new performance period starts to the Performance Management Review Committee (PMRC).

The formation of the PMRC is mandated by RMO 29-2004. In relation to target setting, its roles include:

- Initiating the review and comparative assessment of employees' performance targets to ensure rationalization of employee workload, particularly of those holding similar

positions and working under the same work conditions and recommends necessary modification or corrective action, if necessary.

- Reviewing performance standards adopted for each duty 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 the same conditions."

In the case of LTS, the PMRC's composition is as follows:

PMRC Service (National Office) Chairperson

Assistant Commissioner

Members

Head Revenue Executive Assistant

Chief of Division concerned

Section Chief concerned

Positions they oversee:

Division Chief, Assistant Division Chief, Section Chief, rank and file

Note that the PMRC's are composed of managers and supervisors who directly supervise or are accountable for overseeing the positions whose performance they need to keep track of and appraise. The PMRC then only formalizes and provides a systematic structure through which that responsibility can be done more effectively.

The final performance contract should be signed by the concerned individual, his/her section chief, assistant division chief, division chief, HREA ,and DCIR.

Target Setting for Support Staff Positions

Target setting for support staff or administrative positions is handled essentially the same way as described above. However, you might find that more customization may be needed. Remember that the typical individual target setting template contains the main functions of the office (i.e., division or section). The work of the support staff may not be explicitly stated on this template. Below are some additional guidelines on further customizing the individual target setting template for your support staff.

Determine which office your support staff contributes the most.

Most of the time, support staff members are attached to the division or the service but there are those who are assigned to a section. There are also support staff members who belong to a separate administrative unit or section. Select the office that is the best starting point to link the work of the support staff. For instance, in an LTDO, if the individual staff's work is mostly related to audit, then start with the template for the audit section.

Generate the appropriate individual target setting template from PMIS like you would for any employee in that office.

Identify the relevant KRA's, measures, and targets.

Review the KRA's on the template and select the ones in which the support staff plays a significant support role.

Review and modify the measures as necessary to reflect what is important when rating the support staff's performance. Is it quantity? Quality? Timeliness?

Adjust weight assignments for measures, if needed.

Adjust the targets accordingly.



To review, here are some guidelines on writing KRA's:

- ✓ They are tangible outputs and written as nouns
- ✓ They are not activities but the end result of activities, therefore avoid action verbs
- ✓ They are described in 3-5 words

Target Setting for Managerial and Supervisory Positions

For supervisory and managerial positions, the overall office performance is a significant portion of the individual head's performance. As you may have noted in Table 3.18 on page 35, the weight assignment for office performance is higher for supervisory and managerial positions compared to the rank and file.



Some guide questions on identifying other individual KRA's for managerial and supervisory positions:

Are there KRA's that are not in the office plan that you are doing as an individual?

Are there outputs related to your managerial functions (i.e., planning, leading, organizing, and controlling) that you intend to deliver this semester? Examples:

- Policy-making or development of new procedures or guidelines that are self-initiated and not mandated as part of the office plan
- Special assignments or projects, task forces, committees
- Innovations or new approaches

Policy Implications

- The Strategy Map may be customized depending on the strategic directions of the management. Management should review the Strategy Map on a yearly basis to reflect the priority objectives for the year.
- The accompanying tool of the Strategy Map, the performance contracts at the service, office, and individual levels, are likewise flexible target setting tools. Customize them to reflect directions and plans. However, managers and supervisors should ensure cascade, deployment, and alignment of performance contracts across all levels of the organization.
- Target setting at the service level sets the direction for the office and individual target setting. Conduct service level target setting first, followed by the offices and individuals.
- Customization versus standardization. The performance contracts at the office level reflect the management style of the heads. Customization is captured by the way the manager cascades the KRA's to the lower offices or the employees. It is also reflected in the identification of key result areas that lead to the attainment of an objective. It is likewise manifested in the prioritization of tasks through the assignment of weights across objectives and key result areas of measures. However, the LTS management has the final say

on the extent of the customization. Targets and standards, for example, are non-negotiable.

- Target setting across levels of the LTS should be completed by end of January and July of every year.

Areas for Improvement

- Target setting process for some KRA's such as collection from special efforts at the individual level can still be made more sensitive to the actual cases handled by each revenue examiner to reflect more accurate and fair collection targets from audit. The audit divisions agree to implement such process effective January 2006.
- Service level target setting can still be enhanced with the implementation of evaluation instruments such as TP satisfaction and compliance, and employee satisfaction at the outcome level as inputs to strategic planning. This should trigger review, analyses, and implementation of stretched targets across all levels of the LTS.
- Strategies can change. In the future, LTS may focus on ways to make the organization more taxpayer-focused. IRS mapped out a five year transition plan on the basis of that change in strategy.⁵
- Target setting should be anchored on past evaluation of performance across levels of the LTS. Areas of strength should be enhanced. Areas for improvement should be addressed. New KRA's may emerge; new measures may have to be adopted; and new targets may have to be implemented as a result of using past evaluations as one of the bases for target setting.
- Check for stretch in targets. For the first semester of 2006, the LTS management should take a hard look at the standards and targets set by the division chiefs and section chiefs. Check for stretch, alignment, and standardization of standards and targets.
- Train section chiefs on communication and presentation skills. Section chiefs were tapped to cascade the targets to the individual level after they were coached on target setting. They can be more effective "sellers" of the performance

⁵ IRS Strategic Plan, Fiscal Year 2000-2005.

contract with more training on effective communication and presentation skills.

Appendices

1. Target setting slides at the office level
2. Target setting slides at the individual level
3. Sample Service Level Performance Contract
4. Sample Office Level Performance Contract
5. Sample Individual Level Performance Contract

The slide features five light purple circles. One is a hollow circle at the top left, partially overlapping the text. Two are solid circles at the top right, overlapping the text. Two are solid circles at the bottom left, overlapping the date. The text is centered in the upper half of the slide.

LTDO Cebu Office Target - Setting

September 20-23, 2005

Workshop Objectives



As a result of attending this workshop, you will be able to

- Understand the functions/roles of the LTS manager/supervisor as a change catalyst, multiplier and professional;
- Understand the need for office and individual target setting;
- Adopt a proactive mindset in target setting;
- Acquire knowledge and skills in mapping out and cascading targets at the office and individual levels .

Outputs

- PMIS- generated Division Performance Contracts
- PMIS- generated Section Performance Contracts
- PMIS –generated Individual Performance Contracts



Schedule

September 20: Division Performance

Targets with division and section chiefs

September 21: Section Performance

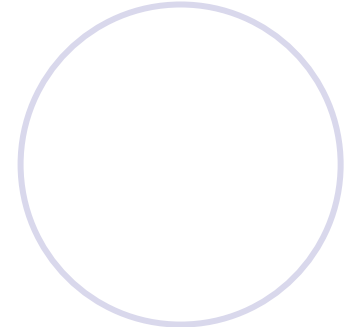
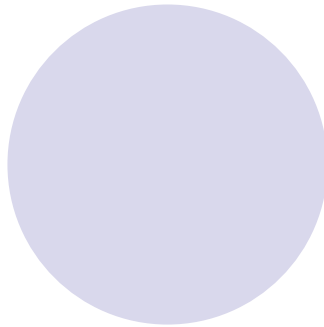
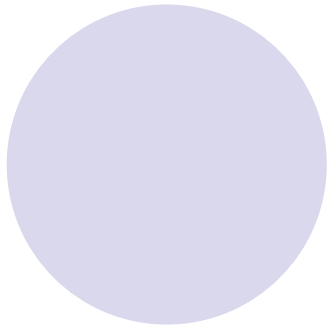
Targets with division and section chiefs

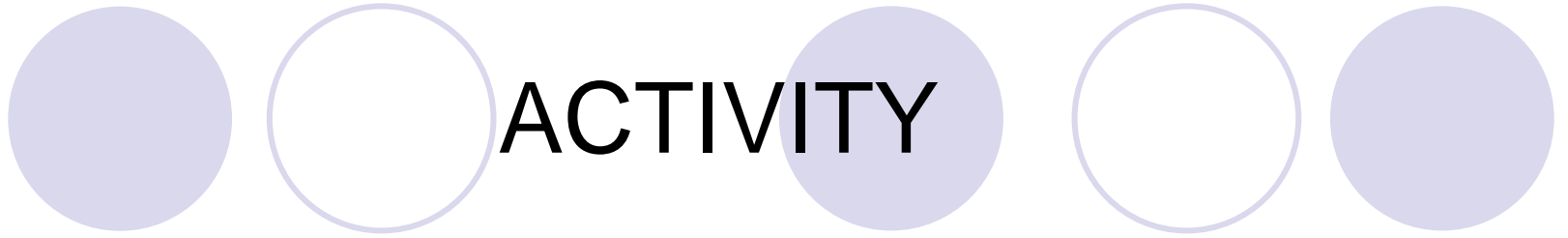
September 22-23: Individual Performance

Targets with rank and file

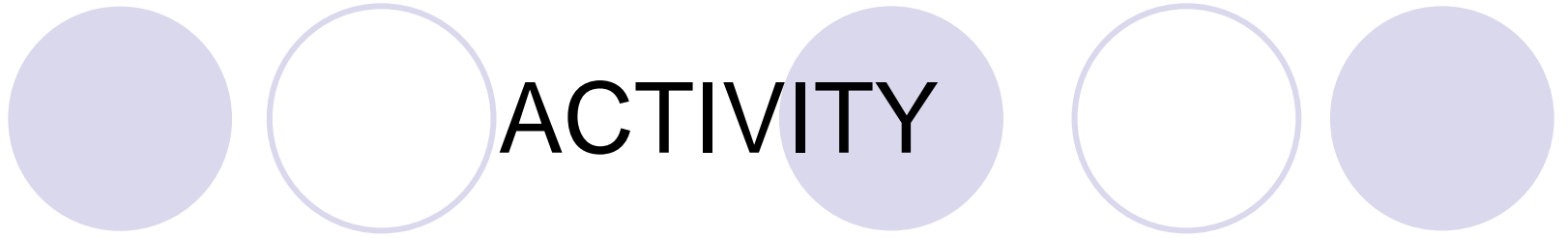
September 22-23 pm: PMIS sessions with
division and section chiefs

Enhancing effectiveness on
the job

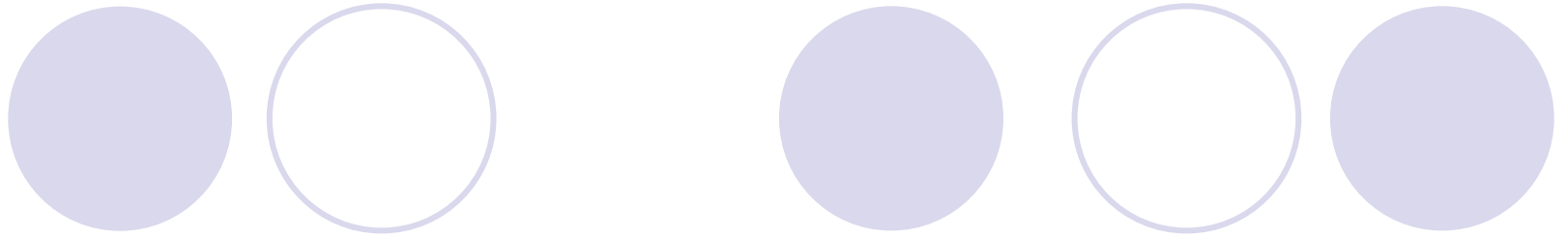




- Cross the room together with just 5 body parts touching the floor.
- 15 mins.



- How did you feel and what thoughts crossed your mind when instructions were given? **POSSIBLE? IMPOSSIBLE?**
- What helped you succeed?



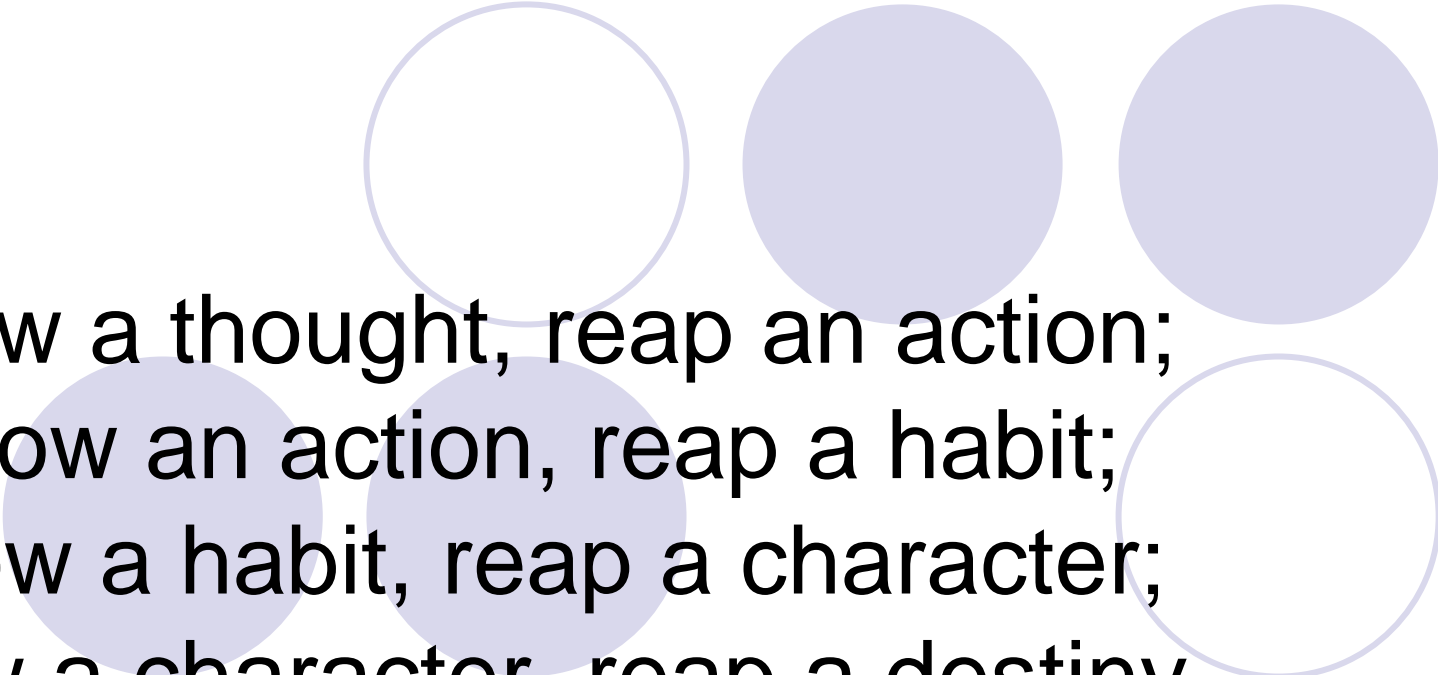
Before attempting to manage
anything else in our lives,
we need to be able to
manage ourselves first!



What qualities of character make people successful/effective?

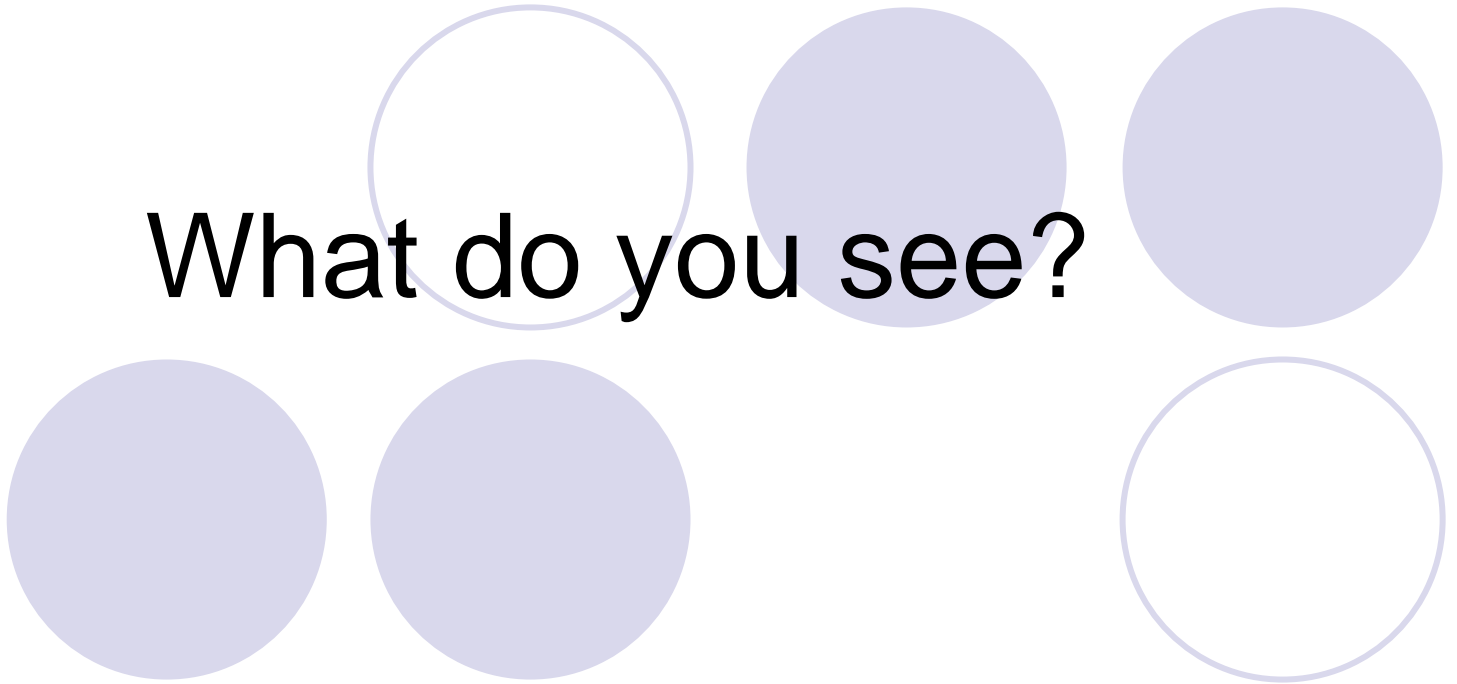
“... Positive Mental Attitude as the one simple secret shared by all.”

- Napoleon Hill and Clement Stone –
“Success Through A Positive Mental Attitude”

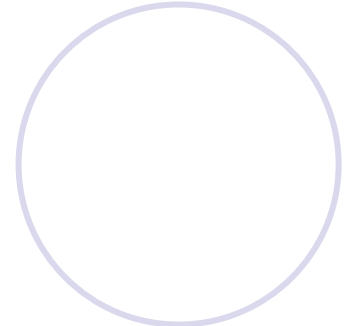
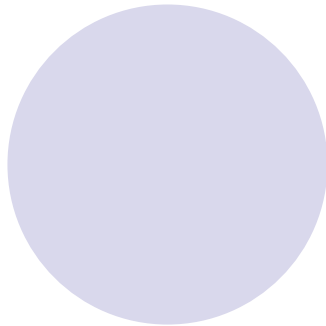
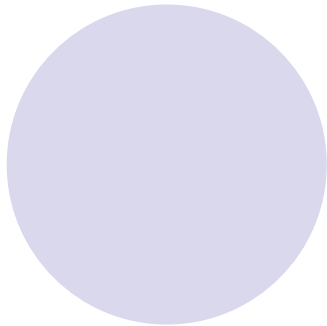
The background features five circles of varying shades of light purple. Two are solid, and three are hollow outlines. They are arranged in a pattern around the text.

Sow a thought, reap an action;
Sow an action, reap a habit;
Sow a habit, reap a character;
Sow a character, reap a destiny.

What do you see?

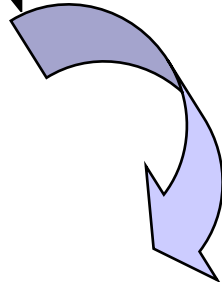
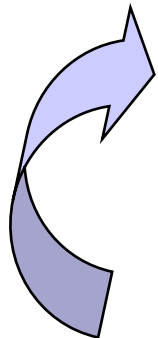


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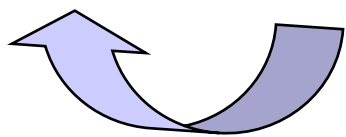


PLAN



ENHANCE

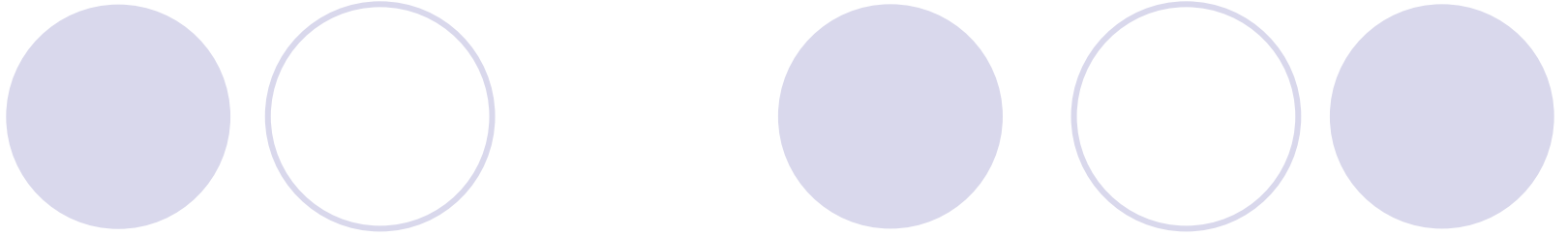
ACT



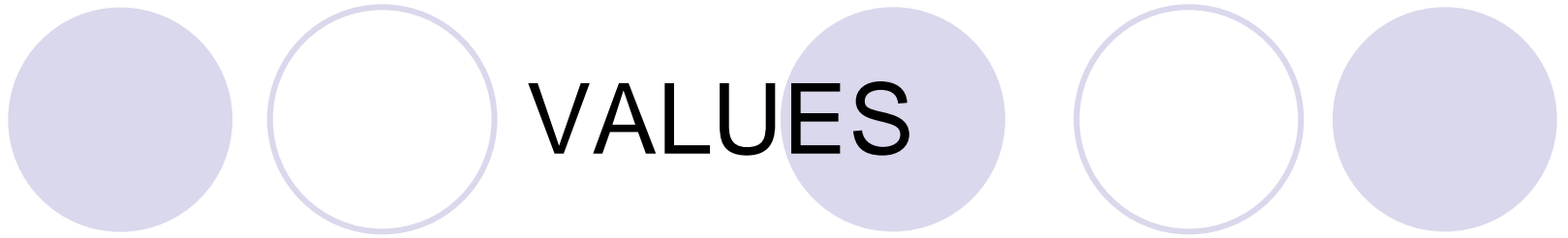
The slide features a decorative arrangement of six circles. Three circles are solid light purple, and three are hollow with a light purple outline. They are arranged in two rows of three. The top row has a hollow circle on the left, a solid circle in the middle, and a solid circle on the right. The bottom row has a solid circle on the left, a solid circle in the middle, and a hollow circle on the right. The text is centered over these circles.

Proactive vs. Reactive

- Dr. Stephen R. Covey -



- Proactivity – The power, freedom, and ability to choose responses according to values.
- Reactivity – Allowing moods, feelings, and circumstances to drive responses.



The worth or priority we place on people, things, ideas, or principles

- @ Self-chosen beliefs and ideals
- @ Internal, subjective, based on how we see the world
- @ Influenced by upbringing, society, and personal reflection



PRINCIPLES

Natural laws or fundamental truths

- @ Universal, timeless
- @ Produce predictable outcomes
- @ External to ourselves
- @ Operate with or without our understanding or acceptance
- @ Self-evident and enabling when understood



Proactive Mindset...

- We are responsible for our own lives.
- Our behavior is a function of our decisions, not our conditions.
- We can subordinate feelings to values
- We have the initiative and the responsibility to make things happen.
- Our behavior is a product of our own conscious choice, based on values, rather than a product of our conditions, based on feeling.

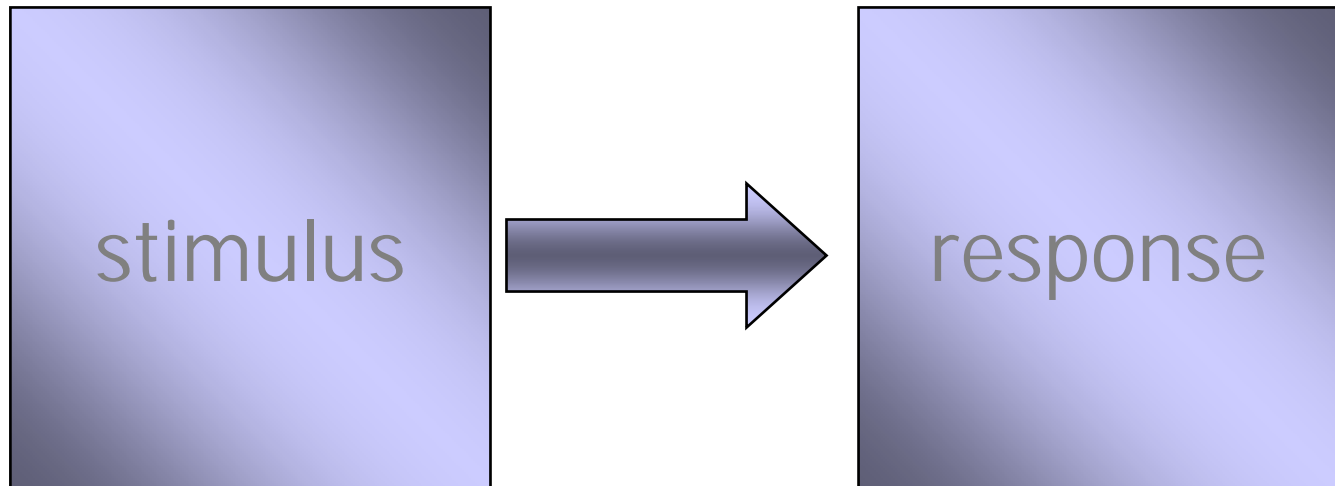


A person who is Reactive ...

- Driven by feelings, circumstances, by conditions, by their environment.

Five circles are arranged horizontally at the top of the page. From left to right: a solid light purple circle, a hollow light purple circle, a solid light purple circle, a hollow light purple circle, and a solid light purple circle. The text "Reactive Model" is centered between the second and fourth circles.

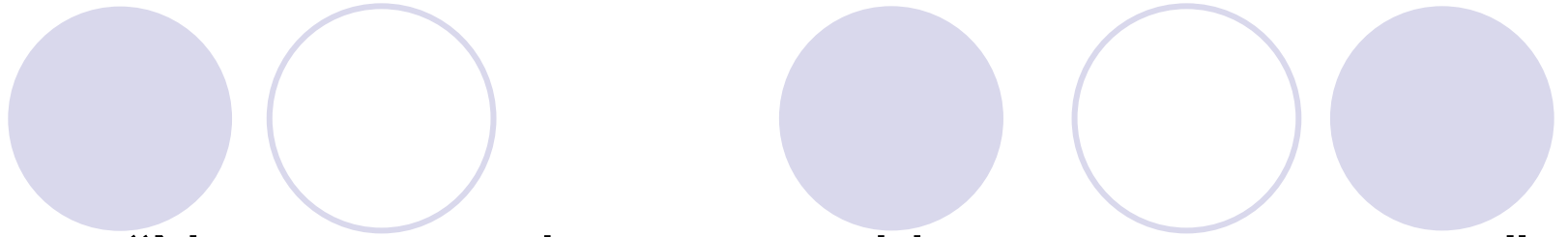
Reactive Model





Proactive Model





“No one can hurt you without your consent.”

- Eleanor Roosevelt -

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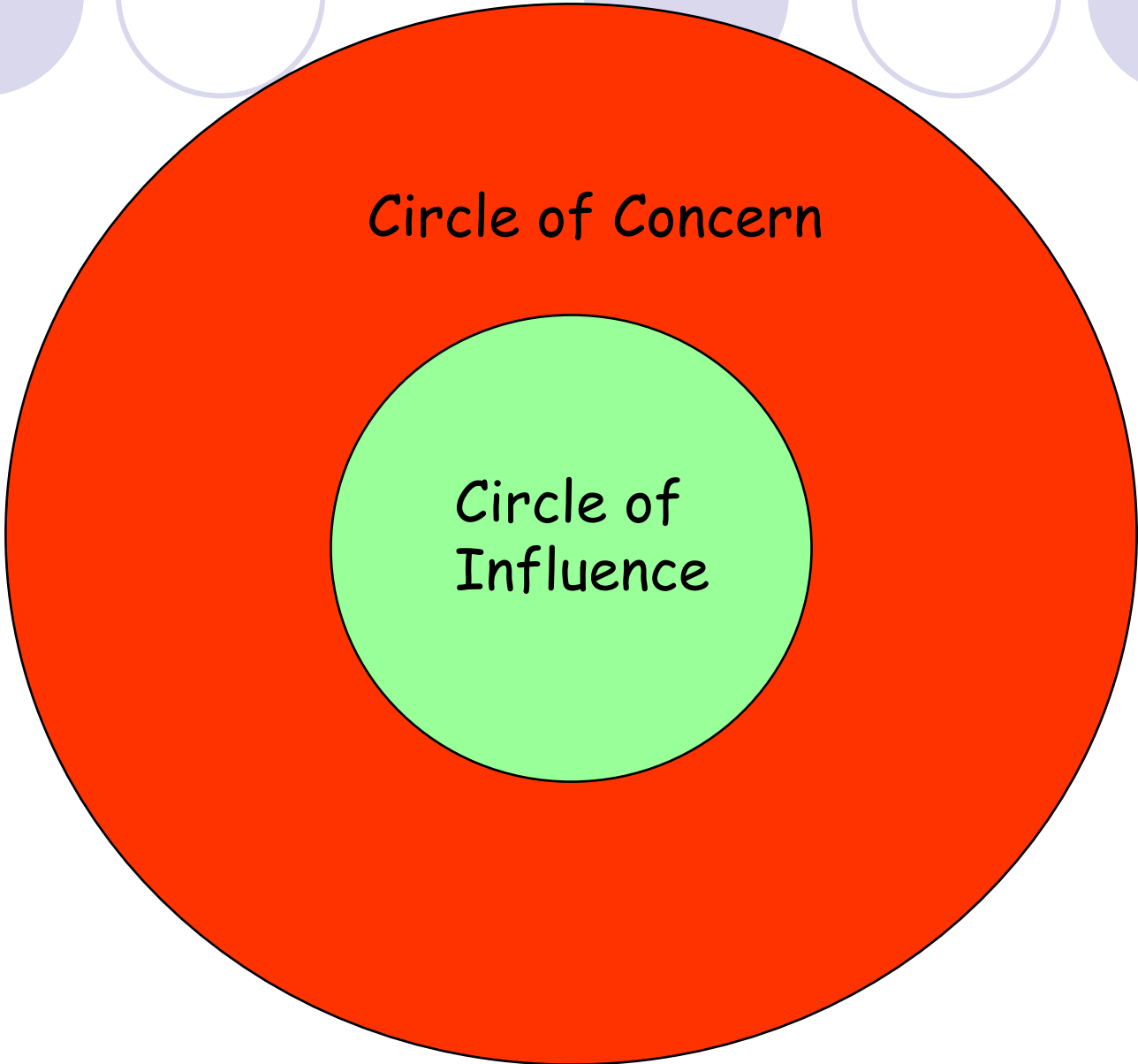
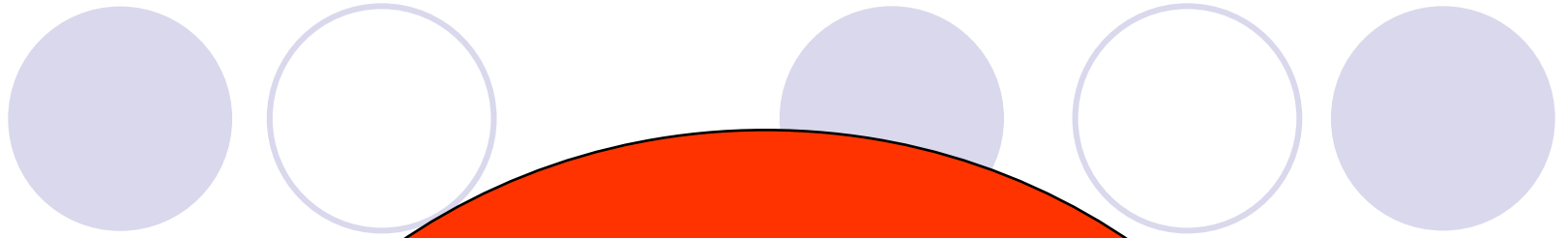
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Reactive Language

- There's nothing I can do.
- That's just the way I am.
- He makes me so mad.
- They won't allow that.
- I can't.
- I must.
- If only.

Proactive Language

- Let's look at our alternatives.
- I can choose a different approach.
- I control my own feelings.
- I can create an effective presentation.
- I will choose an appropriate response.
- I choose.
- I prefer.
- I will.



Circle of Concern

Circle of
Influence



- **Direct Control:**

- Our own behavior

- Problems are solved by working on our behavior and mindset.

- **Indirect Control**

- Other people's behavior.

- Problems are solved by changing our methods of influence.

- **No Control**

- Things we can do nothing about.

- Best handled by genuinely and peacefully accepting these problems and learning to live with them, even though we don't like them.



Group Work

- 3 groups
- Brainstorm on actions you can take within your circle of influence .
- Select spokesperson to report.

Managers and Supervisors of LTS of BIR



- Change catalysts
 - Multipliers
 - Professionals

As change catalysts



- Help identify organizational/office problems
- Generate solutions to the problems
- Map out an office development plan to implement the solutions
- Motivate people to effect the change
- Monitor and evaluate the implementation of the changes

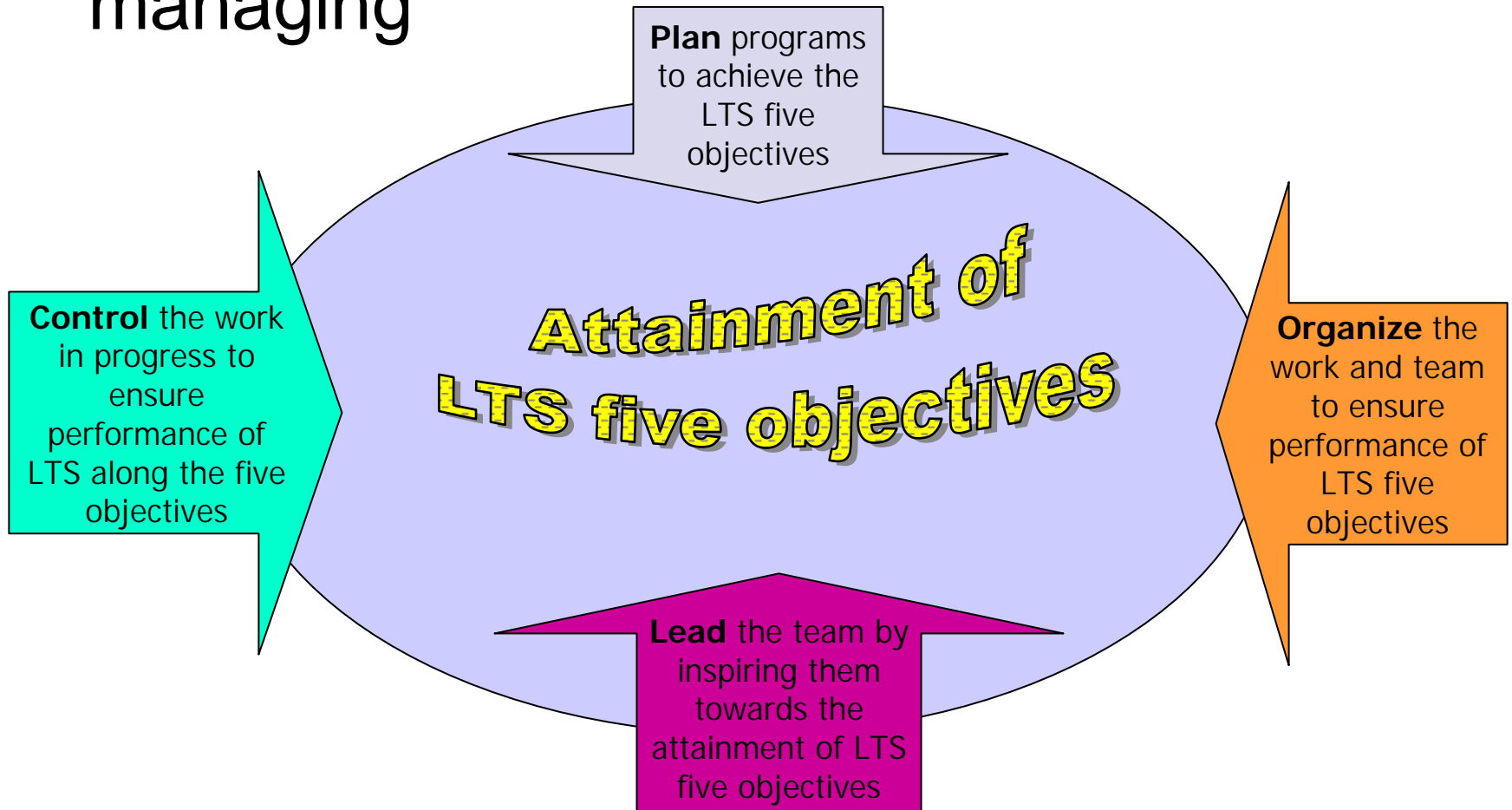
As multipliers



- Train subordinates in the discipline of managing performance
- Enable subordinates to appreciate the LTS reality
 - Mission
 - Vision
 - Taxpayers as customers
- Share portion of leadership work to develop people skills
- Create development plans for the office and each subordinate.

As professional managers,

- We adopt a systematic approach to managing



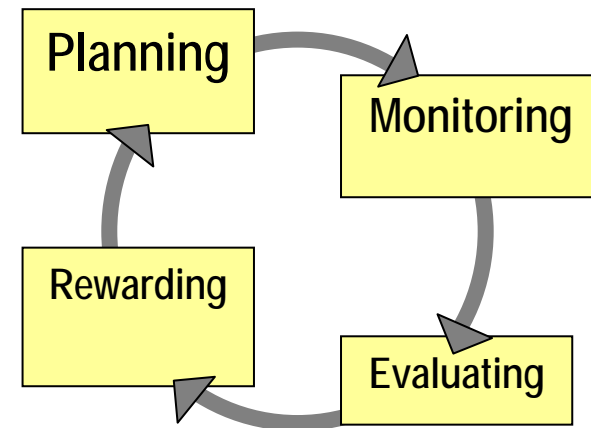
Management functions and activities



PMS is exactly your tool!

- Is a management tool that helps offices and individuals achieve better results through

- Performance planning
- Performance monitoring
- Performance evaluating
- Performance rewarding



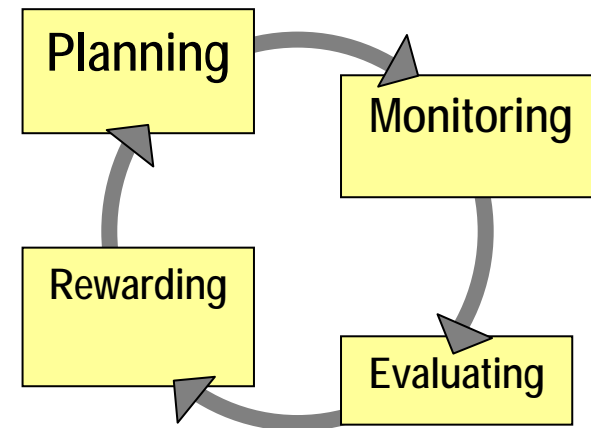
What is the Performance Management System?

- Performance planning

- Office and individual target setting

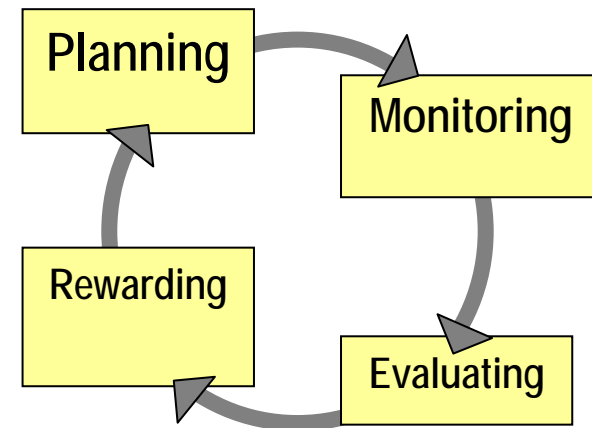
- Clarifying and agreeing on performance expectations

- Identifying strengths and areas for improvement and how to address them



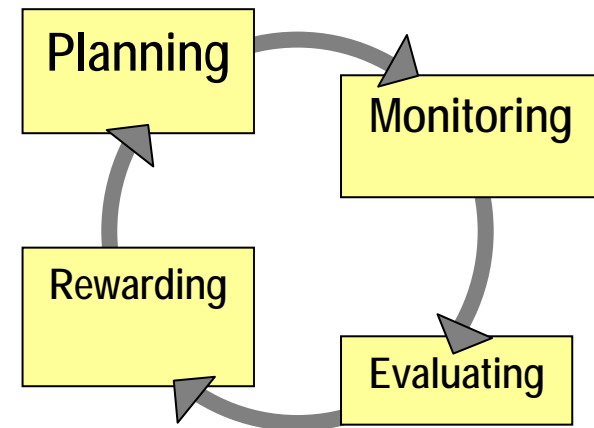
What is the Performance Management System?

- Performance monitoring
 - Accomplishing tasks and meeting timelines
 - Collecting and documenting performance
 - Regular feedback and coaching
 - Addressing difficulties in achieving targets



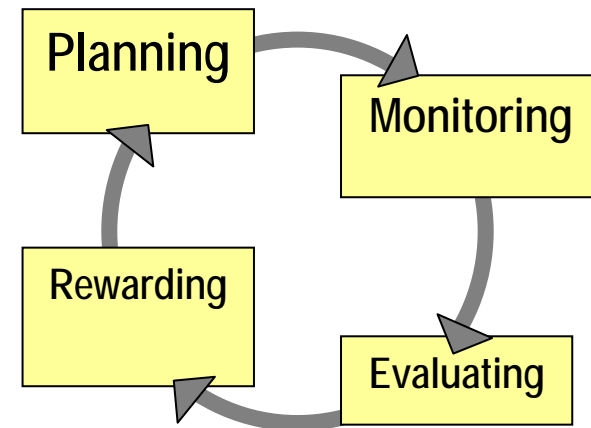
What is the Performance Management System?

- Performance evaluating
 - Comparing planned targets versus actual results/ accomplishments
 - Using data to support performance ratings



What is the Performance Management System?

- Performance rewarding
 - Recognizing and reinforcing good performance



Categories of a managers' work

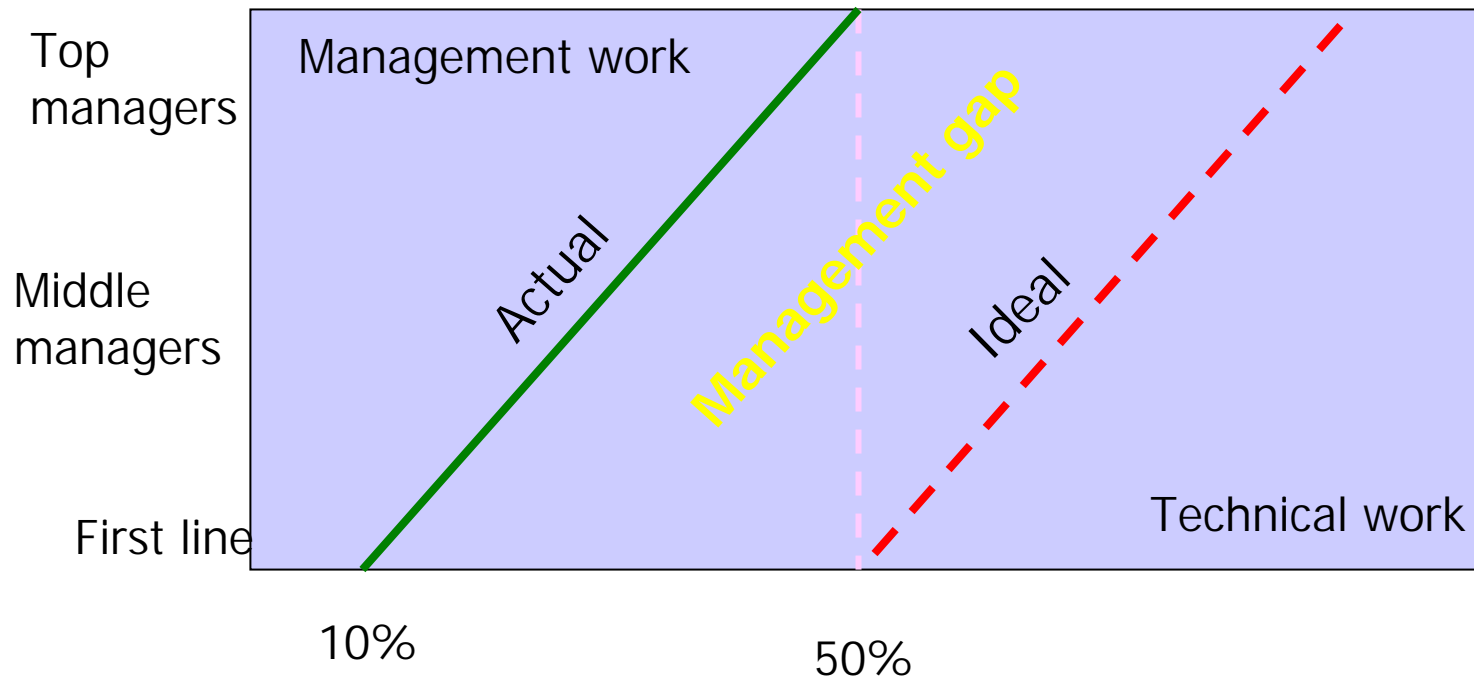
- Management Work: The physical and mental work of planning, leading, organizing and controlling performed by individuals in leadership positions to secure results through and with other people.
- Technical work: The work performed by individuals to secure results through their own efforts.

Management – Technical Work



- First line supervisors should spend about 50% of their time doing management work; many average about 10%
- Top level managers should spend about 90% of their time doing management work; some average about 50%

Management-Technical Work



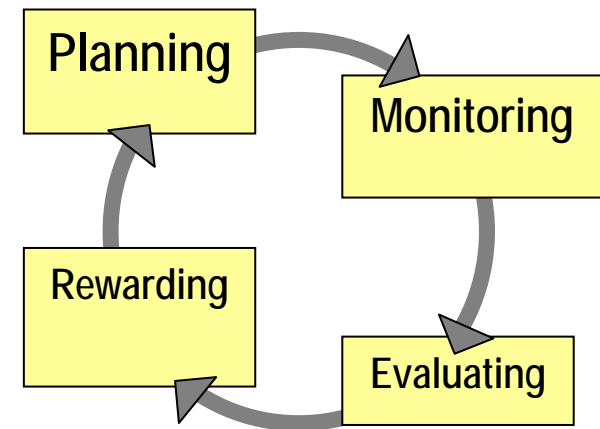
Management Gap



- This refers to the excessive amount of technical work which managers and supervisors actually perform which prevents them from performing the amount of management work which they should do.

Why PMS?

- Addresses the management gap through better
 - Performance planning
 - Performance monitoring
 - Performance evaluating
 - Performance rewarding



The image features six light purple circles arranged in two rows. The top row contains three circles, and the bottom row contains three circles. The text 'Performance Planning' is centered over the top row of circles.

Performance Planning

Activity 1: What type of a planner are you?

- Action oriented
- Nurturer
- Visionary
- Critical thinker

Action oriented



- Strengths

- Committed to action balanced by a willingness to demand accountability and evaluate implementation.
- Very task oriented



- Areas for improvement

- Can be overbearing, intimidating and demanding in situations when they feel pressured.

Nurturer

- Strengths

- Can be a driving force for creating a sense of team or community
- Focused on the process or how the work gets done.
- Good at making people feel involved in the planning process.

- Areas for improvement

- Unwilling to engage in conflict and are often reluctant to ask difficult questions that might invite disapproval.



Visionary

- Strengths

- Its perspective is to look at the big picture and the future
- Enthusiastic and optimistic



- Areas for improvement

- Impatient in dealing with details and plans
- May lack the tenacity and drive to bring a task to its completion.

Critical thinker



- Strengths

- Driven by curiosity, facts and information
- Detailed, prefers information and wide variety of data before making decisions
- Tough minded critic



- Areas for improvement

- Can be caught up in too much details.

Definition of Planning



- It is the work a manager/ supervisor performs to pre-determine a course of action

Principles of planning



- Principle of positive action

The probability of a future event occurring increases as effort is applied systematically toward its achievement.

- Principle of commensurate effort

Effort applied should be commensurate with the results desired.

Planning activities



- ✓ Articulating the LTS Vision
- ✓ Translating the LTS Vision into a Strategy Map
- ✓ Translating the LTS Strategy Map into Office performance contracts
- ✓ Cascading the Office performance contracts to the individual level

What is our mission



- Defines the core purpose of the organization and the contribution it makes to society
- It is a clear statement of the reasons for being and of the functions and desires the organization is to meet and fulfill in the world.



Examples of mission statement

- 3M

- To solve unsolved problems innovatively

- HP

- To make technical contributions for the advancement and welfare of humanity.

- Sony

- To experience the joy of advancing and applying technology for the benefit of the public.



BIR Mission Statement

- BIR

- To collect taxes efficiently and effectively for and at the least cost to government through impartial and consistent enforcement of internal revenue laws, convenient and honest service to taxpayers.



LTS Mission statement

- Collect taxes efficiently by strictly implementing tax laws, promptly detect and plug tax leakages, provide exceptional service to the large taxpayers, to encourage voluntary tax compliance and produced empowered leaders for the revenue service.



The LTS Vision

The LTS of the BIR is the standard of excellence in the enforcement of tax laws and the engine of innovation in providing quality service setting best practices in the world.

The LTS Mission



The LTS will efficiently collect taxes by strictly implementing tax laws; promptly detecting and plugging tax leakage; providing exceptional service to the large taxpayers to encourage voluntary tax compliance; and producing empowered leaders for the revenue service.

What is a vision?

The title is positioned to the left of a decorative graphic consisting of five circles in a horizontal row. From left to right, the circles are: a solid light purple circle, an empty light purple circle outline, a solid light purple circle, an empty light purple circle outline, and a solid light purple circle.

- Is the dream or overarching goal that drives the organization into the future
- A vivid description of what the organization will be like when its mission is fulfilled.

Mission vs. Vision



NASA

- To explore outer space

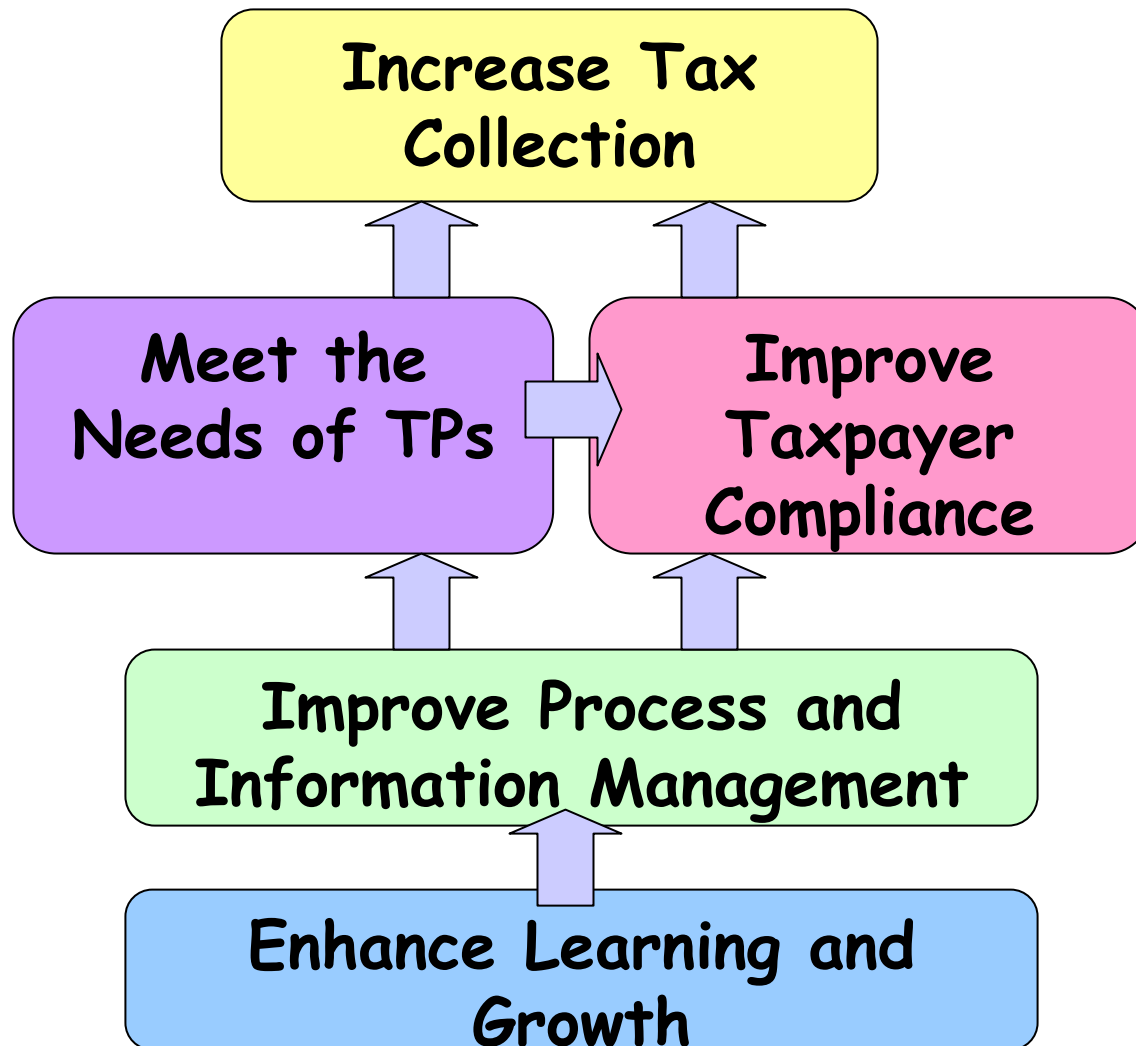
Vision in the 60s

To put a man on the moon by the end of the decade.

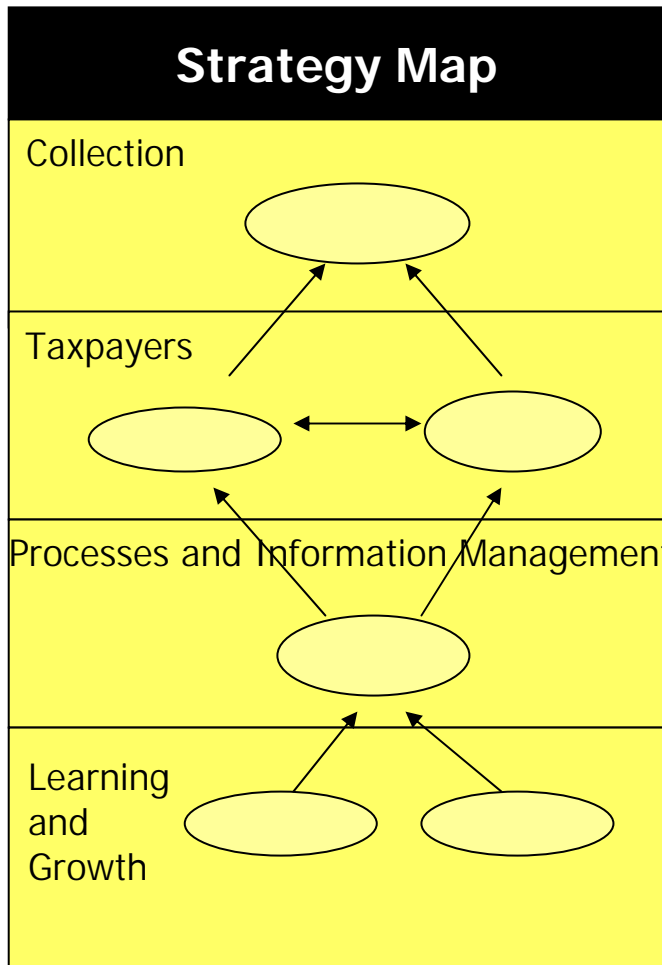
LTS Mission and vision

- *The LTS will efficiently collect taxes by strictly implementing tax laws; promptly detecting and plugging tax leakage; providing exceptional service to the large taxpayers to encourage voluntary tax compliance; and producing empowered leaders for the revenue service.*
- *The standard of excellence in the enforcement of tax laws and the engine of innovation in providing quality service setting best practices in the world.*

LTS Strategic Objectives



The LTS Strategy map is translated into performance contracts



Parts of the PMS Performance Contracts

Objectives- *What the strategy is trying to achieve*

Key Result Areas- *Specific work outputs and deliverables*

Measures- *Indicator by which effective performance in a KRA is gauged*

Targets- *Expected level of performance required for each measure.*

Objectives	KRAs	Measures	Targets

Activity 2

- Fill up office performance contract

Steps



Step 1:
Objectives
and
Weights

Step 2:
Key Result
Areas and
Weights

Step 3:
Measures
and
Weights

Step 7:
Actions

Step 6:
Baseline
Data

Step 5:
MOVs

Step 4:
Targets



Step 1

- Identify objectives of the LTS Strategy Map to which the Division /Section contribute to.
- Assign weights per objective.



Assign weight per objective.

- Bigger weight is assigned to objectives where the office has a big accountability because it is its mandate.
 - Offices with collection targets from special efforts such as audit, monitoring on site, enforcement, are assigned 40%

Weight assignments for second semester 2005

	Audit		Assistance		Field	LTCED	Programs	Quality Assurance
Objectives	1	2	1	2	LTFOD			
Improve Collections	40%	40%	15%	15%	40%	40%	15%	15%
Improve TP Compliance	30%	30%	25%	35%	35%	20%	15%	35%
Meet the needs of TPs.	10%	10%	40%	30%	10%	20%	10%	20%
Improve processes and knowledge management	10%	10%	10%	10%	5%	10%	45%	20%
Enhance organizational learning and growth	10%	10%	10%	10%	10%	10%	15%	10%



Assign weight per objective.

- Bigger weight is likewise expected from offices which play a big role in that objective because no other offices significantly contributes to that objective.
 - Programs Division is given 40% weight assignment for information management because it is the key office assigned to churn data into information.

Weight assignments for second semester 2005

	Audit		Assistance		Field	LTCED	Programs	Quality Assurance
Objectives	1	2	1	2	LTFOD			
Improve Collections	40%	40%	15%	15%	40%	40%	15%	15%
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Assign weight per objective.

- Everyone in the organization has a stake in the collection target, known in the LTS as the **Shared Goal Concept**.

Assign weight per objective.

- Everyone in the organization has a stake in the collection target, known in the LTS as the **Shared Goal Concept**.
- Weights of objectives should total 100%



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Step 2: Determine KRAs

Key result areas

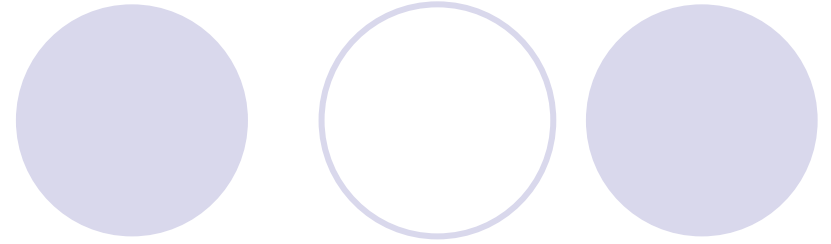
- Critical categories or deliverables of your office in which a high level of performance is necessary
- Critical few areas which you are expected to invest on a priority basis, time, energy, talent and resources

Key Result Areas



- Tangible outputs that logically lead to the attainment of the objective.
- Likely unique to your office since these are particular reasons your Office exists.
- The cumulative KRAs of jobs within an office satisfy the office mandate and goals

Key Result Areas



- Avoid the
 - Activity trap
 - Keep busy trap
 - Conflicting activities



Guidelines for writing KRAs

- Described by 3-5 words
- Tangible outputs, written as a noun
- Not activities

(Handout on KRAs)

Assign weight per KRA



- Assign bigger weight to KRAs that critically contribute to the attainment of objectives.
- Weights of KRAs should total 100%.

Cascade of KRAs



- Deploy KRAs from Division to Sections based on the functions of the Sections.
 - For some, Division and Sections have the same set of KRAs eg Audit Division
 - For some, Divisions deploy parts, not the whole KRA to the sections eg LTPD, LTCED, LTDPQAD

Example of exactly the same set of KRAs cascade

- Improve compliance KRAs at the Division level

- Aging of cases
- Audit reports
- Audit effectiveness
- Cases closed
- Stop filer resolution

- Improve compliance KRAs at the Section level

- Aging of cases
- Audit reports
- Audit effectiveness
- Cases closed
- Stop filer resolution

Example of segments of KRA cascade

- Improve compliance at the Division Level

- Monitoring and reconciliation system
- Reconciliation system
- Stop filers
- Administrative and summary remedies

- Improve compliance at the Section level

- Summary remedies

Step 3: Identify appropriate measures per KRA

- Measures refer to quantity, quality and timeliness of completion of KRAs.
- Choose relevant measures.
 - How do you want to rate the KRA? Is it by quantity, quality or timeliness?
 - How do you want to track the KRA? Is it the input, output or outcome?

Types of MEasures



- Quantity

- Collection target

- Number of permits processed

- Quality

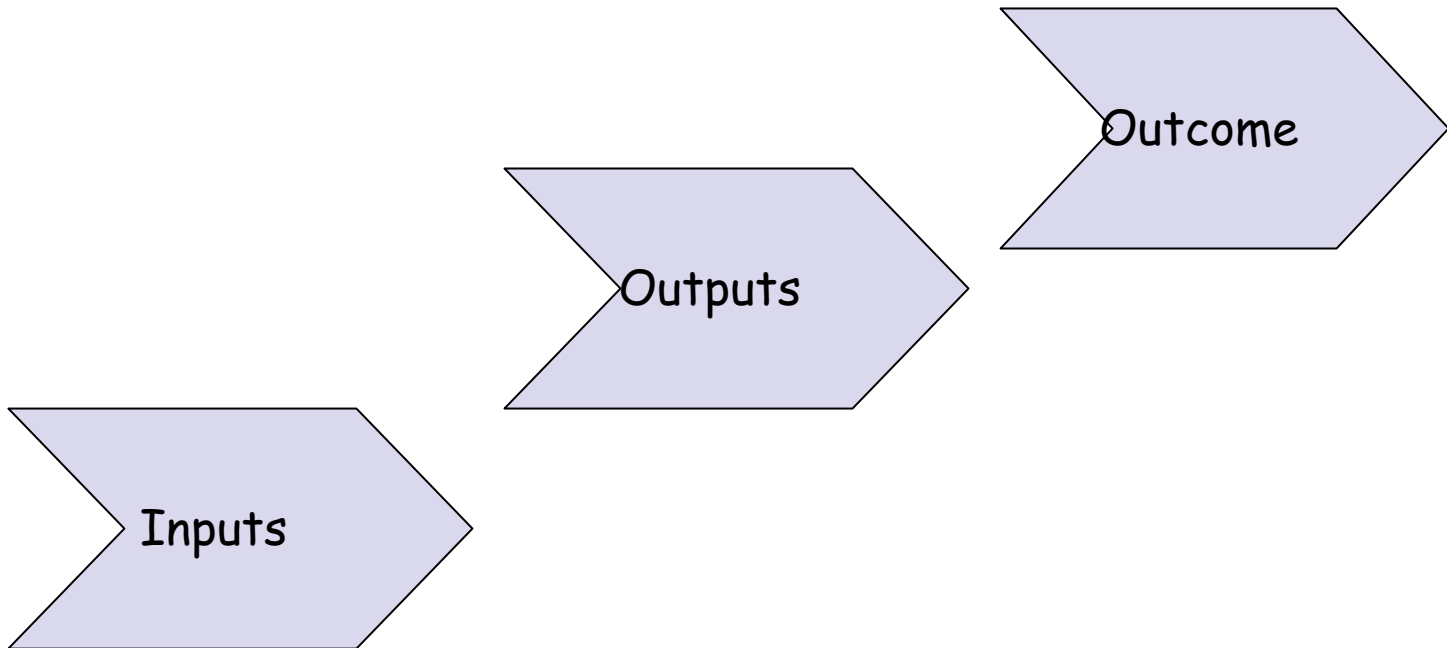
- Quality of audit reports

- Quality of issuances

- Timeliness

- Completion date

Levels of measures



Input measures



- Track the resources provided. Provide insights on the adequacy of resources and inputs provided.
- Relevant for installation of projects monitoring system
- Examples
 - Attendance in training
 - Resources provided

Output measures



- Measures at this level track the direct and immediate tangible results or product of an activity or set of activities.
- Examples
 - Quality and timeliness of reports, manual, system rollout

Outcome measures



- Measures at this level establishes the effect of outputs
 - Increase in collections
 - Improvement in TP compliance
 - Increase in TP satisfaction
 - Simplification in processes
 - Enhancement in organizational learning and growth



Assign weight per measure.

- Assign bigger weight for measures that critically contribute to the attainment of the KRAs.
- Assign bigger weight for measures that are within your area of control.



Step 4: Identify targets

- Identify the desired results of a performance measure.
 - 100% of LT taxpayers per industry receive copies of new issuances
 - 5.7million collection from audit activities
 - Completion of a manual by December 2005.



Step 5: Identify means of verification tools.

Documents that would show evidence of actual performance data.

- Logbooks
- Monthly reports
- LTPD MOV
- Audit quality scorecard

Step 6: Identify Baseline Data per measure



- Baseline data is your actual performance to date.
- We want to determine these to ensure we are on track.
- If not, we address them.



Step 7: Identify actions

- Look at baseline data that are problematic. Address them.
- Look at areas of strength. Enhance them.

LTDO Cebu

Individual Target-Setting

Coaching Session

September 2005

Objectives/Agenda

- Review the PMS process
- Discuss the Office Performance Contract Complete/Finalize Individual Target-Setting Template
- Determine baseline performance and development actions
- Review behavioral dimensions
- Next Steps

Expected Outputs

- Draft Individual Performance Contracts for encoding into PMIS
- Performance Baseline and Development Actions
- Schedule for one-on-one target-setting discussion

Activity 1: What type of a planner are you?

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- Nurturer
- Visionary
- Critical thinker

Nurturer

- Strengths
 - Can be a driving force for creating a sense of team or community
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- Strengths
 - Driven by curiosity, facts and information
 - Detailed, prefers information and wide variety of data before making decisions
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Be proactive

Before attempting to manage
anything else in our lives,
we need to be able to
manage ourselves first!

What qualities of character make people successful/effective?

“... Positive Mental Attitude as the one
simple secret shared by all.”

- Napoleon Hill and Clement Stone –
“Success Through A Positive Mental Attitude”

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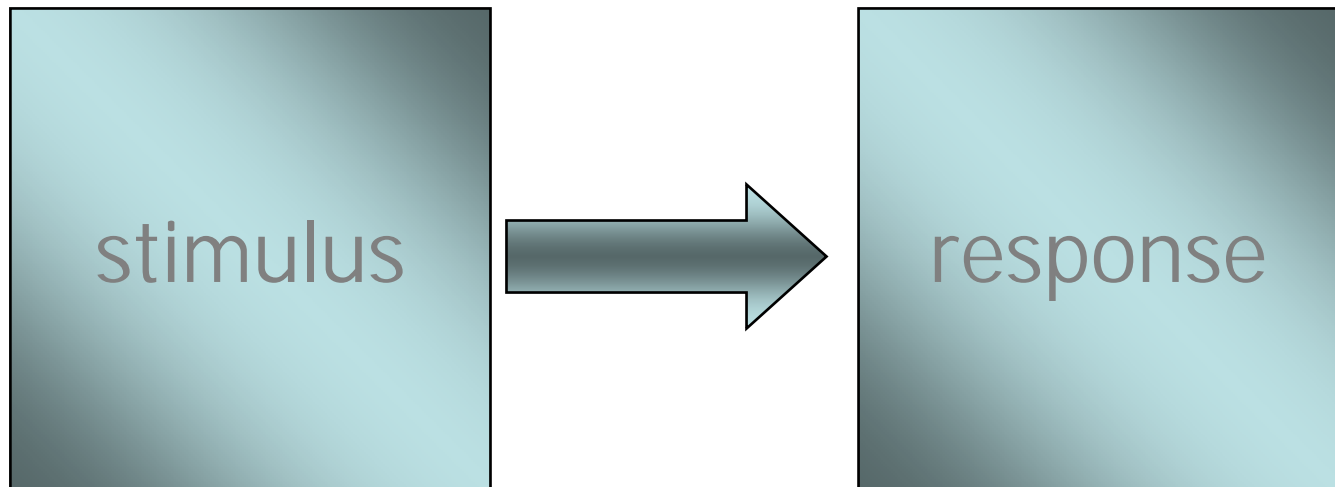
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Reactive Model



Proactive Model



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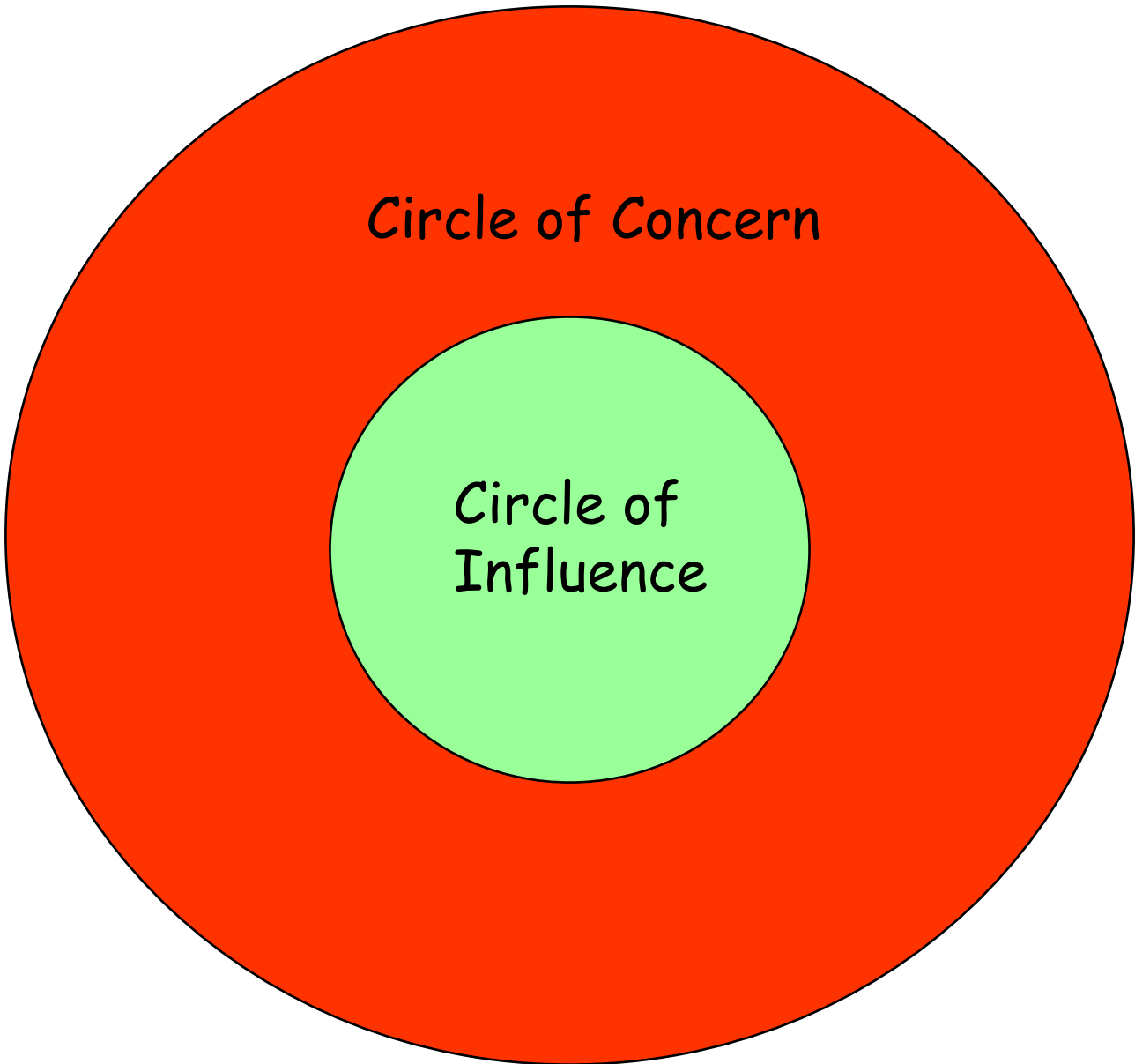
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“It’s not what people do to us that hurts us, but our response to what happens to us that hurts us.”

- Dr. Stephen R. Covey -



Circle of Concern

Circle of
Influence

- **Direct Control:**
 - Our own behavior
 - Problems are solved by working on our behavior and mindset.
- **Indirect Control**
 - Other people's behavior.
 - Problems are solved by changing our methods of influence.
- **No Control**
 - Things we can do nothing about.
 - Best handled by genuinely and peacefully accepting these problems and learning to live with them, even though we don't like them.

Employees of LTS of BIR

- Change catalysts

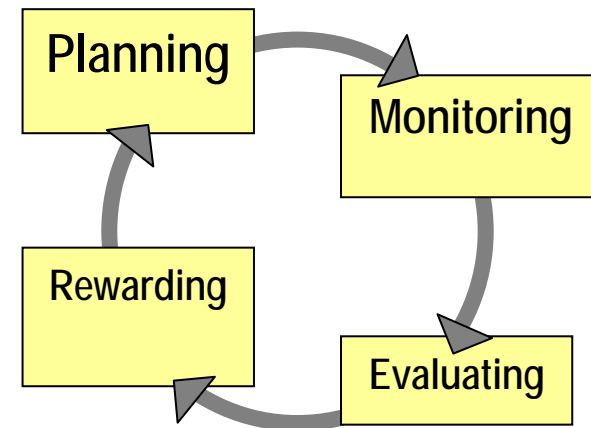
As change catalysts

- Help identify work problems
- Generate solutions to the problems
- Motivate each other to effect the change
- Implement the necessary changes at work

PMS as your tool!

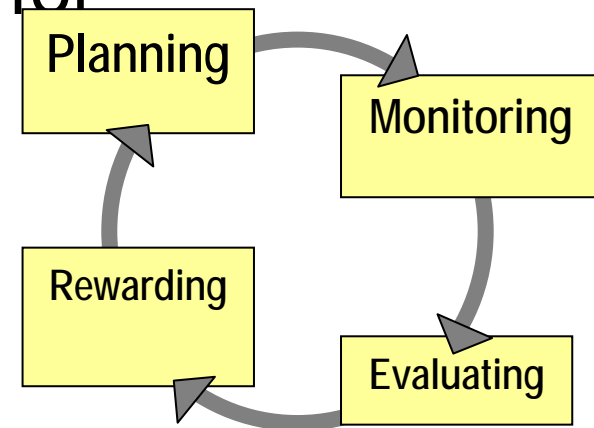
What is the Performance Management System?

- Is a management tool that helps offices and individuals achieve better results through
 - Performance planning
 - Performance monitoring
 - Performance evaluating
 - Performance rewarding



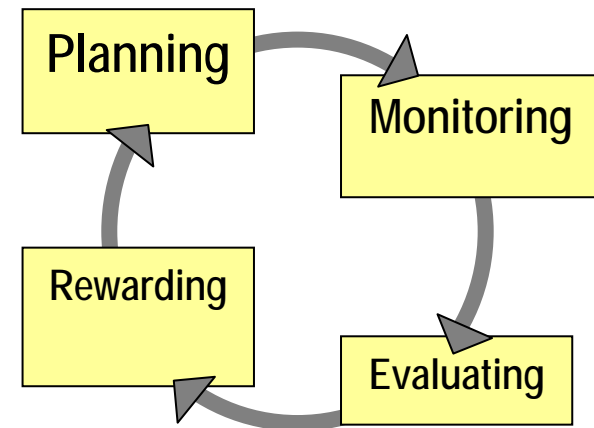
What is the Performance Management System?

- Performance planning
 - Individual target setting anchored on office plans
 - Clarifying and agreeing on performance expectations
 - Identifying strengths and areas for improvement and how to address them



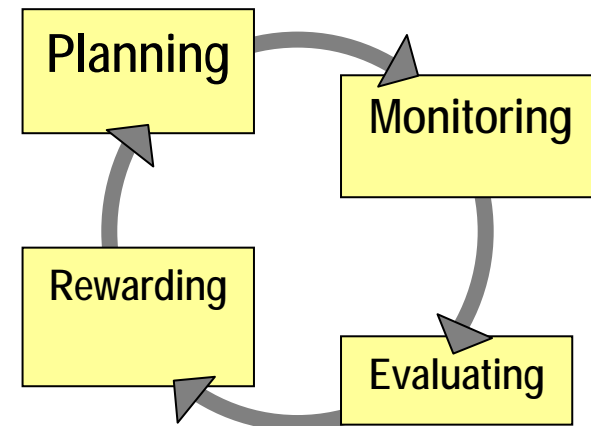
What is the Performance Management System?

- Performance monitoring
 - Accomplishing tasks and meeting timelines
 - Collecting and documenting performance
 - Regular feedback and coaching
 - Addressing difficulties in achieving targets



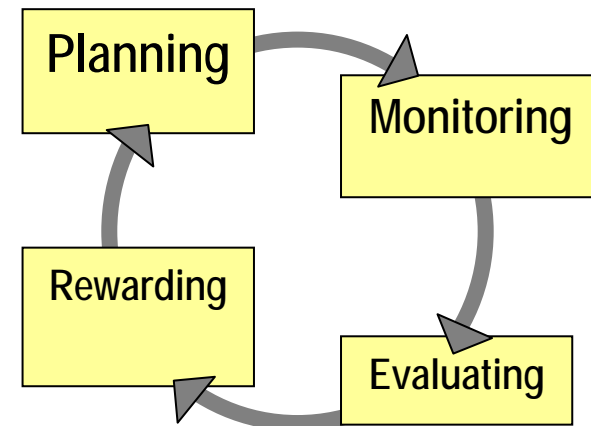
What is the Performance Management System?

- Performance evaluating
 - Comparing planned targets versus actual results/ accomplishments
 - Using data to support performance ratings



What is the Performance Management System?

- Performance rewarding
 - Recognizing and reinforcing good performance



Why PMS?

- Clarify performance expectations both at the office and individual levels
 - Plan workload
 - Focus on priorities
 - Avoid misunderstanding; reduce surprises
 - Reduce anxiety
 - Get results - What you measure is what you get
- Identify strengths and areas for improvement at office and individual levels
- Basis for rewards and recognition

Office Performance Contract

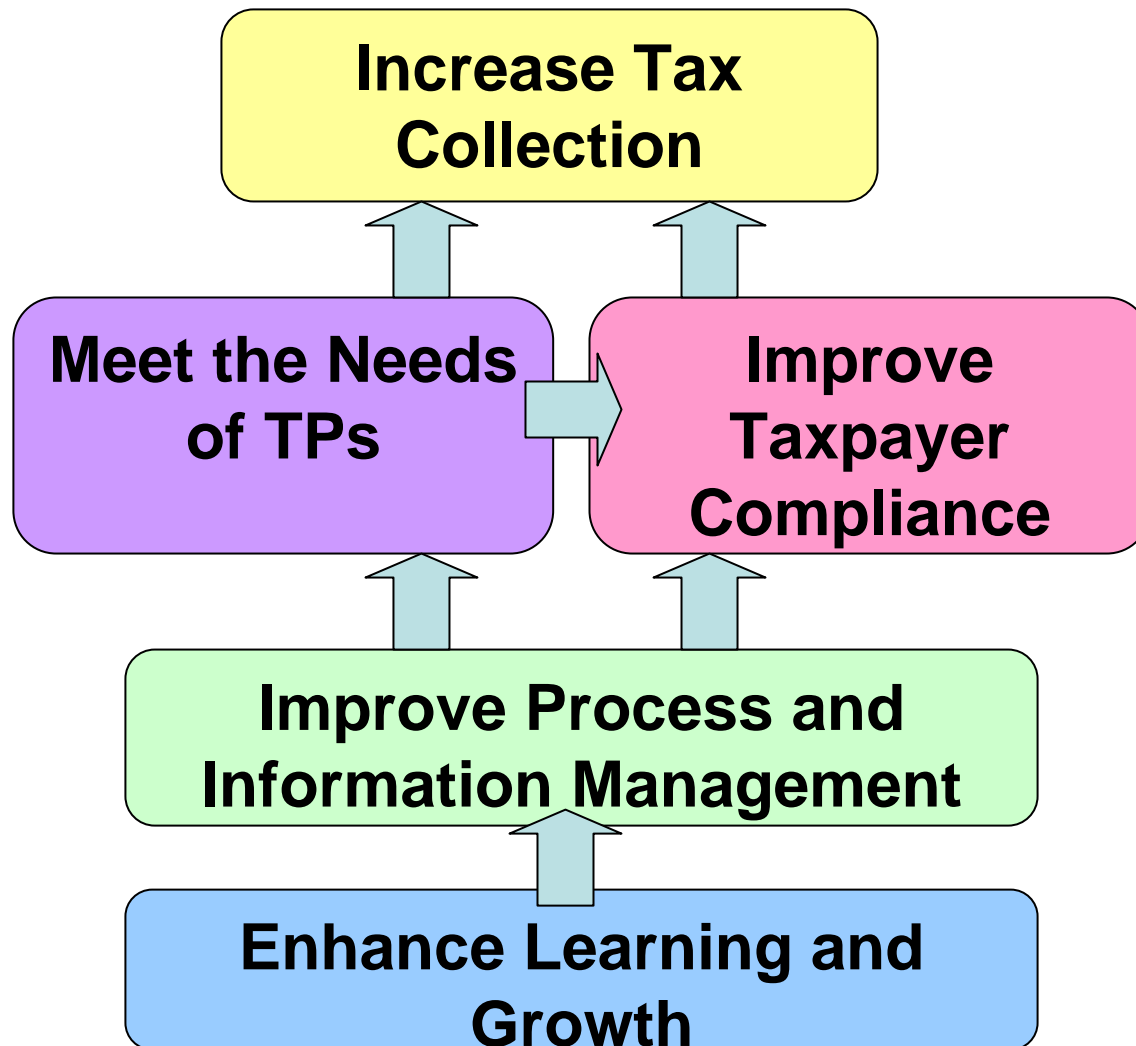
- Explain office objectives, KRAs, measures and targets here...

Reviewing and Completing the PMS Form

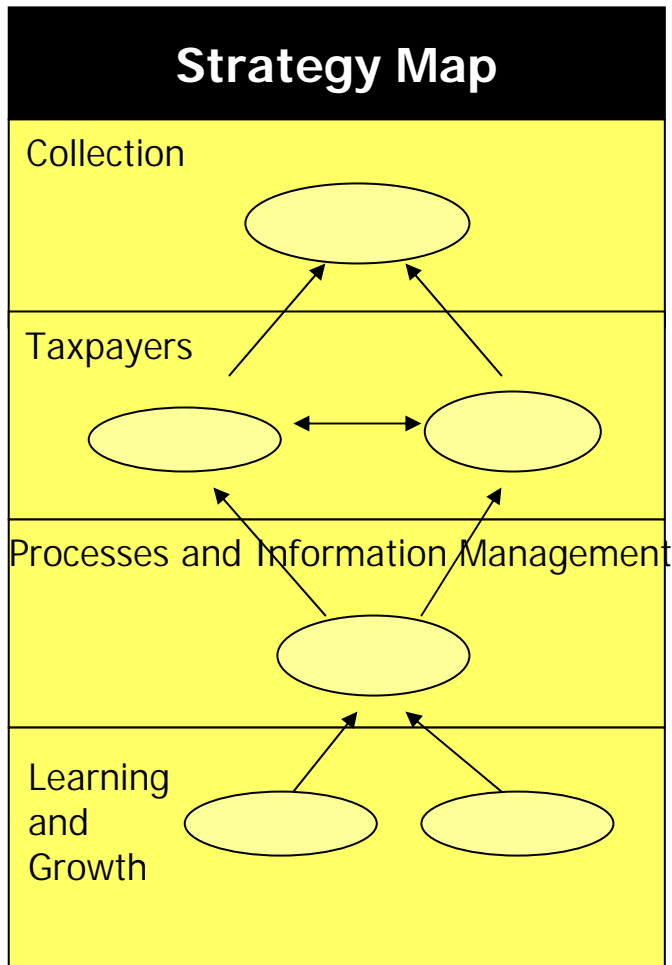
- Review initial template
 - Objectives
 - KRAs
 - Measures
 - Targets
 - Weight assignments
 - Means of verification (MOV)
 - Remarks

(Refer to your individual target-setting template)

LTS Strategic Objectives



The LTS Strategy map is translated into performance contracts



Parts of the PMS Performance Contracts

Objectives- *What the strategy is trying to achieve*

Key Result Areas- *Specific work outputs and deliverables*

Measures- *Indicator by which effective performance in a KRA is gauged*

Targets- *Expected level of performance required for each measure.*

Objectives	KRAs	Measures	Targets

Steps

Step 1:
Objectives
and
Weights

Step 2:
Key Result
Areas and
Weights

Step 3:
Measures
and
Weights

Step 7:
Actions

Step 6:
Baseline
Data

Step 5:
MOVs

Step 4:
Targets

Step 1

- Validate the objectives of the LTS Strategy Map to which your Section contributes to.
- Validate weight assignment per objective.

Assign weight per objective.

- Bigger weight is assigned to objectives where the office has a big accountability because it is its mandate.
 - Offices with collection targets from special efforts such as audit, monitoring on site, enforcement, are assigned 40%

Weight assignments for second semester 2005

	Audit		Assistance		Field	LTCED	Programs	Quality Assurance
Objectives	1	2	1	2	LTFOD			
Improve Collections	40%	40%	15%	15%	40%	40%	15%	15%
Improve TP Compliance	30%	30%	25%	35%	35%	20%	15%	35%
Meet the needs of TPs.	10%	10%	40%	30%	10%	20%	10%	20%
Improve processes and knowledge management	10%	10%	10%	10%	5%	10%	45%	20%
Enhance organizational learning and growth	10%	10%	10%	10%	10%	10%	15%	10%

Assign weight per objective.

- Bigger weight is likewise expected from offices which play a big role in that objective because no other offices significantly contributes to that objective.
 - Programs Division is given 40% weight assignment for information management because it is the key office assigned to churn data into information.

Weight assignments for second semester 2005

	Audit		Assistance		Field	LTCED	Programs	Quality Assurance
Objectives	1	2	1	2	LTFOD			
Improve Collections	40%	40%	15%	15%	40%	40%	15%	15%
Improve TP Compliance	30%	30%	25%	35%	35%	20%	15%	35%
Meet the needs of TPs.	10%	10%	40%	30%	10%	20%	10%	20%
Improve processes and knowledge management	10%	10%	10%	10%	5%	10%	45%	20%
Enhance organizational learning and growth	10%	10%	10%	10%	10%	10%	15%	10%

Assign weight per objective.

- Everyone in the organization has a stake in the collection target, known in the LTS as the **Shared Goal Concept**.

Assign weight per objective.

- Everyone in the organization has a stake in the collection target, known in the LTS as the **Shared Goal Concept**.
- Weights of objectives should total 100%



Weight assignments for second semester 2005

	Weight assignments for second semester 2005							
	Audit		Assistance		Field	LTCED	Programs	Quality Assurance
Objectives	1	2	1	2	LTFOD			
Improve Collections	40%	40%	15%	15%	40%	40%	15%	15%
Improve TP Compliance	30%	30%	25%	35%	35%	20%	15%	35%
Meet the needs of TPs.	10%	10%	40%	30%	10%	20%	10%	20%
Improve processes and knowledge management	10%	10%	10%	10%	5%	10%	45%	20%
Enhance organizational learning and growth	10%	10%	10%	10%	10%	10%	15%	10%

Step 2: Validate KRAs

Key result areas

- Critical categories or deliverables of your office in which a high level of performance is necessary
- Critical few areas which you are expected to invest on a priority basis, time, energy, talent and resources

Key Result Areas

- Tangible outputs that logically lead to the attainment of the objective.
- Likely unique to your office since these are particular reasons your Office exists.
- The cumulative KRAs of jobs within an office satisfy the office mandate and goals

Key Result Areas

- Avoid the
 - Activity trap
 - Keep busy trap
 - Conflicting activities

Guidelines for writing KRAs

- Described by 3-5 words
- Tangible outputs, written as a noun
- Not activities

Assign weight per KRA

- Assign bigger weight to KRAs that critically contribute to the attainment of objectives.
- Weights of KRAs should total 100%.

Example of exactly the same set of KRAs cascade

- Improve compliance KRAs at the Division level
 - Aging of cases
 - Audit reports
 - Audit effectiveness
 - Cases closed
 - Stop filer resolution
- Improve compliance KRAs at the Section level
 - Aging of cases
 - Audit reports
 - Audit effectiveness
 - Cases closed
 - Stop filer resolution

Step 3: Identify appropriate measures per KRA

- Measures refer to quantity, quality and timeliness of completion of KRAs.
- Choose relevant measures.
 - How do you want to rate the KRA? Is it by quantity, quality or timeliness?
 - How do you want to track the KRA? Is it the input, output or outcome?

Assign weight per measure.

- Validate weight assignment per measure.
- Assign bigger weight for measures that are within your area of control.

Step 4: Identify targets

- Validate the desired results of a performance measure.
 - 100% of LT taxpayers per industry receive copies of new issuances
 - 5.7million collection from audit activities
 - Completion of a manual by December 2005.

Step 5: Identify means of verification tools.

Documents that would show evidence of actual performance data.

- Logbooks
- Monthly reports
- LTPD MOV
- Audit quality scorecard

Step 6: Identify Baseline Data per measure

- Baseline data is your actual performance to date.
- We want to determine these to ensure we are on track.
- If not, we address them.

Step 7: Identify actions

- Look at baseline data that are problematic. Address them.
- Look at areas of strength. Enhance them.

Reviewing and Completing the PMS Form

1. Review your initial individual template
2. Review each KRA and corresponding measures and targets
3. Review the weight assignments



Components of Performance Ratings for Individuals

Office Performance	
Individual Performance > Objectives, KRAs, measures, targets	
Behavioral Dimensions	30%
Total	100%

Behavioral Dimensions

Behavioral Dimensions

- Are the attributes, traits, knowledge, skills that are important to the Bureau and are key to successful performance.
- It is important that the manager/supervisor and the employees have a common understanding of how specific behavioral dimensions are to be demonstrated on the job.

Behavioral Dimensions

- Human relations
- Dependability
- Work attitude
- Stress tolerance
- Punctuality and attendance
- Leadership

Human Relations

- Integrates concern for people at work, office clientele and supervisor – subordinate relationship into work situations
- *Also known as “customer service orientation”*
- The ability to focus efforts on discovering and meeting internal and external customer needs, and developing mutually beneficial relationships

Dependability

- The ability to be relied upon in the accomplishment of task with less supervision
- *Also known as “work standards or results orientation”.*
- *The ability to start and carry on projects or assignments to completion; and compete against a standard of excellence*

Work Attitude

- Refers to willingness to accept responsibilities and adherence to office roles and regulations

Stress tolerance

- Stability of performance under pressure or opposition

Punctuality and attendance

Punctuality

10=not more than 3 times tardy/ under time during the last 6 months

8=4-6 times tardy/ under time

6=7-10 times tardy/ under time

4= 11-15 times tardy / under time

2= more than 15 times tardy/ undertime

Attendance

10=Perfect attendance during the last 6 months

8= 1-6 days absent

6=7-13 days absent

4=14-20 days absent

2= more than 20 days absent

Leadership

- The manner of guiding, influencing, motivating and developing confidence of subordinates to work as a team and accomplish assigned tasks, leading the organizational unit to achieve its goals and objectives enthusiastically.

Critical Incident Form

S/T = Situation, Task or KRA

A = Actions taken

R = Results, outcome, impact of the person's actions

Example: Dependability

- Situation: The team had trouble getting third party information creating longer audit process time.
- Actions: The group supervisor asked what type of information was needed, promptly called ISG. He worked with the group to create a suitable electronic report form and taught the team how to use and report it.
- Results: The information provided by the new software helped reduce the audit process time by 10%.

Example: Leadership

- Situation: The office is demoralized because outputs are returned by the Manager for not meeting quality standards.
- Actions: The supervisor together with the team, diagnosed the causes for rework, installed quality check system within the office, taught the team quality improvement tools, rewarded those who applied tools at work.
- Results: Time to complete outputs were reduced from one week to one hour; outputs were 99% accepted by the manager. TP compliance increased by 50%. The office is reported to have higher sense of belonging and pride in their work.

Guidelines in using Critical Incidents to support ratings

- STAR data must be complete.
- Support ratings other than a “6” with at least 2 STARs
- A STAR must be categorized according to the behavioral dimension it best represents. No “double dipping”.

Guidelines in using Critical Incidents to support ratings

- Identify effective and ineffective STARs.
 - In most instances the connection between an effective action and a positive result is obvious.
 - At other times, it might not be clear. Sometimes it is possible for an individual to take effective action that has a negative outcome.
 - Sometimes, a negative result might be caused by other people's actions or factors beyond one's control.

Guidelines in using Critical Incidents to support ratings

- Assess the significance of stars.
 - Some stars are more significant than others.
 - Impact of the actions-behaviors that make a big difference in meaningful situations have more weight than behaviors that made a big difference in trivial situations.
 - Recency of the actions-Recent behavior is a better evidence of current behavior than behavior in the distant past. Cite sTARs demonstrated within the past 6 months.

Guidelines in using Critical Incidents to support ratings

- A STAR is “critical” when:
 - The impact on the office is significant
 - It is an effective solution to a problem – overcoming an obstacle
 - It is an innovation
 - It requires extra effort or you had to go out of your way to do it
 - It is not an everyday occurrence

Next Steps

- Schedule of one-on-one performance planning discussion
- Approval and finalization of individual performance contracts
- Submission of individual performance contracts

Appendix 3. Sample Service Level Performance Contract

Performance Contract for Large Taxpayer Service Second semester 2005

Objective	Weight	KRA	Weight	Measure	Weight	Target	Means of Verification
Collection	40%	Collection from special efforts	63%	Amount collected from special efforts	100%	LTAID1/ LTDOs: .75% of VC,LTAID2: .75% of VC-P30M,LTFOD:stocktaking /ORB recon targets,LTCED:18%	LTAID 1 &2; LTDOs, LTFOD, LTCED
		Collection from voluntary compliance	37%	Amount collected from voluntary compliance	100%	P143B	ISOS DC
Improve Taxpayer Compliance	20%	Voluntary Compliance Index	70%	Filing Compliance Rate	20%	Sample 525 TPs who voluntarily complied	Voluntary Tax Compliance Matrix
				Compliance Rate on Submission of Documents	30%	Sample 525 TPs who voluntarily complied	Voluntary Tax Compliance Matrix
				Voluntary Payment Compliance Rate	50%	Sample 525 TPs who voluntarily complied	Voluntary Tax Compliance Matrix
		Special Effort Compliance Index	15%	Assessment/Voluntary Compliance Ratio	60%	Sample from audited TPs across major industries	Special Effort Compliance Matrix
				Collection/Assessment Ratio	40%	Sample from audited TPS across major industries	Special Effort Compliance Matrix
		Stopfiler Index	15%	Number of Stopfilers/Expected Returns	100%	Stopfiler Resolution not more than 10% of the population	Stopfiler Monitoring
Meet the needs of Taxpayers	10%	TP Satisfaction Index	100%	Result of TP satisfaction survey	100%	Survey the TPs who are included in the sample for the Tax Compliance Index	TP Satisfaction Survey Questionnaire
Simplify Processes	20%	ATRIG processing	5%	Number of days to process ATRIG	100%	3 days	LTAD 2 Process Improvement Worksheet
		Benchmarking	6%	Number of TPs processed and validated	100%	more than 51% every semester	LTPD Process Improvement Worksheet
		Excise tax permits processing	5%	Number of days to process excise tax permits			
				transactional	50%	1 day	LTAD 2 Process Improvement Worksheet
				with ocular inspection	25%	20 days	LTAD 2 Process Improvement Worksheet
				without ocular inspection	25%	5 days or less	LTAD 2 Process Improvement Worksheet
		Issuance of Authority to Print	4%	Number of days to issue authority to print	100%	0.25 days	LTAD 1 Process Improvement Worksheet

Appendix 3. Sample Service Level Performance Contract

Objective	Weight	KRA	Weight	Measure	Weight	Target	Means of Verification
		LTDO-Cebu	10%	all core processes that are applicable to the RDO	100%	None	none inputted
		LTDO-Makati	10%	all core processes that are applicable to the RDO	100%	None	none inputted
		Number of cases with collection	10%	Number of days to collect from audited TPs	100%	233 days or less	LTAID 1 & 2 Process Improvement worksheet
		Number of closed cases until FAN	10%	Number of days to close audited cases until FAN	100%	233 days or less	LTAID Process Improvement Worksheet
		Number of collected delinquent account cases	5%	Number of days to collect delinquent account cases	100%	90 days or less	LTCED Process Improvement Worksheet
		Number of TP ledgers cleaned up	10%	Number of days to clean up TP ledgers	100%	30 or more TP ledgers	LTD PQAD Process Improvement Worksheet
		Number of TPs who submitted ORBs (LTPD)	4%	Percentage of TPs who submitted ORBs	100%	100% every month	LTPD Process Improvement Worksheet
		Permits to use computerized books of accounts	2%	Number of days to process permits to use computerized books of accounts	100%	30 days or less	LTAD 1 Process Improvement Worksheet
		Reconciliation of ORB	10%	Number of days to reconcile ORBs	100%	120 days or less	LTFOD Process Improvement Worksheet
		Registration of Books of Accounts	4%	Number of days to process registration of Books of Accounts	100%	0.25 days	LTAD 1 Process Improvement Worksheet
		Stopfiler resolution/pursuit	3%	Number of days to process stopfiler resolution	100%	60 days or less	LTCED Process Improvement Worksheet
		Tax Reconciliation System	2%	Number of days to process tax reconciliation system	100%	90 days or less	LTCED Process Improvement Worksheet
Enhance employee learning and growth	10%	Employee productivity and satisfaction index	30%	Result of employee survey	100%	Survey 200 employees by end of 2005	Learning and Growth Survey Questionnaire
		PMS Institutionalized at the LTS	50%	Utilization of PMIS	100%	Start PMS 2 Sem 2005	Service, Office and Individual Performance Contracts generated from the PMIS
		Training and Development	20%	Conduct training to LTS personnel based on the TNA results	100%	none yet	none inputted

Appendix 4. Sample Office Level Performance Contract

**Performance Contract of LTAID 2 (Office Level)
Second semester 2005**

Objective	Weight	KRA	Weight	Measure	Weight	Target	Means of Verification		
Collection	40%	Collection from special efforts	63%	Amount collected from special efforts	100%	.75% of Voluntary Compliance Collection Target + Excise Tax	Monthly report		
		Collection from voluntary compliance	37%	Amount collected from voluntary compliance	100%	P143B	ISOS DC		
Improve Taxpayer Compliance	30%	Aging of cases	5%	Number of days to complete a case	100%	240 days per case	Monthly report		
		Audit effectiveness	30%	Amount denied/amount applied	20%	Highest ratio based on forced ranking	Monthly report		
				Audit effort: Deficiency tax/VC + Deficiency Tax	50%	Highest ratio based on forced ranking	Monthly report		
				Collection/Assessment	20%	Highest ratio based on forced ranking	Monthly report		
				Inventory value denied/approved	10%	Highest ratio based on forced ranking	Monthly report		
				Audit reports	40%	Rating in quality audit scorecard	100% Rating	Audit Scorecard	
				Cases closed	20%	Number of LAs/sem/RO	30%	35 LAs	Monthly report
						Number of LNs/Total LNs accounted	20%	50% of LNs closed	Monthly report
						Number of other referrals	15%	50% of other referrals closed	Monthly report
						Number of other TVNs	15%	50% of cases closed	Monthly report
						Number of refunds (TVN/referrals)	20%	20% of refunds processed	Monthly report
				Stopfiler resolution	5%	%approval by DCIR	40%	100% recommendations approved by DCIR	Monthly report
						% of RCS resolved	40%	50% of RCS resolved	LTCED report
				Timeliness of submission	20%	within 30 days	Monthly report		
Meet the needs of taxpayers	10%	Response to queries	10%	Quality of response to phone in queries	30%	100% of cases acted upon	Logbook containing issues/actions/ results		
				Quality of response to walk in queries	30%	100% of cases acted upon	Logbook containing issues/actions/ results		
				Quality of response to written queries	40%	100% of cases acted upon	Logbook containing issues/actions/ results		
				Review and approval of reports	90%	Number of CARs acted upon	10%	100% of cases acted upon	Referral slip/ Monthly report of ROs

Appendix 4. Sample Office Level Performance Contract

Objective	Weight	KRA	Weight	Measure	Weight	Target	Means of Verification
				Number of CAS acted upon	15%	100% of cases acted upon	Monthly reports of ROs
				Number of changes in accounting periods acted upon	5%	100% of cases acted upon	Monthly reports of ROs
				Number of changes in inventory valuations acted upon	5%	100% of cases acted upon	Monthly reports of ROs
				Number of changes in depreciation methods acted upon	5%	100% of cases acted upon	Monthly reports of ROs
				Number of VAT and other refunds acted upon	10%	100% of cases acted upon	Monthly reports of ROs
				Number of witness inventory destructions acted upon	20%	50% of inventory cases acted upon	Monthly reports of ROs
				Number of zero rating applications acted upon	10%	100% of cases acted upon	Monthly reports of ROs
				Processing of excise refunds	20%	20% of claims acted upon	Monthly reports of ROs
Simplify processes	10%	Audit procedures by industry	50%	Timeliness of RAMO submission	100%	Tobacco-September 2005	RAMO
		Audit workplan for each LA	50%	Comprehensiveness of workplan	50%	Approved by HREA	Office file of approved workplans
				Timeliness of submission	50%	5 days after LA is presented	LA Register
Enhance employee learning and growth	10%	Improved Organizational Communication	10%	Regularity of section staff meetings	100%	Every two weeks	Attendance in Meetings
		PMS Installation and Implementation	60%	Timely conduct of Office/Individual Performance Evaluation	40%	by January 2006	Section Chief IPC Logsheets
				Timely submission of Individual Performance Contract	30%	by September 2005	Section Chief IPC Logsheets
				Timely submission of Office Performance Contract	30%	by September 2005	DCIR Record
		Training and Development	30%	Conduct of International Accounting Standards Seminar	100%	by December 2005	HREAs Record

Appendix 5. Sample Individual Level Performance Contract

**Performance Contract of DC of LTAID 2 (Individual Level)
Second semester 2005**

Objective	Weight	KRA	Weight	Measure	Weight	Target	Means of Verification		
Collection	40%	Collection from special efforts	63%	Amount collected from special efforts	100%	.75% of Voluntary Compliance Collection Target + Excise Tax	Monthly report		
		Collection from voluntary compliance	37%	Amount collected from voluntary compliance	100%	P143B	ISOS DC		
Improve Taxpayer Compliance	30%	Aging of cases	5%	Number of days to complete a case	100%	240 days per case	Monthly report		
		Audit effectiveness	30%	Amount denied/amount applied	20%	Highest ratio based on forced ranking	Monthly report		
				Audit effort: Deficiency tax/VC + Deficiency Tax	50%	Highest ratio based on forced ranking	Monthly report		
				Collection/Assessment	20%	Highest ratio based on forced ranking	Monthly report		
				Inventory value denied/approved	10%	Highest ratio based on forced ranking	Monthly report		
				Audit reports	40%	Rating in quality audit scorecard	100% Rating	Audit Scorecard	
				Cases closed	20%	Number of LAs/sem/RO	30%	35 LAs	Monthly report
						Number of LNs/Total LNs accounted	20%	50% of LNs closed	Monthly report
						Number of other referrals	15%	50% of other referrals closed	Monthly report
						Number of other TVNs	15%	50% of cases closed	Monthly report
						Number of refunds (TVN/referrals)	20%	20% of refunds processed	Monthly report
				Stopfiler resolution	5%	%approval by DCIR	40%	100% recommendations approved by DCIR	Monthly report
						% of RCS resolved	40%	50% of RCS resolved	LTCED report
				Timeliness of submission	20%	within 30 days	Monthly report		
Meet the needs of taxpayers	10%	Response to queries	10%	Quality of response to phone in queries	30%	100% of cases acted upon	Logbook containing issues/actions/ results		
				Quality of response to walk in queries	30%	100% of cases acted upon	Logbook containing issues/actions/ results		
				Quality of response to written queries	40%	100% of cases acted upon	Logbook containing issues/actions/ results		
		Review and approval of reports	90%	Number of CARs acted upon	10%	100% of cases acted upon	Referral slip/ Monthly report of ROs		

Appendix 5. Sample Individual Level Performance Contract

Objective	Weight	KRA	Weight	Measure	Weight	Target	Means of Verification
				Number of CAS acted upon	15%	100% of cases acted upon	Monthly reports of ROs
				Number of changes in accounting periods acted upon	5%	100% of cases acted upon	Monthly reports of ROs
				Number of changes in inventory valuations acted upon	5%	100% of cases acted upon	Monthly reports of ROs
				Number of changes in depreciation methods acted upon	5%	100% of cases acted upon	Monthly reports of ROs
				Number of VAT and other refunds acted upon	10%	100% of cases acted upon	Monthly reports of ROs
				Number of witness inventory destructions acted upon	20%	50% of inventory cases acted upon	Monthly reports of ROs
				Number of zero rating applications acted upon	10%	100% of cases acted upon	Monthly reports of ROs
				Processing of excise refunds	20%	20% of claims acted upon	Monthly reports of ROs
Simplify processes	10%	Audit procedures by industry	50%	Timeliness of RAMO submission	100%	Tobacco-September 2005	RAMO
		Audit workplan for each LA	50%	Comprehensiveness of workplan	50%	Approved by HREA	Office file of approved workplans
				Timeliness of submission	50%	5 days after LA is presented	LA Register
Enhance employee learning and growth	10%	Improved Organizational Communication	10%	Regularity of section staff meetings	100%	Every two weeks	Attendance in Meetings
		PMS Installation and Implementation	60%	Timely conduct of Office/Individual Performance Evaluation	40%	by January 2006	Section Chief IPC Logsheets
				Timely submission of Individual Performance Contract	30%	by September 2005	Section Chief IPC Logsheets
				Timely submission of Office Performance Contract	30%	by September 2005	DCIR Record
		Training and Development	30%	Conduct of International Accounting Standards Seminar	100%	by December 2005	HREAs Record

Establishing levels of accountability through value adding monitoring function

This chapter looks at the possible focus and feature of performance monitoring at each level of the LTS. At the service level outcomes or impact measures are monitored; at the division and section, outputs are monitored for quantity, quality, and timeliness of submission of the inputs from individual personnel.

The LTS performance is monitored at different levels using various tools and methods that make the whole process of performance measurement and analyses more reliable and robust.

Chapter 4: Monitoring

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Description

After the process of target setting, the next phase of the PMS is to monitor the agreed targets of the individual, office, and service. This chapter suggests and describes the performance monitoring tools, processes of monitoring, and means of verification. At the service level, the instruments mentioned here are proposals; while at the office and individual level, sample means of verification tools (MOV's) are cited.



Objectives

This chapter aims to:

- Describe elements of good monitoring tools
- Present ways of summarizing documented performance data
- Identify challenges experienced by LTS in documenting and monitoring performance data.

Outputs

- Suggested service level monitoring processes and measurement tools for the four (4) perspectives of the Strategy Map
 - Taxpayer Compliance Index through suggested matrices
 - Taxpayer Satisfaction Indices through a representative survey
 - Process Improvement Scores through suggested worksheets
 - Employee Productivity and Satisfaction Indices through a representative survey
- Office performance documentation through various MOV tools
- Individual performance documentation through various MOV tools

Acronyms

ADC	Assistant division chief
ATRIG	Authority to Release Imported Goods
BIR	Bureau of Internal Revenue
DBCC	Development Budget and Coordinating Committee
FAN	Final Assessment Notice
FDDA	Final decision on disputable account
GS	Group supervisor
LTAD I	Large Taxpayers Assistance Division (for Regular Large Taxpayers)
LTAD II	Large Taxpayers Assistance Division (for Excise Large Taxpayers)
LTAID I	Large Taxpayers Audit and Investigation Division (Regular Large Taxpayers)
LTAID II	Large Taxpayers Audit and Investigation Division (Excise Large Taxpayers)
LTCED	Large Taxpayers Collection and Enforcement Division
LTDO Cebu	Large Taxpayers District Office in Cebu
LTDO Makati	Large Taxpayers District Office in Makati
LTFOD	Large Taxpayers Field Operations Division
LTPD	Large Taxpayers Programs Division
LTS	Large Taxpayers Service
MOV	Means of verification
ORB	Official Register Books
PAN	Preliminary Assessment Notice
RO	Revenue officer
SC	Section chief
TCC	Tax Credit Certificate
US IRS	United States Internal Revenue Service

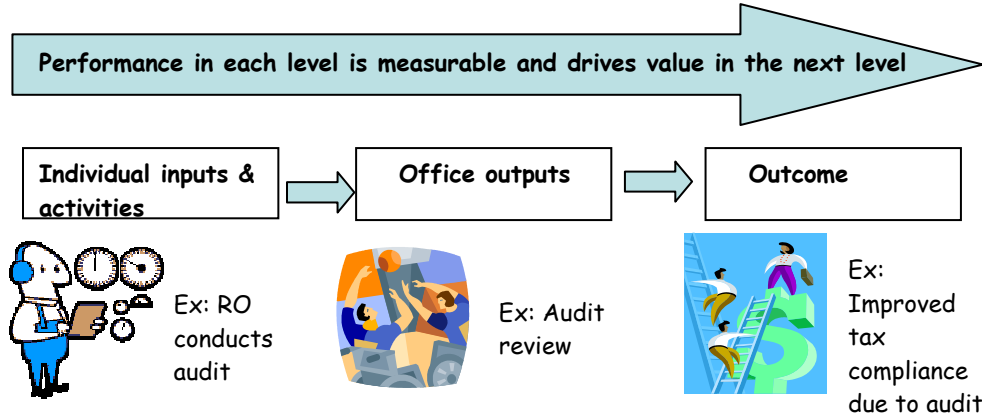
Definitions

Population (N)	The population is the entire set under consideration. It is the target group under investigation. Samples are drawn from populations
Sample (n)	This is the population researched in a particular study. In studies that use inferential statistics to analyze results or which are designed to be generalized, the sample size is critical. Generally, the larger the

	number in the sample, the higher the likelihood of a representative distribution of the population.
Sampling Error (error margin)	The degree to which the results from the sample deviate from those that would be obtained from the entire population due to random error in the selection of respondent, and the corresponding reduction in reliability.
Percentage	When determining the sample size needed for a given level of accuracy one must use the worst case percentage (50%). This percentage should be used if one wants to determine a general level of accuracy for a given sample.
Sampling Frame	A listing that comprises the population from which a sample is to be selected. For a sample to be representative, all members of the population must be included on the frame or list.
Sampling unit	Individuals, groups, or other entities that are selected or assigned to groups (primary, secondary, etc).
Systematic random sample	<ul style="list-style-type: none"> ♦ number the units in the population from 1 to N ♦ decide on the n (sample size) that is needed ♦ $k = N/n =$ the interval size ♦ randomly select an integer between 1 to k then take every k^{th} unit
Simple Random Sampling	<ul style="list-style-type: none"> ♦ To select n units out of N such that each $N C_n$ has an equal chance of being selected. ♦ Use a table of random numbers, a computer random number generator, or a mechanical device to select the sample.
Probability proportional to size sampling	<ul style="list-style-type: none"> ♦ The population is divided into clusters or strata; assigned cumulative numbers to each element in each stratum and samples are selected through random or systematic sampling.
Sample Weighting or Weights	<p>Is utilized when...</p> <ul style="list-style-type: none"> ♦ Over-sampling for subpopulations has been done to ensure that there is sufficient number of cases for analysis. ♦ In the analysis, one combines two or more samples to create a composite picture of the entire population.
Activities	<ul style="list-style-type: none"> • What have we actually done?
Key Result Areas (KRA)	<ul style="list-style-type: none"> • What have we delivered as a result of the activities?
Outcomes	<ul style="list-style-type: none"> • What has been achieved as a result of the KRAs? Integrated outputs?

Performance Monitoring Approach

Performance monitoring is a valued-adding monitoring chain. Although the individual, office, and service levels use different measurement tools and techniques, each one has to be linked closely to contribute to the overall performance of an organization or agency. A value-adding monitoring chain is illustrated below.

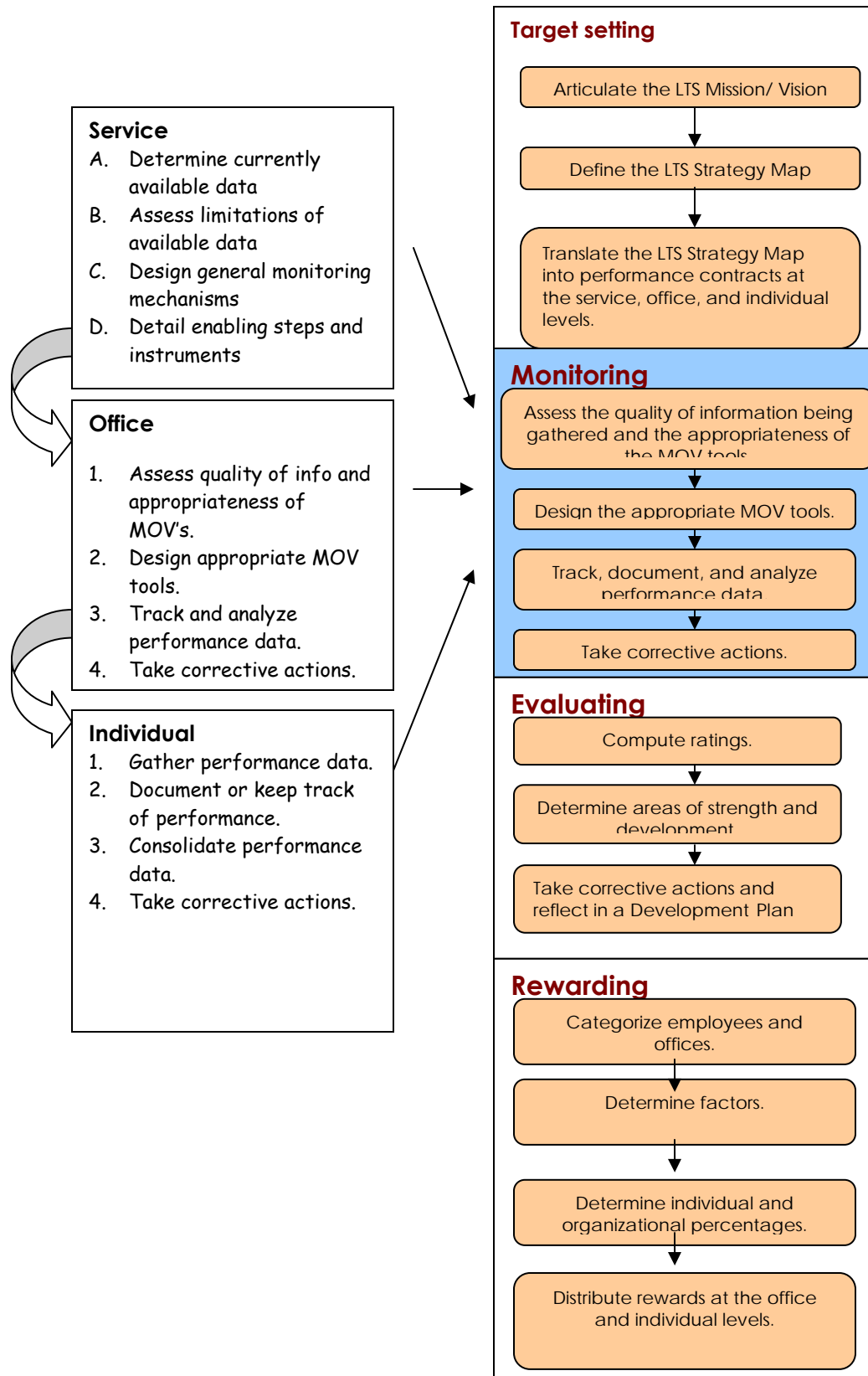


It is important to regularly monitor performance and assess the results in order to continually raise the performance bar (particularly, the input and output linkage). However, outcome measures are preset (in collection targets) and standardized (in the case of taxpayer satisfaction). In this regard, one can reverse the chain only in the sense that one looks into the service level monitoring tools before going down to office and individual monitoring processes and techniques.

Performance Monitoring Process

The diagram below is a summary of the monitoring process across service, office, and individual levels of the LTS. Each level is discussed after the presentation of the diagram.

Figure 4.1: PMS Process with Focus on Monitoring



Performance Monitoring at the Service Level

Contingency Measures

Contingency measures may temporarily be used in case service level monitoring processes and tools are not yet in place. In most cases, service level outcomes are not institutionally monitored by organizations. When service level monitoring processes and tools are yet to be designed and the evaluation for a particular period is already crucial, an aggregate of the measures for each perspective of the strategy map at the office level temporarily becomes the source of computations for service level performance.

Importance of Service Level Metrics

The ideal situation requires the design of service level monitoring processes and tools distinct from office and individual measures of performance. Service level monitoring processes and tools directly relate to outcome measures. Often, organizations focus on inputs, outputs, or activities as a basis for measuring performance and tend to forget outcome measures. What are outcome measures and why are they important? Outcome measures focus on the effect of performance on the various stakeholders of an organization; or the attainment of the general mission and objectives of an agency. These are important because every input, output, or activity of each personnel has a great impact on its stakeholders and the attainment of an agency's mission or objectives. In the end, for every organization, what matters most would be the attainment of one's objectives and the appreciation shown by its major stakeholders. Additionally, results of outcome measures can be a means to know why, where, and how to improve inputs, outputs, and activities at the office and individual levels.

Outcome measures as a focus of other revenue agencies around the world. With the balanced scorecard as a framework¹, outcome measures become all the more important. Within the revenue agencies worldwide, countries noted to be focused on outcome measures as reflected in their use of the balanced scorecard are the US, Canada, Eastern Europe, South America, Australia, and Singapore.

An analysis in 2003 from the US-based consultancy Bain and Company found that no less than 60% of large and medium-sized North American, European, and Australian firms are using the balanced scorecard with an overall satisfaction rate from scorecard users of about four on a scale of one to five (with five being the highest).

¹ See Chapter 1: The PMS Context and Framework

There is also a growing adoption rate of the framework and the use of outcome measures among Asian countries specifically in Singapore, Indonesia, and Hong Kong.

Benefits of Service Level Measures

Some of the major benefits of having service level measures are as follows:

- ◆ Strengthen the linkages of the office and individual performance with the organization's mission, strategic business goals, business plans, and key stakeholders;
- ◆ Offer varied ways of assessing and validating office and individual performance from the point of view of an organization's clients;
- ◆ Enhance the basis for improving the focus of office or individual performance;
- ◆ Give better directions as to proactive means of improving service(s) provided;
- ◆ Help come up with creative solutions to perennial problems affecting business goals and results; and,
- ◆ Ensure long-term success by balancing the achievement of results with actions taken by offices and individuals to achieve them.

Target Segment of Service Level Monitoring Tools

This segment is more for those who will make decisions at the service level. Management or those who come from the higher echelons of an organization are the ones who would most benefit from the use of service level monitoring tools. These tools become the basis of vital decisions which may involve creation of new resolutions, refinement of existing regulations, changes in policy focus, or need for policy shifts. Processes and tools designed at the service level are therefore up for approval by management.

Often, third parties are commissioned to implement processes and tools at the service level. Service providers are often tapped to implement methods of gathering information which will comprise the service level metrics. The US IRS for example, commissions private polling firms to look into taxpayer attitudes and levels of satisfaction. In New Zealand, France, Finland, and Norway, surveys done by the private sector are used as inputs for measuring compliance or taxpayer attitudes.

Designing Service Level Tools

For Every Perspective of the Strategy Map...

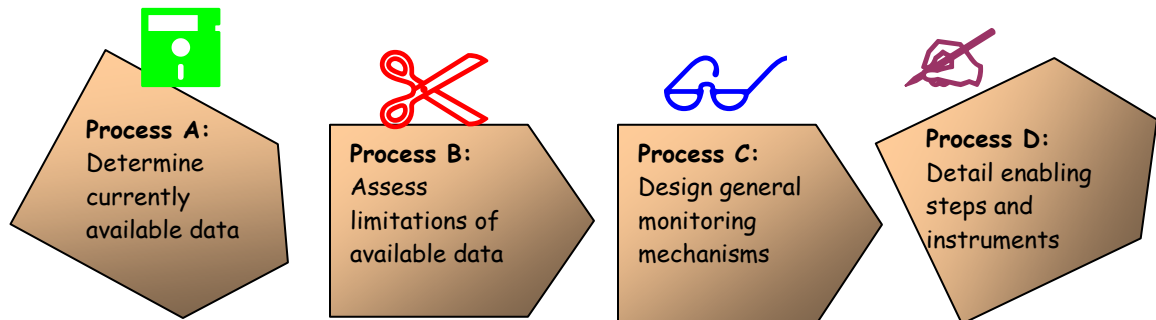


Figure 4.2 Process used to come up with Performance Monitoring Tools at the Service Level

In the formulation of performance monitoring tools at the service level, it is important to look at the existing data monitored by the organization; and from there, design improved mechanisms and enhanced tools.

For each perspective of the strategy map, the following steps should be undertaken:



Determine data currently available or monitored at the Service level - This section tells us what is currently available and regularly tracked by specific LTS offices.



Assess limitations of current data - This section discusses restrictions of currently available data for each perspective. A review of the data currently monitored by LTS at the service level reveals that much can still be done to maximize, integrate, and enhance these data for a fuller measure of each perspective.



Design monitoring mechanisms - This section refers to the recommended monitoring mechanism borne out of the review of what LTS currently compiles. It refers to the instruments refined after many consultations and discussions with LTS personnel on how to enhance such monitoring tools.



Detail enabling steps and instruments - This section lists down the specific steps that have to be undertaken as one makes use of the suggested monitoring tools and instruments.

Suggested Monitoring Processes and Tools for Each Perspective of the LTS Strategy Map



Financial Perspective

Tax collections are the primary goal of the BIR. **An increased collection from large taxpayers is the most important objective of BIR-LTS.** Since this is regularly monitored at the LTS, there is no need to design any processes or tools at the service level. What can be emphasized is that in looking at the financial perspective of the LTS, the focus is on **actual collection performance vs. target.** The targets are pre-determined every year by the DBCC. In short, this is already given. Actual collection, on the other hand, is monitored on a regular basis at the LTS service level. Thus, data for the financial perspective at the service level is always readily available.



Taxpayer Compliance Perspective

Taxpayer compliance can be measured by monitoring the important aspects of both voluntary compliance and special efforts. It takes into consideration the overall spectrum of taxpayer compliance perspective which is from voluntary to special efforts through audit.



These data are currently available or regularly monitored:

- Number of eFilers of tax returns; percentage of eFilers
- Number of manual submission of documents; percentage of manual submissions
- Amount of ePayments and manual payments; percentage ePayments
- Number of stop filers; and,
- Number of LA's and LNs served; percentage of LA's LN's served.



However, the current data are limited in the sense that:

- **There is no comprehensive measure of tax compliance at the service level.** Although LTS has quite a number of data measured which give a snapshot of tax compliance, these data are not integrated into one big picture or one big equation which could calculate an index of tax compliance.
- **The focus is on output rather than on outcome measures**
The available data centre on "counting" certain variables rather than showing a "result" of combining all these counted variables.



The suggested monitoring mechanism is a *Computation of a Tax Compliance Index* in the past year of a representative sample of large taxpayers.

Two important concepts are introduced here. The first concept refers to the tax compliance index which is the "big equation". By compiling and integrating specific variables and measures in the compliance index, one is able to better appreciate the "big picture" describing levels of tax compliance of taxpayers.

The second concept refers to a representative sample of taxpayers. Since it may be cumbersome to initially compute and gather data for all large taxpayers, the method of scientifically sampling from this population will make it easier and faster to track tax compliance.

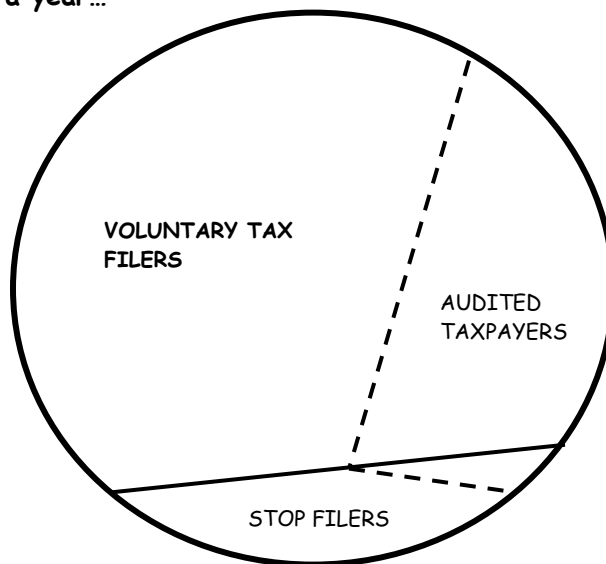


It would of course be most ideal to have a tax compliance index of not just a sample of large taxpayers, but of each and every large taxpayer.

CAVEAT: Taxpayer compliance is one of the perspectives of the LTS strategy map. At the service level, the taxpayer compliance perspective has to be measured annually since the tax cycle is yearly. LTS targets are also determined every year.


What are the various kinds of taxpayers at LTS?

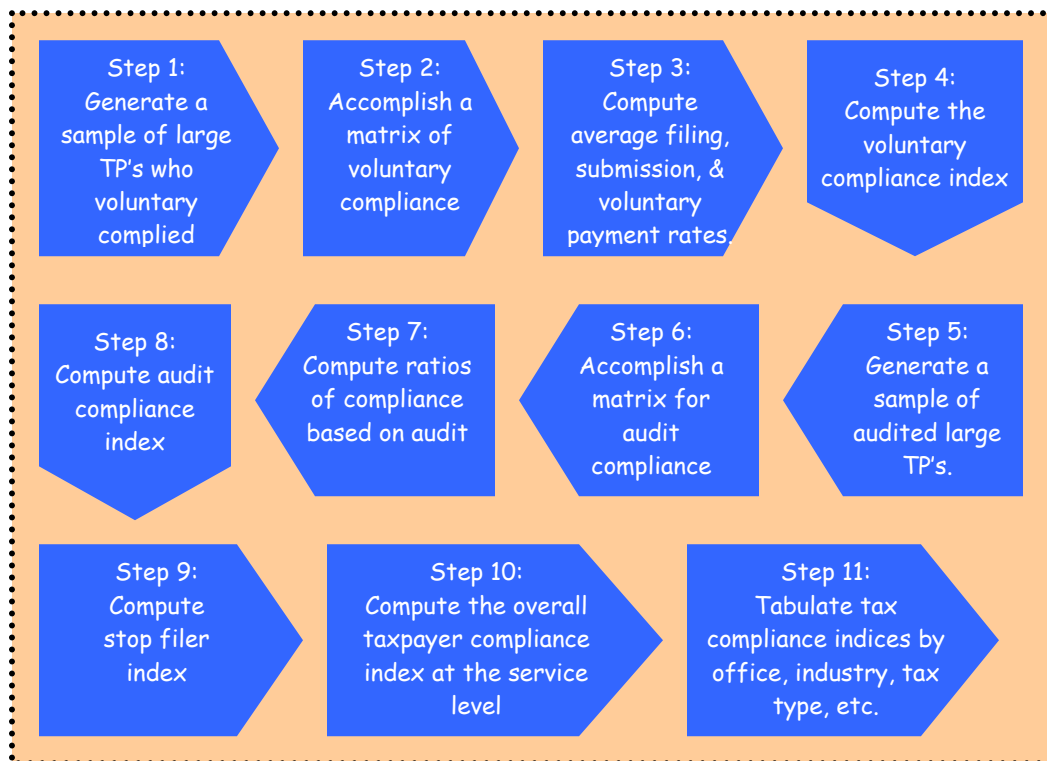
In a year...



How do we define taxpayer compliance at the LTS?

1. DO THE TAXPAYERS VOLUNTARILY COMPLY?
 - a. Do they file correctly?
 - b. Do they submit documents appropriately?
 - c. Do they pay properly?
2. IF TAXPAYERS ARE AUDITED, DO THEY COMPLY WITH AUDIT FINDINGS?
 - a. Do they report the correct amount of tax due (as gleaned from audit reports)?
 - b. Do they pay the amount they should have reported based on audit?
3. DO THE TAXPAYERS NOT AT ALL COMPLY?
 - a. Are they "Stop filers"?
 - b. How many are they?

 Based on the above questions, the enabling steps and instruments may be formulated. They are:



Step 1:

STEP 1. Generate a sample of large taxpayers² across offices who voluntarily complied.

To further assess the different facets of voluntary compliance, it would be important to draw a representative sample of taxpayers who voluntarily complied.

In generating a scientific sample from the population of large taxpayers, it is important to take into consideration the level of analysis one wants to look into. For the LTS, it is imperative to be able to have results for each office (or RDO) so that certain key decisions can be made at this level. The suggested sampling therefore takes into consideration this vital precondition. Thus, sample sizes are assigned for each office. The sample size for each office therefore refers to the number of large taxpayers that will be generated and tracked for tax compliance.

As of Dec 2004	Population	Sample size	Error margin	Weights
Total large TP's	1306	525	+/- 2.6%	
Regular	644	200	+/- 4.9%	3.22
Excise	279	125	+/- 4.9%	2.23
LTDO Makati	192	100	+/- 4.8%	1.92
LTDO Cebu	191	100	+/- 4.8%	1.91

Below is the process in **generating the sample of large taxpayers who voluntarily complied**:

1. Secure a copy of the list of large TP's in the taxable year covered by the study and use this as the sampling frame.
2. Arrange list by office, major industry, and number the TP's from 1 to n.
3. Generate sample TP's by office using proportion to size sampling.
4. For each office, determine the proportion of each major industry.
5. Compute needed samples for each major industry.
6. Use simple random sampling by generating the necessary number of random numbers which will correspond to the computed samples per industry.
7. The TP which corresponds to the generated random numbers will be included in the list of sample taxpayers who voluntarily complied.



Should smaller sample sizes be the preferred option, this would mean analysis at the office or industry level may not be feasible.

² See Appendix 1: Example of generating samples for voluntary compliance

Step 2:

STEP 2. Accomplish a matrix³ to track voluntary compliance of each sample large taxpayer by tax type. A matrix has been designed to measure voluntary tax compliance. This matrix when accomplished will compute the tax compliance rate of each sample taxpayer who voluntarily complied.

Under voluntary compliance, the following major aspects will be tracked...



Aspect 1	IMPORTANT AMOUNTS REPORTED UNDER VOLUNTARY COMPLIANCE			
	Tax due = Total Voluntary Compliance that should be paid	Amount of Tax credits (Put amount; 0 for None; nap for Not applicable)	Amount voluntarily paid net of credit (In pesos)	Unpaid tax due per voluntarily filed return
Tax type/Form 1				
Tax type/Form 2				
Tax type/Form 3				
And so on...				

The first aspect refers to "important amounts reported under voluntary compliance".

Four variables fall under this namely: Tax due, Amount of tax credits, Amount voluntarily paid net of credit and Unpaid tax due per voluntarily filed return. For each tax form, the tax due and amount of tax credits will correspond to certain boxes found in each tax form.

Amount voluntarily paid net of credit = Tax due - Amount of tax credits

Unpaid tax due per voluntarily filed return = Tax due - the Amount voluntarily paid net of credit



Aspect 2	FILING COMPLIANCE		
	Filed form/return on time?	Filed form/return at the proper venue?	Filed/Used the correct form/return?
Tax type/Form 1			
Tax type/Form 2			
Tax type/Form 3			
And so on...			

The second aspect refers to Filing compliance.

³ See Appendix 2 : Matrix for voluntary compliance

Under this aspect, three variables will be monitored:

- (1) *Was the form or tax return filed on time?*
- (2) *Was the form or tax return filed at the proper venue?*
- (3) *Was the correct form or return used?*

For each of these three questions, a **Yes** answer yields a score of **1** and a **No** answer yields a score of **0**.



In tracking filing compliance for **monthly** returns, should a TP fail to file on time or at the proper venue once or twice a year, a score of 0.8 is given instead of a full 1 for compliance. Should a TP fail to file on time or at the proper venue more than twice a year, then this is automatically considered as non-compliance or a score of 0.



In tracking filing compliance for **quarterly** returns, should a TP fail to file on time or at the proper venue in one quarter, a score of 0.8 is given instead of a full 1 for compliance. Should a TP fail to file on time or at the proper venue for more than one quarter, then this is automatically considered as non-compliance or a score of 0.



Aspect 3	COMPLIANCE WITH SUBMISSION OF DOCUMENTS/ATTACHMENTS		
	Submitted documents/ attachments on time?	Completeness of attachments	Submission of reportorial requirements on time?
Tax type/Form 1			
Tax type/Form 2			
Tax type/Form 3			
And so on...			

The **third aspect** refers to **reportorial compliance or compliance with submission of documents or attachments**.

Under this aspect, three variables will be looked into:

- (1) *Were documents or attachments submitted on time?*
- (2) *Were the attachments complete?*
- (3) *Were the reportorial requirements submitted?*

For each of these three questions, a **Yes** answer yields a score of **1** and a **No** answer yields a score of **0**.



In tracking reportorial compliance for **monthly** returns, should a TP fail to submit on time once or twice a year, a score of 0.8 is given instead of a full 1 for

compliance. Should a TP fail to submit on time more than twice a year, then this is automatically considered as non-compliance or a score of 0.



In tracking reportorial compliance for **quarterly** returns, should a TP fail to submit on time in one quarter, a score of 0.8 is given instead of a full 1 for compliance. Should a TP fail to submit on time more than one quarter, then this is automatically considered as non-compliance or a score of 0.



Aspect 4	Voluntary payment compliance				
	Correctness of computations	Paid on Time?	Paid at the proper venue?	Monthly or quarterly returns reconcile with annual returns?	Tax due paid in full?
Tax type/Form 1					
Tax type/Form 2					
Tax type/Form 3 and so on					

The **fourth aspect** refers to **Voluntary payment compliance**.

Under this aspect, four variables will be considered:

- (1) *Were the computations correct?*
- (2) *Was it paid on time?*
- (3) *Was it paid at the proper venue?*
- (4) *Do monthly or quarterly returns reconcile with annual returns?*
- (5) *Was the tax due paid in full?*

For each of these questions, a Yes answer yields a score of 1 and a No answer yields a score of 0.



In tracking voluntary payment compliance for **monthly** returns, should a TP incorrectly compute, fail to pay on time, fail to pay at the proper venue, or fail to pay the tax due in full once or twice a year, a score of 0.8 is given instead of a full 1 for compliance. Should a TP incorrectly compute, fail to pay on time, fail to pay at the proper venue, or fail to pay the tax due in full more than twice a year, then this is automatically considered as non-compliance or a score of 0.



In tracking reportorial compliance for **quarterly** returns, should a TP incorrectly compute, fail to pay on time, fail to pay at the proper venue, or fail to pay the tax due in one quarter, a score of 0.8 is given instead of a full 1 for compliance. Should a TP incorrectly compute, fail to pay on time, fail to pay at the proper

venue, or fail to pay the tax due in full more than one quarter, then this is automatically considered as non-compliance or a score of 0.

Step 3:

STEP 3. Compute average filing, submission, and voluntary payment rates.

After inputting the appropriate codes to determine compliance for each of the variables of each aspect of voluntary compliance, namely filing, submission, and voluntary payment, voluntary compliance rates can therefore be computed.

Step 4:

STEP 4. Compute the voluntary compliance index by making sure to apply the weights.

In computing for the voluntary compliance index, appropriate weights have to be applied (See matrix below for predetermined weights)

	FILING COMPLIANCE RATE	COMPLIANCE RATE ON SUBMISSION OF DOCUMENTS	VOLUNTARY PAYMENT COMPLIANCE RATE	VOLUNTARY COMPLIANCE INDEX
WEIGHTS	20%	30%	50%	100%

Step 5:

STEP 5. Generate a sample of audited large taxpayers across major industries.

Zooming in on special effort compliance, it would be necessary to generate a representative sample of large taxpayers who had been audited during the taxable year under study.

Below is the process in **generating the sample of large taxpayers who had been audited:**

1. Secure a copy of the list of audited large taxpayers in the taxable year covered by the study.
2. Arrange list by major industry and number the TPs 1 to n.
3. Determine the proportion of each major industry.
4. For each industry, compute needed samples.
5. Generate the necessary number of random numbers which corresponds to the computed samples per industry.
6. The TP which corresponds to the generated random numbers will be included in the list of sample audited large taxpayers.

Step 6:

STEP 6. For each sample TP, accomplish a matrix⁴ for compliance based on audit.

Under the audit compliance, the following **major aspects will be tracked...**



Aspect 1: Document voluntary compliance paid by TP and the deficiency basic tax computed per audit.

VOLUNTARY COMPLIANCE	Deficiency Basic Tax
-----------------------------	-----------------------------

Aspect 2: Compute for various audit ratios based on the final stage in audit reached for the year under study.

Assessed Amount [per Infocon, PAN or FAN]	Amount Collected [per Infocon, PAN or FAN]
	Assessment [per Infocon, PAN or FAN]
Voluntary Compliance RATIO	RATIO

Aspect 3: "Issues" will refer to major ones applicable to the major industries while "Remarks" may refer to the status of the case; like if there's a pending protest at the Court of Tax Appeals or the Supreme Court

ISSUE/S	REMARKS
----------------	----------------

⁴ See Appendix 3 : Matrix for Audit Compliance

Step 7:

STEP 7. Compute the following audit ratios:

- Assessment/voluntary compliance
- Collection/assessment

Assessment/Voluntary compliance ratio

A high assessed amount means low level of compliance. Therefore this ratio should be computed this way:

$$1 - \frac{\text{Assessment}}{\text{Voluntary compliance}}$$

Collection (paid assessment)/Assessment ratio

A high collection (paid assessment) vis-à-vis the assessed amount issued translates into a high level of compliance. Therefore this ratio should be computed this way:

$$\frac{\text{Collection (paid assessment)}}{\text{Total Assessment issued}}$$

Step 8:

STEP 8. Compute the audit compliance index making sure to apply the weights.

In computing for the audit compliance index of each TP, appropriate weights have to be applied (See matrix below for predetermined weights)

	ASSESSMENT/ VOLUNTARY COMPLIANCE RATIO	COLLECTION/ ASSESSMENT RATIO	AUDIT COMPLIANCE INDEX
WEIGHTS	60%	40%	100%

Step 9:

STEP 9. Compute the Stop Filer Index based on primary data from LTCED.

If the number of stop filers is high then this translates into a low level of compliance. If the number of stop filers is low then this means TPs are highly compliant. Therefore this ratio should be computed this way:

$$1 - \frac{\text{No. of Stop filers}}{\text{Expected Returns}}$$

Step 10:

STEP 10. Compute the overall taxpayer compliance index at the service level:

- (a.) Aggregate the computed average (mean) voluntary compliance index of the sample TPs who voluntarily complied;
- (b.) Average (mean) audit compliance index of the sample TPs who had been audited; and
- (c.) Determine the stop filer index

The overall tax compliance rate at the service level is a reflection of measures of tax compliance based on how it was earlier defined as to what it means to be compliant at the LTS.

When aggregating the results for the overall voluntary compliance index, be mindful of the use of weights assigned for each office (*see section on generating samples for voluntary compliance*); in order to reflect representativeness.

In computing for the overall tax compliance index for the taxable year, appropriate weights have to be applied (*see matrix below for predetermined weights*).

	VOLUNTARY COMPLIANCE INDEX	AUDIT COMPLIANCE INDEX	STOP FILER INDEX	OVERALL TAX COMPLIANCE INDEX
WEIGHTS	70%	15%	15%	100%

Step 11:

STEP 11. Tabulate tax compliance indices by office, industry, tax type, etc. to look for variations in tax compliance rates across these variables and determine patterns (if any).

For the special effort compliance index, it may additionally be tabulated by office which conducted the audit (NID vs. LTS) or type of audit program TP underwent (No audit program (NAP and Evap) vs. Regular Audit program)

A fuller picture can be gleaned from the data when it is now categorized by specific demographics. For the LTS, it would be pertinent to see what patterns exist by office (or RDO), across various industries, and among different tax types. Breaking down data in this way makes it more applicable in determining the next steps, needed actions and even future policy reforms.



In analyzing data, keep in mind the application of corresponding error margins since the data gathered is based on a sampling of taxpayers; sampling errors have to be taken into consideration.

A SUGGESTION FROM HREA ELVIE VERA:



Why not also include benchmarking data as part of the tax compliance index? In this way one will know if TPs are above or below the benchmarked data per industry or per tax type. The ideal would be the benchmarked data for BIR as a whole but should this be not yet available, one may start with data from LTS first.

NOTE: This suggestion did not figure in past discussions and was raised only recently. Therefore, no suggested guidelines have yet been designed on how to include it in the tax compliance index. It is a good idea in the sense that another facet of tax compliance is being monitored and zeroes in on industry peculiarities and practices by tax type. Should this be pursued, a third set of sample TPs will be generated as base to pursue this objective or a compliance index based on benchmarking may be added to those who voluntarily comply; or if data is already available at the LTS, then this can be used to come up with an index.



Taxpayer Satisfaction Perspective

Taxpayer satisfaction perspective is best gleaned by getting the feedback from TPs themselves. The appropriate way of doing it is through a conduct of a survey that would measure taxpayer satisfaction of the different services offered by the LTS.

Survey questions will be based on the major service products of the LTS. This will comprise the index which will later be computed to come up with an index of taxpayer satisfaction.



There are current initiatives to meet TP needs. The data currently available or monitored

- 'Need to Know' Program
- Evaluation of seminars, briefings, trainings conducted
- Number of walk-in, phone-in, and letter queries



However, these data are limited because of:

- **Lack of a regular feedback-mechanism at the service level from taxpayers.** Although LTS did not lack in activities to seek and regularly reach out to its clients (large TPs), there is much to be desired in terms of a regular mechanism that will gather feedback, opinions, and measures of taxpayer satisfaction
- **Lack of a holistic measure of taxpayer satisfaction on services offered** - The currently available data are deficient in describing a complete picture of taxpayer satisfaction in important service products of the LTS.



The suggested monitoring mechanism is to conduct a *Survey of Taxpayers* to come up with *Taxpayer Satisfaction Indices*

The cost-effective and fast-track means of gathering data is through a scientifically designed survey. The sample TPs generated for the tax compliance perspective can already be used as the sample TPs for the survey. What would additionally be important is the generation of possible substitute TPs should there be problems encountered in interviewing the originally sampled TPs.

Then, create and compute taxpayer satisfaction indices. Taxpayer satisfaction will have to be measured for every major service product offered by the LTS. The numerous service products can be categorized into the following satisfaction indices:

1. Satisfaction index on Information and Advisory Services
2. Satisfaction index on BIR Registration and Permits
3. Satisfaction index on Filing and Payment processing
4. Satisfaction index on Certification and clearances
5. Satisfaction index on Assessment and Audit
6. Satisfaction index on Tax credits/Refunds
7. Integrity index

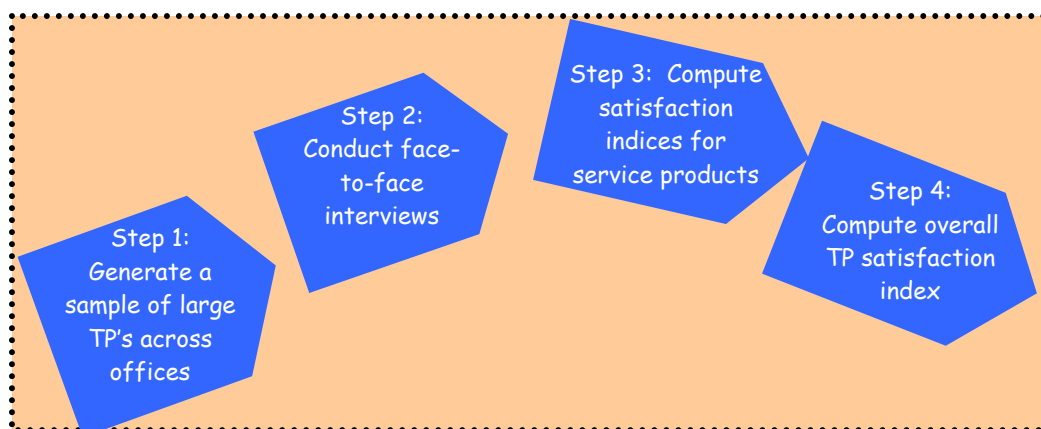
Others which may not be regular service products but will also be included in the survey instrument are:

1. Collection Enforcement (delinquent accounts)
2. Excise Permits
3. ATRIG and labels
4. Excise document
5. Stocktaking/Removals

An effective way of doing this is through the sealed-envelope technique⁵



THE ENABLING STEPS AND INSTRUMENTS ARE EXPLAINED BELOW



Step 1:

STEP 1. Generate a sample of large taxpayers across offices

The same sample of taxpayers generated for the tax compliance perspective can at once serve as the sample of taxpayers for the survey on satisfaction of TPs. An advantage of this is that there would be no need to duplicate the process of selecting TPs. Also, in future analysis, it would be great if TP compliance can be placed hand-in-hand with their TP satisfaction levels. This way, data would definitely be more enriched.

⁵ See Appendix 4 on details of the sealed-envelope technique

Substitution rules will be applied should one be unable to interview the originally generated sample TPs. Rules on substitution should take into consideration the characteristics of the originally drawn sample TPs (Example: Substitutes should come from the same office (RDO) and the same major industry).

Step 2:

STEP 2. Conduct face-to-face interviews using the sealed envelope technique.

As in the case of the survey of BIR-LTS employees, the sealed-envelope technique is a good means of gathering data from taxpayers. One cannot help but admit that there is a tendency for TPs to be antagonistic towards a revenue agency and this technique takes care of greatly diminishing feelings of threat and breaches in confidentiality

The Taxpayer satisfaction survey instrument⁶ was designed in such a way that it takes into consideration the various service products mentioned earlier which comprises the components of the TP satisfaction index.

It is advisable that the **survey be conducted by a third party every end of the year** so as to better show impartiality and objectivity in the data gathering.

Step 3:

STEP 3. Compute Satisfaction Indices of various service products. Using statistical tests (see Chapter on Evaluating Performance), data gathered from the survey can be simplified into specific indices of satisfaction on the various service products of the LTS

Step 4:

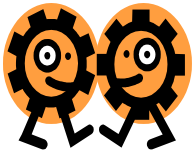
STEP 4. Compute Overall Taxpayer Satisfaction Index

For each sample TP, a Taxpayer Satisfaction Index will be created and the following weights (listed below) will be the applied

Overall Taxpayer Satisfaction Index	Info Service/Advisory Service = 15%	Reg & permits = 15%	Filing & Payment processing = 10%	Certification & Clearances = 10%
	Assessment and Audit = 20%	TCC/refunds = 10%	Integrity = 20%	

The **Taxpayer Satisfaction Index at the service level** is an aggregate measure of the generated TP satisfaction ratings of all the sample taxpayers. The average is computed by dividing the total scores computed for all sample taxpayers divided by the number of TPs included in the sample.

⁶ See Appendix 5 on the draft Taxpayer Satisfaction Survey Instrument



PROCESS IMPROVEMENT PERSPECTIVE

Process improvement in relation to tax compliance is the key decision point in identifying which core process will be monitored under this perspective.



NO DATA IS CURRENTLY AVAILABLE TO MEASURE PROCESS IMPROVEMENT BY LTS AT THE SERVICE LEVEL.

The LTS currently does not have existing measures that will look into process improvements.



LIMITATIONS OF CURRENT DATA

- **No current measures of process improvements at the service level.**

Due to a lack of any measure, the process improvement perspective at the service level is not being given much attention.

- **Process improvements hinge on computerization of many aspects of the work flow.**

When various LTS personnel were interviewed regarding process improvements in their respective divisions, most commented that elimination of manual processes of doing things and automation or computerization will greatly aid their work.



THE SUGGESTED MONITORING MECHANISMS ARE:

- (1) **Identify in each division a core process that will greatly enhance tax compliance if reduced cycle time is achieved.**

The initial step taken in order to design a monitoring scheme for process improvement at the service level was to pinpoint core processes for each division which would immensely boost tax compliance if there is a radical decrease in the time allotted to implement such a process.

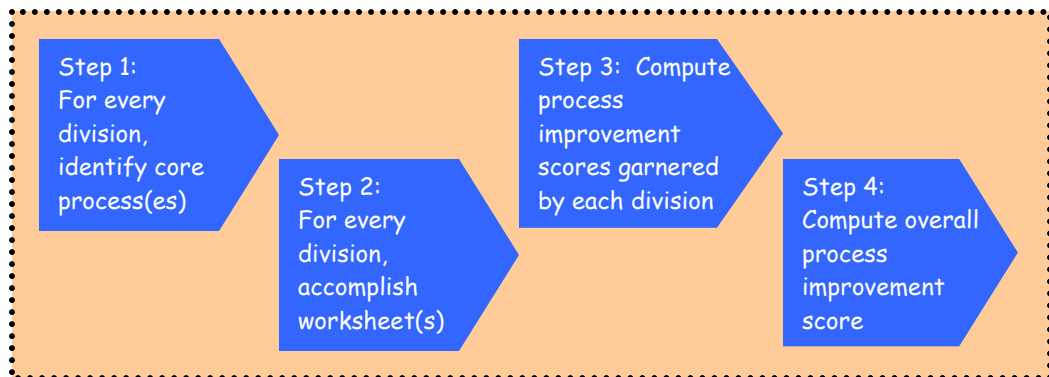
In the series of discussions with division heads and some of their section chiefs, the following core processes were selected:

Division	Core Process
LTAD 1 and 2	<ul style="list-style-type: none"> ▪ Permits to use computerized books of accounts ▪ Registration of books of accounts ▪ Issuance of authority to print
LTAD 2	<ul style="list-style-type: none"> ▪ Excise tax permits processing (transactional, with and without ocular inspection); ▪ ATRIG processing
LTAID I and II	<ul style="list-style-type: none"> ▪ Audit processing time to lead to closed cases
LTPD	<ul style="list-style-type: none"> ▪ Submission of ORBs by industry; ▪ Benchmarking
LTFOD	<ul style="list-style-type: none"> ▪ Reconciliation of ORB
LTDPQAD	<ul style="list-style-type: none"> ▪ TP ledger clean up activities
LTCED	<ul style="list-style-type: none"> ▪ Collection of delinquent accounts; ▪ Monitoring of stop filer cases; ▪ Tax reconciliation system
LTDO Makati	<ul style="list-style-type: none"> ▪ All except LTPD, LTFOD and LTAD II core processes
LTDO Cebu	<ul style="list-style-type: none"> ▪ All except LTPD, LTFOD core processes and excise tax permit processing

- (2) **Accomplishing various worksheets** designed for each core process in each division is supposed to facilitate for easy computation of scores measuring process improvements.



The Enabling Steps and Instruments are Explained Below



Steps
1, 2 & 3:

FOR EACH DIVISION:

STEP 1. Identify core processes which will enhance TP compliance

STEP 2. Accomplish worksheets assigned to each division

STEP 3. Compute process improvement scores garnered


Worksheets and matrices have been designed for each division detailing their pre-determined core processes. The worksheets were arrived at after a series of consultations with division chiefs and some of their staff.

FOR LTAD I


The following are the core processes at LTAD I that will be measured as part of the process improvement perspective: permits to use computerized books of accounts; Registration of books of accounts; and monitoring submission of SLSPs.

For each taxpayer who undergoes any of the core processes in LTAD I, a documentation of how many days it took to come out with the needed output or document will be monitored.


For the issuance of permits to use computerized books of accounts, the ideal number of days should be 30 days or less and thus given a score of 10. Any permit released only after 61 days or more gets the lowest score of 2. A passing grade (a score of 6) is given when permits are processed within 41 to 50 days.

 Assigned Taxpayer	PERMITS TO USE COMPUTERIZED BOOKS OF ACCOUNT					Permits to use computerized books of accounts rating
	61 days or more	51-60 days	41-50 days	31-40 days	30 days or less	
Scores	2	4	6	8	10	0.0
TP 1						
TP 2						
TP 3 and so on...						


For the registration of books of accounts, the ideal number of days is in a quarter of a day (0.25 days) and is given a score of 10. If the transaction takes one and a half days, that automatically gets a score of 2. The passing grade of 6 is given should the registration of books be done in a day.

 Assigned Taxpayer	REGISTRATION OF BOOKS OF ACCOUNT					Registration of books of account rating
	1.5 days	1.25 days	1 day	0.5 days	0.25 days	
Scores	2	4	6	8	10	0.0
TP 1						
TP 2						
TP 3 and so on...						


For the issuance of authority to print, the ideal number of processing days is also a quarter of a day (0.25 days) and is given a score of 10. If the transaction takes one and a half days, that automatically gets a score of 2. The passing grade of 6 is given should the issuance of authority to print be done in a day.

 Assigned Taxpayer	ISSUANCE OF AUTHORITY TO PRINT					Issuance of authority to print rating
	1.5 days	1.25 days	1 day	0.5 day	0.25 day	
Scores	2	4	6	8	10	0.0
TP 1						
TP 2						
TP 3 and so on...						

In order to come up with the overall process improvement rating of each employee assigned to the above core processes, proper weights, as follows, have to be applied.

	Permits to use computerized books of accounts	Registration of books of accounts	Issuance of Authority to Print	Summary Rating of LTAD I employee on process improvement
Scores	0.0	0.0	0.0	0.0
Weights	20%	40%	40%	

In order to come up with the overall process improvement rating of LTAD I, aggregate the weighted scores of all employees assigned to the discussed core processes and compute the average.


	Weighted Scores garnered	Summary Rating of LTAD I on process improvement
		= Total scores/number of employees
Employee 1	0.0	
Employee 2	0.0	
Employee 3 and so on...	0.0	

FOR LTAD II


The following are the core processes at LTAD II that will be measured as part of the process improvement perspective: transactional excise tax permits processing; with ocular inspection excise tax permits processing; without ocular inspection excise tax permits processing; and ATRIG processing

For each transaction under each of the core processes in LTAD II, a documentation of how many days it took to release the needed permit or document will be monitored.


For the transactional excise tax permits processing, the ideal number of processing days is a day and corresponds to a score of 10. If the transaction takes 6 or more days, that automatically gets a score of 2. The passing grade of 6 is given should transactional excise tax permits processing be done in a day.

 Applications	EXCISE TAX PERMITS PROCESSING: TRANSACTIONAL					Transactional rating
	1 day	2 days	3 days	4-5 days	6 days or more	
Score	10	8	6	4	2	0.0
Application 1						
Application 2						
Application 3 and so on...						


For the excise tax permits processing without ocular inspection, the ideal number of processing days is 5 days or less and would mean a score of 10. If the transaction takes 15 or more days, that automatically gets a score of 2. The passing grade of 6 is given should an excise tax permits processing without ocular inspection be done in 10 days.

 Applications	EXCISE TAX PERMITS PROCESSING: WITHOUT OCULAR INSPECTION					Without ocular inspection rating
	5 days or less	6-9 days	10 days	11-15 days	More than 15 days	
Score	10	8	6	4	2	0.0
Application 1						
Application 2						
Application 3 and so on...						


For the excise tax permits processing with ocular inspection, the ideal number of processing days is 20 days and would translate into a score of 10. If the transaction takes 60 or more days, that automatically gets a score of 2. The passing grade of 6 is given should an excise tax permits processing with ocular inspection be done in 30 days.

 Applications	EXCISE TAX PERMITS PROCESSING: WITH OCULAR INSPECTION					With ocular inspection rating
	20 days	21-29 days	30 days	31-59 days	60 days	
Score	10	8	6	4	2	0.0
Application 1						
Application 2						
Application 3 and so on...						

For the ATRIG processing, the ideal number of processing days is 3 days and would mean a score of 10. If the transaction takes 7 or more days, that automatically gets a score of 2. The passing grade of 6 is given should an ATRIG processing be done in 5 days.

 Applications	ATRIG PROCESSING					ATRIG processing rating
	3 days	4 days	5 days	6-7 days	more than 7 days	
Score	10	8	6	4	2	7
Application 1						
Application 2						
Application 3 and so on...						

In order to come up with the **overall process improvement rating of LTAD II**, aggregate the weighted scores of all transactions which fall under each core processes and apply the pre-determined weights, then compute the average by dividing the total scores by the total number of transactions for all core processes.


	EXCISE TAX PERMITS PROCESSING			Atrig processing	Rating of LTAD II on process improvements
	Transactional	Without ocular inspection	With ocular inspection		
Score	0.0	0.0	0.0	0.0	0.0
Weights	25%	12.5%	12.5%	50%	

FOR LTDPQAD

The core process at LTDPQAD that will be measured as part of the process improvement perspective is: Number of TP ledgers cleaned up.

A monthly tracking of number of TP ledgers cleaned up is the focus of the worksheet for process improvement of LTDPQAD. For each month, the number of TP ledgers cleaned up will be documented.

In order to come up with the **overall process improvement rating of LTDPQAD**, aggregate the scores garnered for each month and compute the average by dividing the total scores by 12 months.


 Months	NUMBER OF TP LEDGERS CLEANED UP					Rating of LTDPQAD on process improvements
	30 or more	26-30	21-25	10-20	Less than 10	
Score	10	8	6	4	2	0.0
Month 1						
Month 2						
Month 3 and so on						

FOR LTPD

The core processes at LTPD that will be measured as part of the process improvement perspective are: Number of TPs who submitted Official Register of Books (ORBs) by industry and Benchmarking.


A monthly tracking of number of TPs who submitted ORBs by industry is one of the worksheets for process improvement of LTPD. For each month, the number of TPs who submitted ORBs is recorded. This will be tallied vis-à-vis the number of TPs required to submit ORBs. Compliance rates can be computed by dividing the number of those who submitted over the number of TPs required to submit.

In order to compute the compliance with submission of ORBs, aggregate the compliance rates garnered in each industry for each month and calculate the average by dividing the total scores by 12 months. Aggregate the compliance rates for all industries and get the average.


 Months	INDUSTRY A: Percentage of TPs who submitted ORBs					Submission of ORBs Rating
	100%	76% to 99%	51% to 75%	26% to 50%	Less than 25%	
Score	10	8	6	4	2	0.0
Month 1						
Month 2						
Month 3 and so on...						

Another important core process at LTPD is benchmarking. A semestral tracking of processed and validated data by tax type for benchmarking will be tallied.

In order to compute the benchmarking rating, aggregate the compliance rates garnered for each tax type and calculate the average by dividing the total scores by 2. Aggregate the benchmarking rating for all types of taxes and get the average.

 Months	TAX TYPE: Percentage of TPs' data processed and validated					Benchmarking Rating
	100%	76% to 99%	51% to 75%	26% to 50%	Less than 25%	
Score	10	8	6	4	2	0.0
Semester 1						
Semester 2						

In order to come up with the **overall process improvement rating of LTPD**, apply the pre-determined weights to the compliance on submission of ORBS and benchmarking ratings.


	Submission of ORBs Rating	Benchmarking Rating	Rating of LTPD on process Improvements 0.0
	Score	0.0	
Weights	40%	60%	

FOR LTAID I and II

The core processes at LTAID I and II that will be measured as part of the process improvement perspective are: Number of closed cases until FAN and Number of cases with collection.

For each taxpayer handled by an examiner, a documentation of how many days it took to close the case until FAN and collect audited amount is noted down.

When closing cases until FAN, the ideal number of days should be 233 days and thus given a score of 10. If duration exceeds 573 days it automatically translates into the lowest score of 2. Passing grade (a score of 6) is given if a case is closed within 440 days.

	CLOSED CASES UNTIL FAN WITHIN...					Closed case Rating
	233 days	433 days	440 days	570 days	573 days or more	
Assigned Taxpayer						
Score	10	8	6	4	2	0.0
TP 1						
TP 2						
TP 3 and so on						

When one talks about cases with collections, the ideal number of days should still be 233 days and automatically receives a score of 10. If duration exceeds 573 days it is equivalent to the lowest score of 2. A passing grade (a score of 6) is given if collection from a case is yielded within 440 days.

Assigned Taxpayer	CASES WITH COLLECTION WITHIN...					Collection Rating
	233 days	433 days	440 days	570 days	573 days or more	
Score	10	8	6	4	2	0.0
TP 1						
TP 2						
TP 3 and so on						

In order to come up with the overall process improvement rating of each examiner, aggregate the scores obtained for each taxpayer assigned to each examiner, apply the proper weights and divide the total scores by the number of taxpayers assigned to that examiner.

Assigned Taxpayer	Closed case Rating	Collection Rating	Examiner's Summary Rating
Score	0.0	0.0	0.0
Weights	50%	50%	

In order to come up with the overall process improvement rating of LTAID I or II, aggregate the scores of all examiners and then compute the average by dividing the total scores by the total number of examiners.


Examiner	Weighted Scores garnered	Summary Rating of LTAID I or II on process improvement = Total scores/number of examiners
Examiner 1	0.0	
Examiner 2	0.0	
Examiner 3 and so on	0.0	

FOR LTCED


The core processes at LTCED that will be measured as part of the process improvement perspective are: Number of collected cases; Stop-filer resolution/pursuit; and Tax reconciliation system.

For each taxpayer handled by an LTCED employee assigned to the pre-determined core processes, a documentation of how many days it took to collect, to resolve stop-filer issues, and do tax reconciliation will be recorded.

When one talks about collection from delinquent accounts, the ideal number of days this should have been done is 90 days or less and this translates into a score of 10. If duration goes beyond 361 days it automatically garners the lowest score of 2. Should the collection from delinquent accounts happen within 181 to 270 days, a passing grade of 6 is given.

 Assigned Taxpayer	NUMBER OF COLLECTED CASES					Collection from Delinquent Account Cases Rating
	361 days or more	271 - 360 days	181-270 days	91-180 days	90 days or less	
Scores	2	4	6	8	10	0.0
TP 1						
TP 2						
TP 3 and so on						

On resolving or pursuing stop-filers, the ideal number of days this should have been completed is 60 days or less and this makes a score of 10. If the duration is 241 days or more it receives the lowest score of 2. Should the pursuit and resolution of stop-filers occur within 121-180 days, a passing grade of 6 is the corresponding recorded score.

 Assigned Taxpayer	STOP-FILER RESOLUTION/PURSUIT					Stop-filer Resolution/Pursuit Rating
	241 days or more	181-240 days	121-180 days	61-120 days	60 days or less	
Scores	2	4	6	8	10	0.0
TP 1						
TP 2						
TP 3 and so on						

Talking about tax reconciliation, the ideal number of days this should have been concluded is 90 days or less and this equals a score of 10. If the period is 361 days or more it gets the lowest score of 2. Should tax reconciliation transpire within 181 to 270 days, a passing grade of 6 is the registered score.

Assigned Taxpayer	TAX RECONCILIATION SYSTEM					Tax Reconciliation System Rating
	361 days or more	271 - 360 days	181-270 days	91-180 days	90 days or less	
Scores	2	4	6	8	10	0.0
TP 1						
TP 2						
TP 3 and so on						

In order to come up with the overall process improvement rating of each LTCED employee assigned to the core processes identified for process improvement, one has to aggregate the scores obtained for each taxpayer assigned to each employee; proper weights are applied and an average rating is computed by dividing the total scores by the number of taxpayers assigned to that employee.

	Number of Collected Delinquent Account Cases	Stop-filer Resolution/Pursuit	Tax Reconciliation System	Summary Rating of LTCED employee for process improvement
Scores	0.0	0.0	0.0	0.0
Weights	50%	30%	20%	100%

In order to come up with the overall process improvement rating of LTCED, aggregate the scores of all employees and then compute the average by dividing the total scores by the total number of employees.

	Weighted Scores garnered	Summary Rating of LTCED on process improvement
		= Total scores/number of involved employees
Employee 1	0.0	
Employee 2	0.0	
Employee 3 and so on	0.0	

FOR LTFOD

The core process at LTFOD that will be measured as part of the process improvement perspective is Reconciliation of ORBs.

When reconciling ORBs, the expected number of days this should have been done is 120 days or less and this is equivalent to a score of 10. If the time spent to do this exceeds 261 days, it gets the lowest score of 2. Should reconciliation be finished within 181 to 220 days, a passing grade of 6 is the garnered score.

Assigned Taxpayer	RECONCILIATION OF ORB's					Summary Rating of LTFOD employee for process improvement
	261 days or more	221 - 260 days	181-220 days	121-180 days	120 days or less	
Scores	2	4	6	8	10	0.0
TP 1						
TP 2						
TP 3						
TP 4 and so on...						

In order to come up with the overall process improvement rating of each LTFOD employee assigned to the core process identified for process improvement, one has to aggregate the scores obtained for each taxpayer assigned to each employee.

In order to come up with the overall process improvement rating of LTFOD, aggregate the scores of all employees and then compute the average by dividing the total scores by the total number of employees.

	Weighted Scores garnered	Summary Rating of LTFOD on process improvement
		= Total scores/number of involved employees
Employee 1	0.0	
Employee 2	0.0	
Employee 3 and so on	0.0	

FOR LTDO Makati

The core processes that can be measured as part of the process improvement perspective are all core processes mentioned above except those that LTPD, LTFOD and LTAD II will use.

Another alternative is to choose only one core process that involves multifunctional process collaboration (Example: Express lane for TPs who ask for clearances).

FOR LTDO Cebu

The core processes at that will be measured as part of the process improvement perspective are all of those mentioned above except core processes that LTPD, LTFOD and those that refers to excise tax permit processing.

Step 4:

STEP 4. After accomplishing the respective worksheets⁷ pertinent to the different divisions, the **divisions' ratings are compiled to come up with an overall rating for process improvement at the service level**; keeping in mind the weights assigned for each division or office.

Process Improvement Overall Score	LTAD I and II = 10% <u>each</u>	LTAID 1 and II = 10% <u>each</u>	LTPD = 10%	LTFOD = 10%	LTCED = 10%	LTDP QAD= 10%	LT Makati = 10%	LT Cebu= 10%
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⁷ See Appendix 6 on Internal Core Processes Worksheets of the LTS divisions



Organizational Learning and Growth Perspective

Organizational learning and growth can be monitored through a survey of the employees who are the critical stakeholders. Two important aspects of learning and growth are employee productivity and employee satisfaction. A non-intrusive method of gathering the data is crucial to assure cooperation and data integrity. This is achieved through the implementation of the sealed-envelope technique in the conduct of the survey.



Data Currently Available or Monitored

- Number of trainings hours
- Number of personnel trained
- Training needs analysis
- Training courses conducted



However, the Current Data are Limited as there is no Comprehensive Measure of Employee Productivity and Satisfaction at the Service Level

The currently available data is inadequate to describe competency, level of productivity and levels of satisfaction of LTS employees—all of which are crucial measures of employee learning and growth.



The Suggested Monitoring Mechanism is to Conduct a *Survey of Employees in Order to Come up with Employee Productivity and Satisfaction Indices*

For purposes of getting feedback, it is imperative to get measures directly from the employees themselves. One of the most scientific ways to do this is through a survey, by creating and computing indices of:

- **Employee productivity** (job fit, PMS ratings at the division level, attitude towards work, work load, and work enhancement).

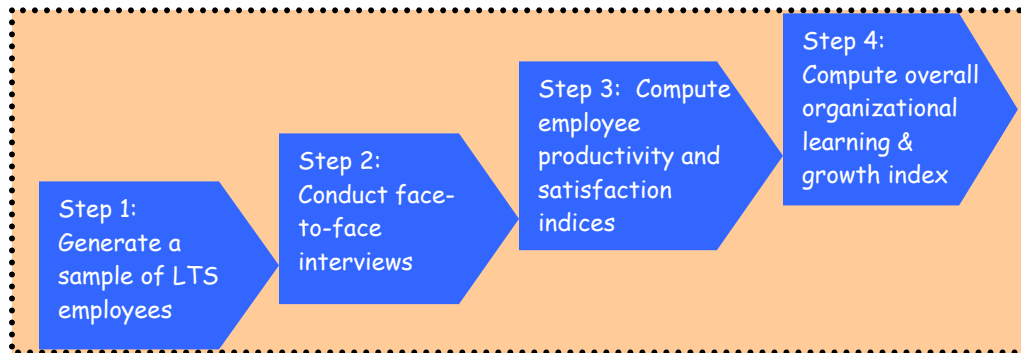
Employee productivity is crucial in determining organization learning and growth. The level of productivity of an employee has a great impact on the success of any organization in attaining its goals—financial or otherwise.

- **Employee satisfaction** (personal job satisfaction, pride in one's work, satisfaction with co-employees, satisfaction with work environment).

Some say that a state of happiness in one's work brings about better results. Employee satisfaction is one of the keys to getting things done.

A workforce enthusiastic with what they are doing will certainly help better attain organizational goals and objectives.

 **The Enabling Steps and Instruments are Explained Below**



Step 1:

STEP 1. Generate a sample of LTS employees proportional to the number of employees by division

Although talking to each and every employee is ideal, it is not cost-effective and can be time-consuming. Therefore the best way to go is have a representative sample of employees.

A scientifically based method of selecting employees will ensure an unbiased source of data. In assigning how many sample employees to get for each division in LTS, it is important to take into consideration the number of employees of each division. Thus, in distributing the sample sizes across divisions, those with more employees are naturally assigned more samples. Shown below is the distribution of samples reflecting the employee size of each division:

	Population	Sample size	Error margin
Total	576	200	+/- 4.6%
LTAD I	23	8	
LTADII	43	15	
LTAIDI	102	35	
LTAIDII	57	20	
LTFOD	148	51	
LTPD	28	10	
LTS	18	6	
LTDPQAD	33	11	
LTCED	25	9	
DCIR	13	5	
LTDO Makati	58	20	
LTDO Cebu	28	10	

Listed below is the process to follow in generating the sample of employees

1. Secure a copy of the list of employees.
2. Arrange list by division in alphabetical order and number the employees 1 to n .
3. Generate the necessary number of random numbers which corresponds to the needed samples per division.
4. The employee which corresponds to the generated numbers is equivalent to the sample employees for that division.

Substitution rules will be applied should one be unable to interview the originally generated sample employees. Rules on substitution should take into consideration the characteristics of the originally drawn sample employees (Example: Substitutes should come from the same office (RDO) and the same section).

Step 2:

STEP 2. Conduct face-to-face interviews using the sealed envelope technique.

A survey questionnaire shall be administered to each of the sample employees. The technique by which the survey will be administered should be one where employees will not feel threatened to respond and will encourage honesty in their responses.

The sealed envelope technique should be utilized to assure confidentiality, acquire cooperation, and minimize threats to the taxpayers who will be part of the study.

The survey will be conducted at the end of the year, preferably by a third party.

A questionnaire or survey instrument⁸ had been designed with measuring employee productivity and satisfaction as its main objectives.

For each sample employee

Step 3:

STEP 3. Compute productivity and satisfaction ratings.

The questionnaire consists of items geared towards measuring many aspects of employee productivity and satisfaction.

⁸ See Appendix 7 on Organizational Learning and Growth Survey Instrument

Under employee productivity, the following items will have its corresponding measures: job fit, attitudes toward work, work load, and work enhancement.

An important item not included in the survey but will be included under employee productivity is the rating garnered by the employee based on the Performance Management System (PMS). Equal weights are applied to each item in order to come up with an employee productivity index.

Employee Productivity Index					equals Employee Productivity Index
Job Fit	Attitude towards work	Work load	Work enhancement	PMS rating	

Under employee satisfaction, the following items will have its corresponding measures: personal job satisfaction, pride in one's work, satisfaction with co-employees, and satisfaction with work environment.

Equal weights are applied to each item in order to come up with an employee satisfaction index.

Employee Satisfaction Index				equals Employee Satisfaction Index
Personal job satisfaction	Pride in one's work	Satisfaction w/ co-employees	Satisfaction with work environment	



STEP 4. Aggregate the productivity and satisfaction indices of all sample employees and compute average productivity and satisfaction indices.

To get a score for employee productivity and satisfaction at the service level, there is a need to cumulate the results of all the sample employees and calculate the average ratings.

Apply weights to get the Organizational Learning and Growth Index at the Service Level.

After calculating the average employee productivity and satisfaction indices, weights are applied in order to come up with the Learning and Growth index of the LTS at the service level.

Employee Productivity Index (70%)	Employee Satisfaction Index (30%)	equals Learning and Growth Index
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Performance Monitoring at the Office Level

Description

Performance monitoring at the Office level is the process of documenting progress towards established objectives. Tracking and documenting performance at the office level ensures a clear, systematic, and organized basis for evaluating office performance. IT also drives continuous improvement. Results oriented organizations require fair and reliable information on how office areas of strength are enhanced and areas of development addressed.

Benefits of Performance Monitoring

Monitoring encourages constructive problem solving. It provides concrete data on which to make sound decisions, thus reducing the urge to manage by intuition.

Continuous improvement is impossible without measurement/ documentation.

If you don't know where you are, you can't know where you're going and you certainly can't get to where you want to be.

Guiding Principles

Effective monitoring provides answers to bottom line questions. LTS has always been tracking financial and individual performance data but what about office performance data? What exactly do we monitor at the office level? Tracking office performance data should provide us with the information necessary to make intelligent decisions about what we do. As an office, we want to know whether we are:

Relevant - Do our key result areas contribute to the service level objectives? To what extent is the office contributing towards the service level objectives? Towards collection, TP compliance, TP satisfaction, Process improvement, Organizational learning and growth?

Effective - Are we meeting our objectives and achieving our KRAs as planned? Are we doing the right things? Why or why not?

Efficient - Are we using our resources and time in the best possible way to achieve our objectives and KRAs? Are we doing things right?

Less is more. One of the more frequently cited complaints about the PMS is that monitoring many measures gets in the way of the "real" work of implementation. Having too many measures could distract management's focus from those measures that are the most critical to organizational success. It is important to reduce data collection to the minimum necessary to meet key

management reporting requirements. The process of simplifying and distilling a large number of performance measures across the organization to select a "critical few" should be decided upon by the LTS management and division chiefs. Trying to monitor too much can ruin the entire Performance Measurement and Management System!

Steps

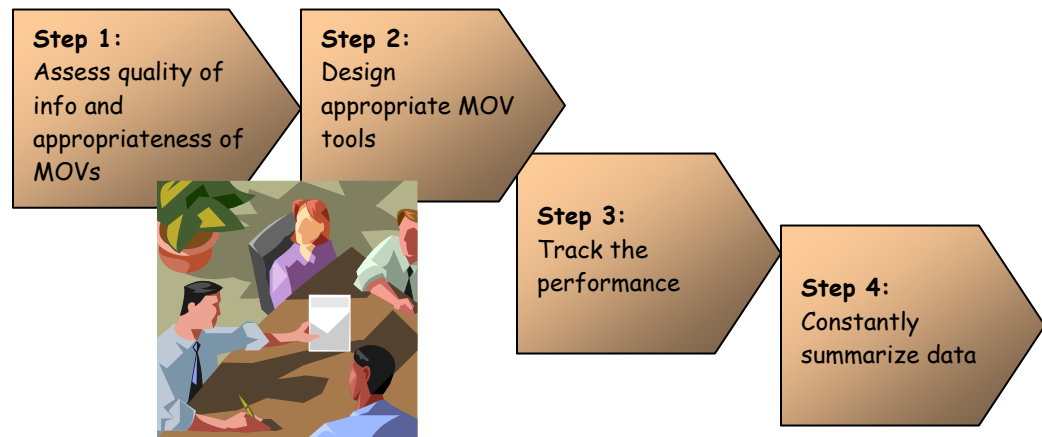


Figure 4.3 Steps in Performance Monitoring at the Office Level

Step 1.

1. Assess the quality of information being gathered and the appropriateness of the MOV tools.

The target setting template ends with an identification of MOV tools. MOV tools refer to the records or forms of documentation that would provide evidence of whether targets are met or not. Examples of office MOVs are:

- Routing slips
- Logbooks
- Performance contracts
- History index cards
- Monthly/weekly accomplishment reports
- Minutes of meetings

The offices are encouraged to undertake an assessment of the fairness and reliability of their MOV tools. Fairness and reliability relate to good and honest monitoring and reporting of performance data.

The criteria and sub-criteria that follow are the results of a review of how other agencies assess the reliability and fairness of performance data

monitored and reported in Annual Reports.⁹ Performance information with respect to objectives is fair and reliable to the extent that it is:

Relevant	reports tangible and significant accomplishments against objectives
Meaningful	tells a clear performance story, describing benchmarks and context against which performance is compared
Attributable	Reports the factors that contribute to the improvement or downturn in performance.
Accurate	adequately reflects the facts, to an appropriate level of accuracy
Balanced	provides a representative yet clear picture of the full range of performance, which does not mislead the reader

Below the criteria are presented in more detail with sub-criteria for each and a list of questions that help explain what each sub-criteria is meant to capture.

Criteria for the Assessment of "Fairness and Reliability" of Performance Information Monitored and Presented by Offices¹⁰

Criteria	Sub-criteria	Questions
Relevant Performance information reports tangible and significant accomplishments against objectives	<ul style="list-style-type: none"> • Logical relationships between objectives and accomplishments are presented • Tangible and significant accomplishments are reported, using qualitative or quantitative measures • Focused on outcomes with cost-related information and 	1. Do the accomplishments presented appropriately reflect the objectives for that activity? 2. Are the accomplishments measurable and concrete - e.g. "increased by x%" rather than "better"; if qualitative, is there plausible evidence? 3. Do accomplishments represent results? Are costs included? Is the information up-to-date?

⁹ Audit Criteria for the Assessment of the Fairness and Reliability of Performance Information; 2000 Publication.

Criteria	Sub-criteria	Questions
	reported in a timely manner	
<p>Meaningful</p> <p>Performance information tells a clear performance story, describing benchmarks and context against which performance is compared</p>	<ul style="list-style-type: none"> • Program activity types and their outputs identified. • Program context includes the mission, mandate, and major priorities or strategies used in relation to the objectives; and explains the external environment • Expectations which are clear, concrete, linked to resources, and consistent with the objectives, and represent an appropriate level of achievement • Comparisons, including discussion and analysis, between actual and expected performance are made; along with comparisons with other programs, organizations, and trends over time where appropriate • Selective and concise information 	<p>4. Is there some explanation of the activities of the program, and what is produced? Does this include a description of the context in which the program operates? What is it supposed to do, under what authority, and how to do it?</p> <p>5. Is the expected level of performance for a particular period specified? Is it reasonable (see sub-criteria)?</p> <p>6. Does the report compare the actual and expected performance and discuss the reasons for any differences? Is performance compared with that of similar organizations, or within the organization over time?</p> <p>7. Has an attempt been made to select the key information and present it concisely?</p>

Criteria	Sub-criteria	Questions
	presented	
<p>Attributable</p> <p>Performance information demonstrates, in a reasonable fashion, the contribution to the reported accomplishments being made by activities of the entity or program</p>	<ul style="list-style-type: none"> • Credible linkages shown between outputs and intermediate or final outcomes • Contribution made by the program is discussed including evidence regarding attribution and role of external factors 	<p>8. Is there a demonstrated plausible relationship between what the program produces and the results it claims to produce? Is this done within the context of other entities which also contribute to the results?</p>
<p>Accurate</p> <p>Performance information adequately reflects the facts, to an appropriate level of accuracy</p>	<ul style="list-style-type: none"> • Valid measures used • Appropriate methods of data collection, analysis, and presentation have been implemented • Information sources and limitations of data, analysis, and presentation are explained 	<p>9. Do the measures used fairly represent the results that are claimed? Are data collection methods used likely to produce accurate information? Is the information presented in a way which does not mislead the reader or distort the data? Are limitations or problems with the data explained?</p>
<p>Balanced</p> <p>Representative yet clear picture of the full range of performance, which does not mislead the reader</p>	<ul style="list-style-type: none"> • All key aspects of performance are reported: what has been achieved significantly and at what cost, including both strong or weak accomplishments, 	<p>10. Does the report include all relevant aspects of performance that are necessary to provide a complete picture? Does it acknowledge any performance problems or difficulties, and indicate how they were or are</p>

Criteria	Sub-criteria	Questions
	<p>major challenges, significant unintended impacts, and what has been learned as a result</p> <ul style="list-style-type: none"> • Complementary set of measures provided • Coverage of all objectives • No distortions of information through presentation or tone, or through omission of information or context • Emphasis on information presented is proportional to its importance or materiality • Conclusions on performance supported by the evidence 	<p>dealt with?</p> <p>11. Is there a mix of measures provided that will capture changes in performance, whether better or worse?</p> <p>12. Are all corporate or business line objectives addressed through the results reported?</p> <p>13. Is the information presented in a way that is straightforward and unbiased, and includes all relevant factors?</p> <p>14. Do the most important/material dimensions receive the most attention?</p> <p>15. Is there sufficient evidence to make reached conclusions defensible?</p>


Step 2.
Design the appropriate MOV tool.

The LTPD realized they want to monitor the quality of reports, analyses, and issuances of their office staff. Programs division chief Magdalena Ancheta designed and encouraged her staff to use the tool below with the following attributes as bases for rating quality at the office and individual levels.¹⁰

¹⁰ See Appendix 8 : LTPD's sample MOV

Issuances / LTS OMs/Memos/Letters		Analysis		Data/Reports	
Title	5%	Content	60%	Accuracy	80%
Content	50%	(Comprehensive - every aspect of subject matter well covered)		Clearly presented and well-organized	20%
(Comprehensive - every aspect of subject matter well covered)		Clearly	40%	TOTAL	100%
Clearly presented and well-organized	45%	presented and well- organized			
TOTAL	100%	TOTAL	100%		

For the Audit Groups it is important that they monitor not only the collection derived from Audit, but the quality of the Audit reports as well. Originally, quality was measured in terms of the number of times a docket is returned by the boss to the staff. The audit divisions knew this was not a good tracking tool because different bosses have different reasons for returning a docket. Some return if for mere grammatical errors while others for lack of legal or factual bases.

Thus, the audit divisions initiated by division chief Teresita Dizon mapped out a tool called Audit Quality Scorecard¹¹ (AQS) that measures several attributes of a good audit report and documents the ratings of those who evaluate the docket across the different stages of the audit process. The AQS aims to:

- Provide basis for evaluation
- Ensure transparency in rating
- Improve the quality of audit reports
- Standardize the mechanics of rating of audit reports
- Standardize and communicate the requirements of audit reports

¹¹ See Appendix 9 : Audit Quality Scorecard

The AQS has the following attributes and weight assignments.

Attributes	Weight	Ratee					
		RO	GS	SC	ADC	DC	HREA
Legal basis <i>Assessment is supported by legal basis</i>	30%						
Factual basis <i>Assessment is substantiated by documents</i>	30%						
Completeness of report <i>Report has all the minimum requirements</i>	20%						
Mathematical accuracy <i>Figures cited in the report are accurately computed</i> <i>Rates (tax, interest etc) used for computations are correct</i>	10%						
Communication effectiveness <i>The report is comprehensive, concise and clear.</i> <i>Any third party/reader can understand the content of the report</i>	10%						

Step 3.

Track the performance. Agree on when and how often the performance measure will be tracked, analyzed and reported.

Different MOVs have different tracking mechanics. Some logbooks track performance reports on a weekly basis; others on a monthly basis. Office managers and supervisors should have a shared understanding on how their different measures will be tracked, analyzed, and reported.

The AQS is an example of a tracking tool that has to be standardized across offices of LTS. To standardize the process for documenting and tracking the quality of audit reports across the stages of the audit process, DCIR Kim Henares, HREA Elvira Vera, LTAID division chiefs Teresita Dizon and Sulpicio Adapon, their assistant division chiefs and section chiefs agreed to implement the following mechanics:

- The immediate boss rates the lower staff for every docket submitted. The division chief rates the ADC; the ADC rates the SC; the SC rates GS; the GS rates the RO.
- Rating should be given only upon approval of the report by the ratee at his level.
- At the point where error is noted in rating, the rater can revalidate; the rater can change the rating of those below.
- Each stage of the audit process is independently rated. Rating obtained within a rating period shall be averaged. Example: A ratee has completed 2 informal conferences (infocon), 1 PAN (preliminary assessment notice), 2 FAN (final assessment notice), and 1 FDDA (final decision on disputable account) for a rating period, his rating for said period shall be his average score for all 6 reports. In the subsequent rating period, he shall have completed 2 PAN, 1 FAN, 2 FDDA; his rating for said period shall be his average score for all 5 reports.
- Changes in rating should be documented. Final rating is based on average rating.
- Office rating on audit quality is the average rating of all scorecards for that rating period.


Step 4.
Constantly summarize, analyze, and communicate performance data.

Managers and supervisors should always have some pulsing of where they are versus their office targets. Each office should have a way of summarizing, analyzing, and communicating their performance data. Once the systems for summarizing and analyzing data are in place, the final step is to communicate the measurements to the stakeholders who can use the data.

Other organizations make it almost impossible to avoid its daily measurements:

- A composite of its internal process measures is posted in the cafeteria everyday.
- Results for all measures are posted individually and daily on boards in common areas.
- Relevant measures are posted in work areas.
- Measures are posted outside elevators.
- They are electronically conveyed on TV Monitors in common areas.
- They are available electronically.
- Those who cannot access electronic reports can get paper copies.
- Measures are updated weekly and typically show a year's worth of **history monthly and weekly bars.**

Step 5

Take action on office areas of development. This is the most important in performance monitoring. Collect, document, and analyze performance data so that once a problem is detected, management and his or her team can act on the problems immediately to ensure targets are attained.

Performance Monitoring at the Individual Level

Description

This phase of performance management involves actually doing the work of accomplishing agreed upon targets. In the course of implementation and monitoring, managers provide feedback and coaching; and keep track of performance by gathering performance data, and progress reviews.

Process

To keep track of performance, it is important to document significant performance events and observations. This task can sometimes be tedious but it provides a valuable record of the individual's significant accomplishments or difficulties, which can be used to support the evaluation of the employee's performance. These are the steps in individual performance monitoring:

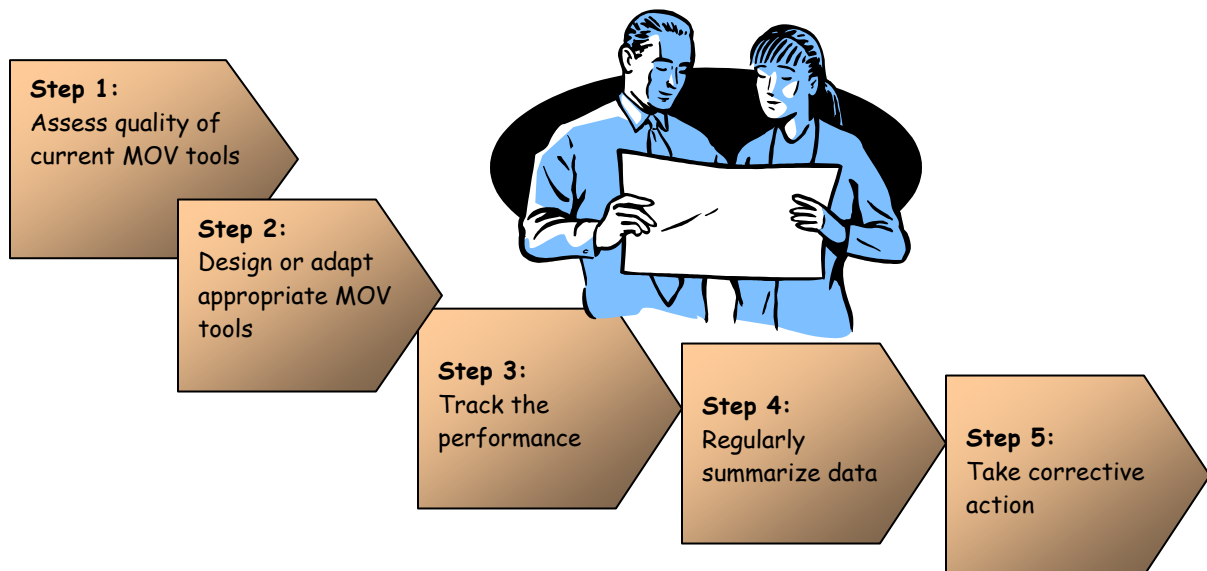


Figure 4.4 Steps in Performance Monitoring at the Individual Level

Step 1.**Assess the quality of current MOV tools.**

It is important in the beginning to review the MOV tools presently being used to track individual performance. The same criteria for evaluating the fairness and reliability of office MOV tools may be applied to the individual level. As discussed in the previous section, effective MOV tools must be relevant, meaningful, attributable, accurate, and balanced.

Step 2.**Design or adapt the appropriate MOV tools.**

More often than not, the MOV tools used by the office are also used to track individual performance. This approach makes sense in that it ensures consistency of the data being gathered and facilitates the consolidation. The MOV tools of LTAID I and LTPD described earlier are examples of office tracking tools that are readily adaptable to individuals. Another example is LTCED's Quality Delinquent Account Management Scorecard¹².

Aside from office MOV tools, here are other tracking mechanisms:

Using the PMIS Performance Logs. Performance documentation may be done in PMIS using the Performance Monitoring Module. For more information on using this module, see the PMIS chapter.

Using the form. Pull out the Individual Performance Contract form every week or two and jot down notes on people's performance while the incidents are still fresh in your mind. A simple way to organize your notes is to add columns beside the target column to record weekly or monthly performance data on each target. While this can be done manually by attaching sheets of paper, you can use MS Excel to add those columns and encode your data electronically.

Asking employees for regular accomplishment reports. Documentation does not have to be entirely the manager's responsibility. Employees can do their share through accomplishment reports on a weekly or monthly basis. These reports are used to supplement the manager's own documentation.

Documenting Critical Incidents. An important new documentation requirement at the individual level is the recording of critical incidents.

Critical incidents need to be cited as evidence to support performance ratings particularly on behavioral dimensions. They are situations in which effective (or ineffective) actions related to behavioral dimensions are demonstrated.

Throughout the semester, it is best to document critical incidents as they occur to avoid overlooking them or forgetting important details.

¹² See Appendix 10: LTCED's Quality Delinquent Account Management Scorecard

How do you determine whether an incident is significant or not? An incident is "critical" when:

- The impact on the office is significant.
- It is an effective solution to a problem.
- It involves overcoming an obstacle.
- It is an innovation.
- It requires extra effort or going out of your way to do it.
- It is not an everyday occurrence.

Using the S/TAR Approach

To facilitate the documentation of critical incidents, the S/TAR format is used. S/TAR stands for:

Situation/Task - describes the context of the situation. It may be the task, project, or problem that triggered an action or response on your part. This is important in establishing the rationale for your action.



Action - describes the steps you took to respond to or address the situation. It is essential to be as specific as possible about what you did.

Result - describes the outcome of your actions. This is significant in determining whether your intervention was effective or not, and what was the impact of your action.

Example: DEPENDABILITY

Situation The team had trouble getting third party information, creating longer audit process time.

Action The group supervisor asked what type of information was needed and promptly called ISG. He worked with the group to create a suitable electronic report form and taught the team how to use and report it.

Result The information provided by the new software helped reduce the audit process time by 10%.

Example: LEADERSHIP

Situation The office is demoralized because outputs are returned by the manager for not meeting quality standards.

Action The supervisor, together with the team, diagnosed the causes for rework, installed quality check system within the office, taught the team quality improvement tools, and rewarded those who applied tools at work.

Result Time to complete outputs was reduced from one week to one hour; outputs were 99% accepted by the manager. TP compliance increased by 50%. The office is reported to have higher sense of belonging and pride in their work.

This is not a rigid approach. You may write in paragraphs, bullets or phrases as long as you and your section/ division chief will be able to understand what transpired in the incident. You may write in English, Filipino or Taglish.¹³

Who should document critical incidents? Individual employees may record critical incidents as they occur. You may also do so as part of your efforts to gather performance data. All these documentation can be considered during performance evaluation.

It is important however that employees have their documentation of critical incidents signed by you soon as they are completed. In this way, you are immediately informed and can acknowledge the incident.

Step 3.

Track the performance.

There are various monitoring techniques to collect data to fill MOV tools, and here are some pointers:

Gathering performance data

Regularly collecting performance information is important in order to check on the individual's progress in accomplishing the performance plan. Some techniques used in gathering performance data include:

- Reviewing monthly accomplishment reports and other similar progress reports.
- Visiting work areas and observing employees at work.
- Formal or informal interviews with taxpayers, internal customers, and others who work with the employee.
- Reviewing samples of work.
- Asking for feedback. Ask employees to let you know of successes and of any problems encountered.
- Update meetings or one-on-ones.



¹³ See Appendix 11 on the suggested format for documenting critical incidents

Mid-semester Progress Review

Progress review is a formal meeting between the employee and the supervisor to check on accomplishments, problems, and changes. Progress reviews should be held at least once per quarter, or more frequently, especially when:

- the employee is new or needs more coaching
- there are problems
- there are changes in plans or direction
- there are new assignments

The output of the mid-semester progress review may be a revised Individual Performance Contract that includes new or adjusted assignments.

Step 4.

Regularly summarize, analyze, and communicate performance data.

Be sure to consolidate performance data periodically. This may be done weekly or monthly depending on the volume of documentation. If you do this regularly, you will avoid getting overwhelmed with raw data at the end of the semester when you prepare individual evaluations.

Step 5.

Take corrective action.

In the course of monitoring, problems are identified and need to be addressed in an appropriate and timely manner. At the individual level, this involves coaching and managing under-performers.

Coaching. The emphasis in performance monitoring is ongoing communication about the employee's performance not only to address problems in meeting goals but also to acknowledge accomplishments. Through feedback and coaching, the manager lets the employee know whether or not he/she is on target regarding a goal he/she is trying to achieve. Its purpose is to reinforce, maintain, or change the employee's behavior.

Managing Under-Performers. If employees are not meeting targets, performing below their potential or are not using or developing their skills, action should be taken at the first sign of poor performance. Performance issues must be dealt with immediately without waiting for the next formal performance evaluation.

The steps in managing under-performance are:

- Identify and agree on the problem
- Establish why the shortfall happened
- Decide and agree on the action required
- Ensure that actions are implemented
- Monitor and provide feedback

Policy Implications

Implementing the different monitoring tools and instruments requires policy adjustment. In this regard, there are policy implications pointed out at the service, office, and individual levels.

Service Level

- **Need to institutionalize measures at the service level.** For every perspective of the strategy map, it would greatly help if service level measures are part and parcel of what BIR monitors.

On Taxpayer Compliance

- **Need for coordination with the ISG (Information Systems Group).** In monitoring the tax compliance of the TPs, it is highly recommended that coordination with the ISG in BIR be done so that they can help design specific computer-based programs for the suggested tax compliance instrument presented above. Turning the suggested tax compliance matrix into a web/systems-based monitoring for LTS through the help of the ISG will make monitoring tax compliance faster, easier, and less cumbersome.
- **Apply suggested indices.** In the future, making the suggested indices part of the large TP's computerized profile will greatly help monitor tax compliance.

On TP Satisfaction

- **Ensure annual conduct of TP survey.** For sustainability, it would be pertinent to ensure yearly sponsors of the survey of taxpayers if budgetary allotments cannot be secured from the agency itself. Business groups and organizations if not specific business companies, might be more than willing to support endeavors such as these.
- **Use of survey results as basis of addressing pertinent issues.** The results of the survey may become the basis for proposals to address taxpayer needs and improve services which may need to be institutionalized through the creation of policies or regulations.

On Internal Processes

- **Institutionalize turn-around time of the various core processes.** Since every core process has been given specific turn-around time suited to improve tax compliance, these may be made into Revenue Memorandum

Orders or Revenue Regulations so that it can be formally implemented and adopted. Any improvements in processes such as computerization, mechanization, or increased manpower may help reduce turnaround time for core processes; and therefore scales used and policies related to this should also be sensitive to these changes.

On Learning and Growth

- **Ensure annual sponsor of the Learning and Growth survey.** For sustainability, it would be pertinent to ensure yearly sponsors of the survey of employees if budgetary allotments cannot be secured from the agency itself. Business groups and organizations, if not specific business companies, might be more than willing to support endeavors such as these.
- **Furnish the HRD survey results.** The HRD should be provided with the results of the survey. The results should, in the long run, become the basis for proposals to address organizational learning and growth deficiencies.

Office Level

LTS managers and supervisors are encouraged to take a critical look at the fairness and reliability of their MOV tools.

Emphasize that fairness and reliability relate to good and honest monitoring and reporting of performance data. Performance information with respect to objectives is fair and reliable to the extent that it is relevant, meaningful, attributable, accurate, and balanced.

Individual Level

A number of aspects of individual performance monitoring need to be formalized (into an Operations Memo?). Although these are covered in RMO 29-2004, its specific processes and guidelines need to be outlined further. These aspects are:

- The documentation and use of critical incidents as supporting data for rating behavioral dimensions.
- The conduct of Mid-Semester Progress Review Sessions halfway through the performance period as a mechanism for close monitoring and coaching as well as a venue to discuss adjustments in targets, if such is necessary.
- The process of adjusting planned targets to reflect significant changes in work assignments.

Areas for Improvement

Since performance management is a continuous process, below are suggested areas for improvement that would help improve the service, office, and individual functions.

Service Level

On Taxpayer Compliance

Further studies on how to select which large taxpayers will be audited should be explored. In other countries, random audits are conducted and risk analysis are undertaken to better determine which taxpayers should be placed under the audit program.

The suggestion to include benchmarking data in computing taxpayer compliance should be explored in the future.

On Taxpayer Satisfaction

Additional weighting schemes may be considered in the future to adapt to the growing and diverse components of taxpayer needs and satisfaction.

On Internal Processes

Knowledge management metrics have been found wanting at the service level. In the future, this perspective should also include measures which would pertain to knowledge management.

On Employee Learning and Growth

More sophisticated weights may be designed in the future to attend to the various facets of employee satisfaction and productivity.

Office Level

More time should be allotted for coaching sessions on strengthening the reliability and validity of MOVs of the different offices.

Individual Level

Several monitoring mechanisms or MOVs are already in place. However, there is a need to emphasize the importance of periodically summarizing the data so that at the end of the semester, consolidation will be less tedious and much faster.

Periodic summaries of performance documentation may be encoded in the monitoring module of PMIS. This is another tool that is available and should be maximized.

Automation will greatly ease the burden of collecting and documenting individual performance data. Some offices have attempted to keep records in Excel spreadsheets that serve the same purpose as logbooks. There is, however, a need to identify priority areas that would benefit from more efficient automated tracking systems, such as high volume transactions (.e.g., processing of ATRIG and other permits) and complicated transactions or processes (e.g., audit). Not only will it save time in record-keeping, it can also help in tracking and getting information on the status of documents when TPs inquire or make follow-ups.

Appendices

Service Level

- Appendix 1: Sample application of sampling method for one RDO
- Appendix 2: Voluntary Compliance Matrix
- Appendix 3: Audit Compliance Matrix
- Appendix 4: The sealed-envelope technique
- Appendix 5: Taxpayer Satisfaction survey instrument
- Appendix 6: Process Improvement Worksheets (LTADI, LTADII, LTDPQAD, LTPD, LTAIDI and II, LTCED, LTFOD)
- Appendix 7: Organizational Learning and Growth survey instrument

Office Level

- Appendix 8: MOV of LTPD
- Appendix 9: Sample MOV of LTAID 1 and 2

Individual Level

- Appendix 10: LTCED's Quality Delinquent Account Management Scorecard
- Appendix 11: Critical Incident Form

Appendix 1. Sample Application of Sampling Method for One RDO

Group	RDO	Industry_Description	ID NO.	NAME OF TAXPAYER	% of TPs	NO. OF SAMPLES NEEDED	GENERATE RANDOM NUMBERS	SAMPLE SIZE=	100
A	122	Activities Auxiliary to Financial Intermediation	001	Taxpayer1	30.1%	30	37		
A	122	Activities Auxiliary to Financial Intermediation	002	Taxpayer2			27		
A	122	Activities Auxiliary to Financial Intermediation	003	Taxpayer3			21		
A	122	Activities Auxiliary to Financial Intermediation	004	Taxpayer4			30		
A	122	Activities Auxiliary to Financial Intermediation	005	Taxpayer5			40		
A	122	Activities Auxiliary to Financial Intermediation	006	Taxpayer6			52		
A	122	Activities Auxiliary to Financial Intermediation	007	Taxpayer7			39		
A	122	Activities Auxiliary to Financial Intermediation	008	Taxpayer8			42		
A	122	Activities Auxiliary to Financial Intermediation	009	Taxpayer9			5		
A	122	Activities Auxiliary to Financial Intermediation	010	Taxpayer10			40		
A	122	Banking Institutions	011	Taxpayer11			35		
A	122	Banking Institutions	012	Taxpayer12			15		
A	122	Banking Institutions	013	Taxpayer13			29		
A	122	Banking Institutions	014	Taxpayer14			58		
A	122	Banking Institutions	015	Taxpayer15			20		
A	122	Banking Institutions	016	Taxpayer16			33		
A	122	Banking Institutions	017	Taxpayer17			32		
A	122	Banking Institutions	018	Taxpayer18			21		
A	122	Banking Institutions	019	Taxpayer19			11		
A	122	Banking Institutions	020	Taxpayer20			45		
A	122	Banking Institutions	021	Taxpayer21			7		
A	122	Banking Institutions	022	Taxpayer22			10		
A	122	Banking Institutions	023	Taxpayer23			45		
A	122	Banking Institutions	024	Taxpayer24			39		
A	122	Banking Institutions	025	Taxpayer25			52		
A	122	Banking Institutions	026	Taxpayer26			14		
A	122	Construction	027	Taxpayer27			25		
A	122	Construction	028	Taxpayer28			58		
A	122	Construction	029	Taxpayer29			12		
A	122	Construction	030	Taxpayer30			47		
A	122	Construction	031	Taxpayer31					
A	122	Construction	032	Taxpayer32					
A	122	Construction	033	Taxpayer33					
A	122	Construction	034	Taxpayer34					
A	122	Construction	035	Taxpayer35					
A	122	Construction	036	Taxpayer36					
A	122	Construction	037	Taxpayer37					
A	122	Construction	038	Taxpayer38					
A	122	Construction	039	Taxpayer39					
A	122	Construction	040	Taxpayer40					
A	122	Construction	041	Taxpayer41					
A	122	Construction	042	Taxpayer42					
A	122	Hotels and Restaurants	043	Taxpayer43					
A	122	Hotels and Restaurants	044	Taxpayer44					
A	122	Hotels and Restaurants	045	Taxpayer45					
A	122	Hotels and Restaurants	046	Taxpayer46					
A	122	Insurance and Pension Funding	047	Taxpayer47					
A	122	Insurance and Pension Funding	048	Taxpayer48					
A	122	Insurance and Pension Funding	049	Taxpayer49					
A	122	NonBank Financial Intermediation	050	Taxpayer50					
A	122	NonBank Financial Intermediation	051	Taxpayer51					
A	122	NonBank Financial Intermediation	052	Taxpayer52					
A	122	NonBank Financial Intermediation	053	Taxpayer53					
A	122	NonBank Financial Intermediation	054	Taxpayer54					
A	122	NonBank Financial Intermediation	055	Taxpayer55					
A	122	NonBank Financial Intermediation	056	Taxpayer56					
A	122	NonBank Financial Intermediation	057	Taxpayer57					
A	122	NonBank Financial Intermediation	058	Taxpayer58					
A	122	Water Transport	059	Taxpayer59					
B	122	Manufacture of Chemicals and Chemical Products	060	Taxpayer60	23.0%	23	77		
B	122	Manufacture of Chemicals and Chemical Products	061	Taxpayer61			97		
B	122	Manufacture of Chemicals and Chemical Products	062	Taxpayer62			93		
B	122	Manufacture of Chemicals and Chemical Products	063	Taxpayer63			64		
B	122	Manufacture of Chemicals and Chemical Products	064	Taxpayer64			98		
B	122	Manufacture of Chemicals and Chemical Products	065	Taxpayer65			89		
B	122	Manufacture of Chemicals and Chemical Products	066	Taxpayer66			78		
B	122	Manufacture of Chemicals and Chemical Products	067	Taxpayer67			63		
B	122	Manufacture of Chemicals and Chemical Products	068	Taxpayer68			99		
B	122	Manufacture of Chemicals and Chemical Products	069	Taxpayer69			95		
B	122	Manufacture of Chemicals and Chemical Products	070	Taxpayer70			85		
B	122	Manufacture of Chemicals and Chemical Products	071	Taxpayer71			69		
B	122	Manufacture of Chemicals and Chemical Products	072	Taxpayer72			90		
B	122	Manufacture of Chemicals and Chemical Products	073	Taxpayer73			64		
B	122	Manufacture of Electrical Machinery and Apparatus NEC	074	Taxpayer74			77		
B	122	Manufacture of Electrical Machinery and Apparatus NEC	075	Taxpayer75			64		
B	122	Manufacture of Fabricated Metal Products	076	Taxpayer76			79		
B	122	Manufacture of Food Products and Beverages	077	Taxpayer77			87		
B	122	Manufacture of Food Products and Beverages	078	Taxpayer78	69				

Appendix 1. Sample Application of Sampling Method for One RDO

Group	RDO	Industry_Description	ID NO.	NAME OF TAXPAYER	% of TPs	NO. OF SAMPLES NEEDED	GENERATE RANDOM NUMBERS	SAMPLE SIZE=	100
B	122	Manufacture of Food Products and Beverages	079	Taxpayer79			75		
B	122	Manufacture of Food Products and Beverages	080	Taxpayer80			96		
B	122	Manufacture of Food Products and Beverages	081	Taxpayer81			69		
B	122	Manufacture of Food Products and Beverages	082	Taxpayer82			94		
B	122	Manufacture of Food Products and Beverages	083	Taxpayer83					
B	122	Manufacture of Machinery and Equipment NEC	084	Taxpayer84					
B	122	Manufacture of Other Transport Equipment	085	Taxpayer85					
B	122	Manufacture of Other Wearing Apparel	086	Taxpayer86					
B	122	Manufacture of Other Wearing Apparel	087	Taxpayer87					
B	122	Manufacture of Other Wearing Apparel	088	Taxpayer88					
B	122	Manufacture of Other Wearing Apparel	089	Taxpayer89					
B	122	Manufacture of Paper and Paper Products	090	Taxpayer90					
B	122	Manufacture of Paper and Paper Products	091	Taxpayer91					
B	122	Manufacture of Radio TV Communications Eqpt Apparatus	092	Taxpayer92					
B	122	Manufacture of Radio TV Communications Eqpt Apparatus	093	Taxpayer93					
B	122	Manufacture of Radio TV Communications Eqpt Apparatus	094	Taxpayer94					
B	122	Manufacture of Radio TV Communications Eqpt Apparatus	095	Taxpayer95					
B	122	Manufacture of Radio TV Communications Eqpt Apparatus	096	Taxpayer96					
B	122	Manufacture of Radio TV Communications Eqpt Apparatus	097	Taxpayer97					
B	122	Manufacture of Rubber and Plastic Products	098	Taxpayer98					
B	122	Manufacture of Rubber and Plastic Products	099	Taxpayer99					
B	122	Manufacture of Rubber and Plastic Products	100	Taxpayer100					
B	122	Manufacture of Textiles	101	Taxpayer101					
B	122	Manufacture of Textiles	102	Taxpayer102					
B	122	Manufacture of Textiles	103	Taxpayer103					
B	122	Non_Metallic Mining and Quarrying	104	Taxpayer104					
C	122	Computer and Related Activities	105	Taxpayer105	25.0%	25			
C	122	Computer and Related Activities	106	Taxpayer106					
C	122	Computer and Related Activities	107	Taxpayer107					
C	122	Computer and Related Activities	108	Taxpayer108					
C	122	Computer and Related Activities	109	Taxpayer109					
C	122	Real Estate Activities	110	Taxpayer110					
C	122	Real Estate Activities	111	Taxpayer111					
C	122	Real Estate Activities	112	Taxpayer112					
C	122	Real Estate Activities	113	Taxpayer113					
C	122	Real Estate Activities	114	Taxpayer114					
C	122	Real Estate Activities	115	Taxpayer115					
C	122	Real Estate Activities	116	Taxpayer116					
C	122	Real Estate Activities	117	Taxpayer117					
C	122	Real Estate Activities	118	Taxpayer118					
C	122	Real Estate Activities	119	Taxpayer119					
C	122	Real Estate Activities	120	Taxpayer120					
C	122	Real Estate Activities	121	Taxpayer121					
C	122	Real Estate Activities	122	Taxpayer122					
C	122	Real Estate Activities	123	Taxpayer123					
C	122	Real Estate Activities	124	Taxpayer124					
C	122	Retail Sale	125	Taxpayer125					
C	122	Retail Sale	126	Taxpayer126					
C	122	Retail Sale	127	Taxpayer127					
C	122	Retail Sale	128	Taxpayer128					
C	122	Retail Sale	129	Taxpayer129					
C	122	Retail Sale	130	Taxpayer130					
C	122	Retail Sale	131	Taxpayer131					
C	122	Retail Sale	132	Taxpayer132					
C	122	Retail Sale	133	Taxpayer133					
C	122	Sale Maint Repair of Motor Vehicle Sale of Automotive Fu	134	Taxpayer134					
C	122	Wholesale Trade and Commission Trade	135	Taxpayer135					
C	122	Wholesale Trade and Commission Trade	136	Taxpayer136					
C	122	Wholesale Trade and Commission Trade	137	Taxpayer137					
C	122	Wholesale Trade and Commission Trade	138	Taxpayer138					
C	122	Wholesale Trade and Commission Trade	139	Taxpayer139					
C	122	Wholesale Trade and Commission Trade	140	Taxpayer140					
C	122	Wholesale Trade and Commission Trade	141	Taxpayer141					
C	122	Wholesale Trade and Commission Trade	142	Taxpayer142					
C	122	Wholesale Trade and Commission Trade	143	Taxpayer143					
C	122	Wholesale Trade and Commission Trade	144	Taxpayer144					
C	122	Wholesale Trade and Commission Trade	145	Taxpayer145					
C	122	Wholesale Trade and Commission Trade	146	Taxpayer146					
C	122	Wholesale Trade and Commission Trade	147	Taxpayer147					
C	122	Wholesale Trade and Commission Trade	148	Taxpayer148					
C	122	Wholesale Trade and Commission Trade	149	Taxpayer149					
C	122	Wholesale Trade and Commission Trade	150	Taxpayer150					
C	122	Wholesale Trade and Commission Trade	151	Taxpayer151					
C	122	Wholesale Trade and Commission Trade	152	Taxpayer152					
D	122	Air Transport	153	Taxpayer153	22.4%	22			
D	122	Air Transport	154	Taxpayer154					
D	122	Air Transport	155	Taxpayer155					
D	122	Air Transport	156	Taxpayer156					

Appendix 1. Sample Application of Sampling Method for One RDO

Group	RDO	Industry_Description	ID NO.	NAME OF TAXPAYER	% of TPs	NO. OF SAMPLES NEEDED	GENERATE RANDOM NUMBERS	SAMPLE SIZE=	100
D	122	Air Transport	157	Taxpayer157					
D	122	Air Transport	158	Taxpayer158					
D	122	Air Transport	159	Taxpayer159					
D	122	Electricity Gas Steam and Hot Water Supply	160	Taxpayer160					
D	122	Electricity Gas Steam and Hot Water Supply	161	Taxpayer161					
D	122	Electricity Gas Steam and Hot Water Supply	162	Taxpayer162					
D	122	Electricity Gas Steam and Hot Water Supply	163	Taxpayer163					
D	122	Postal and Telecommunications	164	Taxpayer164					
D	122	Postal and Telecommunications	165	Taxpayer165					
D	122	Postal and Telecommunications	166	Taxpayer166					
D	122	Postal and Telecommunications	167	Taxpayer167					
D	122	Postal and Telecommunications	168	Taxpayer168					
D	122	Recreational Cultural and Sporting Activities	169	Taxpayer169					
D	122	Recreational Cultural and Sporting Activities	170	Taxpayer170					
D	122	Supporting and Auxiliary Activities	171	Taxpayer171					
D	122	Supporting and Auxiliary Activities	172	Taxpayer172					
D	122	Supporting and Auxiliary Activities	173	Taxpayer173					
D	122	Supporting and Auxiliary Activities	174	Taxpayer174					
D	122	Supporting and Auxiliary Activities	175	Taxpayer175					
D	122	Supporting and Auxiliary Activities	176	Taxpayer176					
E	122	Health and Social Work	177	Taxpayer177					
E	122	Health and Social Work	178	Taxpayer178					
E	122	Miscellaneous Business Activities	179	Taxpayer179					
E	122	Miscellaneous Business Activities	180	Taxpayer180					
E	122	Miscellaneous Business Activities	181	Taxpayer181					
E	122	Miscellaneous Business Activities	182	Taxpayer182					
E	122	Miscellaneous Business Activities	183	Taxpayer183					
E	122	Miscellaneous Business Activities	184	Taxpayer184					
E	122	Miscellaneous Business Activities	185	Taxpayer185					
E	122	Miscellaneous Business Activities	186	Taxpayer186					
E	122	Miscellaneous Business Activities	187	Taxpayer187					
E	122	Miscellaneous Business Activities	188	Taxpayer188					
E	122	Miscellaneous Business Activities	189	Taxpayer189					
E	122	Miscellaneous Business Activities	190	Taxpayer190					
E	122	Miscellaneous Business Activities	191	Taxpayer191					
E	122	Other Service Activities	192	Taxpayer192					
E	122	Other Service Activities	193	Taxpayer193					
E	122	Private Educational Services	194	Taxpayer194					
E	122	Research and Development	195	Taxpayer195					
E	122	Research and Development	196	Taxpayer196					

Appendix 2. MATRIX FOR VOLUNTARY COMPLIANCE
DATA STRUCTURE FOR TAX COMPLIANCE OF LARGE TAXPAYERS

Covered taxable year : _____
 Sample Taxpayer 001: _____
 Industry: _____
 RDO: _____

Tax Type	Form Number	Name of form	VOLUNTARY COMPLIANCE										
			Imp. Amounts reported under Voluntary Compliance				Filing Compliance			Compliance with submission of documents/attachments			
			Tax due = Total Voluntary Compliance that should be paid a1	Amount of Tax credits (Put amount; 0 for None; nap for Not applicable) a2	Amount voluntarily paid net of credit (In pesos) a3	Unpaid tax due per voluntarily filed return a4	Filed form/return on Time? (1 for Yes; 0 for No; nap for Not applicable) b1	Filed form/return at the proper venue? (1 for Yes; 0 for No; nap for not applicable) b2	Filed/Used the correct form/return? (1 for Yes; 0 for No; nap for not applicable) b3	Submitted documents/attachments on time? (1 for Yes; 0 for No; nap for Not applicable) c1	Completeness of attachments (manual verification = 1 for complete; 0 for incomplete; nap for Not applicable) c3	Submission or reportorial requirements on time? (manual verification = 1 for correct; 0 for incorrect; nap for Not applicable) c4	
WG	1600	Monthly Remittance Return of VAT and other Percentage Taxes											
WP	1600WP	Remittance Return of Percentage Tax on Winnings and Prizes Withheld by Race-Track Operators											
WC	1601C	Monthly Remittance Return of Income Taxes Withheld on Compensation											
	1604CF	Annual Information Return of Income Tax Withheld on Compensation and Final Withholding Taxes											
WE	1601E	Monthly Remittance Return of Creditable Income Taxes Withheld (Expanded)											
	1604E	Annual Information Return of Creditable Income Taxes Withheld (Expanded)/ Income Payments Exempt from Withholding Taxes											
	1606	?											
WF	1601F	Monthly Remittance Return of Final Income Taxes Withheld											
WB	1602M	Monthly Remittance Return of Final Income Taxes Withheld (On Interest Paid on Deposits and Yield on Deposit Substitutes/Trusts/Etc.)											
WR	1603	Quarterly Remittance Return of Final Income Taxes Withheld on Fringe Benefits Paid to Employees Other than Rank and File											
IT	1702	Annual Income Tax Return for Corporations and Partnerships											
	1702Q	Quarterly Income Tax Return for Corporations and Partnerships											
	1704	Improperly Accumulated Earning Tax Return											
DS	2000	Documentary Stamps Tax Declaration/ Return											
XA	2200A	Excise Tax Return for Alcohol Products											
XN	2200AN	Excise Tax Return for Automobiles and Non-Essentials											
XM	2200M	Excise Tax Return for Mineral Products											
XP	2200P	Excise Tax Return for Petroleum Products											
XT	2200T	Excise Tax Return for Tobacco Products											
VT	2550M	Monthly VAT Return											
	2550Q	Quarterly VAT Return											
PT	2551	Quarterly Percentage Tax Return											
	2551M	Monthly Percentage Tax Return											
	2552	Percentage Tax Return for Transactions Involving Shares of Stock Listed and Traded Through the Local Stock Exchange or Through Initial and/or Secondary Public Offering (box item 15)											
Reportorial requirements													
*		Alpha List 1604C/F											
*		Alpha List 1604E											
*		SLSP (e-submit)											
*		Inventory List											
*		List of Regular Suppliers of Goods											
*		Official Register Books (ORB)											
*		Annual statement of insurance companies											

Appendix 2. MATRIX FOR VOLUNTARY COMPLIANCE
DATA STRUCTURE FOR TAX COMPLIANCE OF LARGE T
 Covered taxable year : _____
 Sample Taxpayer 001: _____
 Industry: _____
 RDO: _____

Tax Type	Form Number	Name of form	Voluntary Payment compliance					TP VOLUNTARY COMPLIANCE INDEX				
			Correctness of computations (manual verification = 1 for correct; 0 for incorrect; nap for Not applicable) d1	Paid on Time? (1 for Yes; 0 for No; nap for Not applicable) d2	Paid at the proper venue? (1 for Yes; 0 for No; nap for Not applicable) d3	Monthly or quarterly returns reconcile with annual returns? (1 for Yes; 0 for None; nap for Not applicable) d4	Tax due paid in full? (1 for Yes; 0 for None; nap for Not applicable) d5	FILING COMPLIANCE RATE	COMPLIANCE RATE ON SUBMISSION OF DOCUMENTS	VOLUNTARY PAYMENT COMPLIANCE RATE	VOLUNTARY COMPLIANCE RATE	
										20%	30%	50%
WG	1600	Monthly Remittance Return of VAT and other Percentage Taxes										
WP	1600WP	Remittance Return of Percentage Tax on Winnings and Prizes Withheld by Race-Track Operators										
WC	1601C	Monthly Remittance Return of Income Taxes Withheld on Compensation										
	1604CF	Annual Information Return of Income Tax Withheld on Compensation and Final Withholding Taxes										
WE	1601E	Monthly Remittance Return of Creditable Income Taxes Withheld (Expanded)										
	1604E	Annual Information Return of Creditable Income Taxes Withheld (Expanded) / Income Payments Exempt from Withholding Taxes										
	1606	?										
WF	1601F	Monthly Remittance Return of Final Income Taxes Withheld										
WB	1602M	Monthly Remittance Return of Final Income Taxes Withheld (On Interest Paid on Deposits and Yield on Deposit Substitutes/Trusts/Etc.)										
WR	1603	Quarterly Remittance Return of Final Income Taxes Withheld on Fringe Benefits Paid to Employees Other than Rank and File										
IT	1702	Annual Income Tax Return for Corporations and Partnerships										
	1702Q	Quarterly Income Tax Return for Corporations and Partnerships										
	1704	Improperly Accumulated Earning Tax Return										
DS	2000	Documentary Stamps Tax Declaration/ Return										
XA	2200A	Excise Tax Return for Alcohol Products										
XN	2200AN	Excise Tax Return for Automobiles and Non-Essentials										
XM	2200M	Excise Tax Return for Mineral Products										
XP	2200P	Excise Tax Return for Petroleum Products										
XT	2200T	Excise Tax Return for Tobacco Products										
VT	2550M	Monthly VAT Return										
	2550Q	Quarterly VAT Return										
PT	2551	Quarterly Percentage Tax Return										
	2551M	Monthly Percentage Tax Return										
	2552	Percentage Tax Return for Transactions Involving Shares of Stock Listed and Traded Through the Local Stock Exchange or Through Initial and/or Secondary Public Offering (box item 15)										
Reportorial requirements												
*		Alpha List 1604C/F										
*		Alpha List 1604E										
*		SLSP (e-submit)										
*		Inventory List										
*		List of Regular Suppliers of Goods										
*		Official Register Books (ORB)										
*		Annual statement of insurance companies										

Appendix 4

THE SEALED ENVELOPE TECHNIQUE

Most surveys are conducted using face-to-face interviews, mailed surveys, self-administered techniques or telephone interviews. These are common systematic means of gathering data.

The sealed-envelope technique is an improved variation of the face-to-face method of gathering data which may pertain to sensitive, threatening or controversial issues.

BEFORE FIELD IMPLEMENTATION:

- ❑ The questionnaire is sealed in an envelope prior to distribution to interviewers. After sealing the envelope, a signature is placed in the flap of the sealed envelope. A seal may be marked in the flap of the sealed envelope and beside it a signature of the project manager or designated supervisor can also be placed. No interviewer should see the questionnaire. These measures are to discourage tampering of the sealed envelopes
- ❑ The letter of introduction may be included in the sealed questionnaire. But copies of the letter of introduction should also be available to the interviewers. This is what they show the respondent while attempting to make appointments.
- ❑ Answer sheets are assigned questionnaire numbers (QRE No.) prior to distribution to interviewers. This ensures only the exact number of answer sheets are reproduced and duly returned for data processing.
- ❑ During the training simulation is done where one supervisor acts as the respondent. No interviewer gets hold of the questionnaire. Interviewers never get any copy of the questionnaire. Instead, the training is used to familiarize interviewers with the answer sheet.
- ❑ The interviewer is given a list of respondents to be interviewed. At least five substitute names for each original respondent will be provided.

DURING FIELD IMPLEMENTATION:

- ❑ Letters to respondents are sent out before making appointments.

- ❑ Interviewers set-up appointments by making calls before interviewing the respondent in his office. This is especially true for those who are in the supervisory and executive levels. For those in the rank and file, it may be helpful to do “walk-in” interviews.
- ❑ As much as possible, interviews are held in the office. If the respondent wants the interview to be conducted at home, proper scheduling is made.
- ❑ Since names are prelisted, the concerned respondent should be interviewed and no other.
- ❑ Should the original pre-listed respondent refuse to be interviewed or could not be interviewed after two valid callbacks, a substitute respondent is contacted. Interviewers do not, by any means, just get any available respondent in the unit/division/department of the original respondent.
- ❑ Interviews are conducted using the sealed envelope technique.
 - The respondent is handed a sealed envelope containing the questionnaire.
 - The responses to the question items are coded using random codes. The interviewer simply reads out each question number making sure enough time is given for the respondent to read the question item.
 - The respondent is instructed to simply read out the code corresponding to his/her answer for every question item.
 - The interviewer does not know the actual wording of the questionnaire. The only form the interviewer has is the sheet where the answers will be recorded.
 - The form used by the interviewer will also have the corresponding skipping instructions to guide him/her where to skip for certain questions.
 - At the end of the interview, the respondent is requested to tear up the questionnaire or dispose of it.
- ❑ For qualitative answers, interviewer probes for responses unless a very specific answer (such as dates, month, year, number) is asked for. When probing, interviewers elicit :
 - More detailed answers [Can you give a more detailed answer regarding what you just mentioned?]
 - Specific concerns [May I ask you to point out your specific concern regarding what you just said?]
 - Specific examples [Can you give me specific examples?]

- ❑ Field observations and supervision is done as often as possible. It would be important for interviewers to get the original respondents drawn for the study.

AFTER FIELD IMPLEMENTATION:

- ❑ Extra care is done during data encoding. Since random codes are used, uniform codes are determined before encoding.
- ❑ Double checking of encoded entries is a must. Some software provides mechanisms for checking entered codes. Otherwise, it would be important to review encoded responses
- ❑ Open-ended responses are compiled and coded accordingly. A few persons are dedicated to assigning codes for the open-ended responses

Appendix 5. Taxpayer Satisfaction Survey Instrument

TAXPAYER SATISFACTION QUESTIONNAIRE
(DRAFT3)

INTRODUCTION: This survey will ask you to reflect on various services offered by the Large Taxpayer Service (LTS) of the Bureau of Internal Revenue (BIR). May we repeat that the focus of the survey is the service of the LARGE TAXPAYER SERVICE and NOT of the RDOs. Your responses are strictly confidential.

In responding to this questionnaire, all you have to do is to silently read a question item and respond to our interviewer as he/she calls out each question number. Just mention the CODE which corresponds to your answer for each question number and our interviewer will encircle the appropriate code; or give your open-ended responses and our interviewer will write this down.

Your cooperation is very much appreciated.

.. Visits to LTS

.. In the past year (January to December 2005), how many times did you or a representative from your company personally visited any of the offices of the Large Taxpayer Service of the BIR?

- 1 to 5 times.....
- 6 to 10 times.....
- 11 to 20 times
- More than 20 times
- Never..... → GO TO Q__

.. In the past year (January to December 2005), which Large Taxpayer Service office/s did you or a representative from your company personally visit or transact with? [Multiple responses allowed]

.. In your visit, on average, how many minutes did you have to wait before your were attended to by an LTS employee?

	Office visited	No. of mins waiting time
Large Taxpayers Assistance Division (LTAD) I.....	1	_____
Large Taxpayers Assistance Division (LTAD) II.....	2	_____
Large Taxpayers Audit and Investigation Division (LTAID) I.....	3	_____
Large Taxpayers Audit and Investigation Division (LTAID) II.....	4	_____
Large Taxpayers Programs Division (LTPD).....	5	_____
Large Taxpayers Collection and Enforcement Division (LTCED)	6	_____
Large Taxpayers Data Processing and Quality Assurance Division (LTDPOAD).....	7	_____
Large Taxpayers Field Operations Division (LTFOD)	8	_____
Large Taxpayers Service (LTS) Head Revenue Executive Assistant (HREAs) Office.....	9	_____
Large Taxpayers Service (LTS) Deputy Commissioner Revenue Office (DCIR)	10	_____
Large Taxpayers Service (LTS) MAKATI.....	11	_____
Large Taxpayers Service (LTS) CEBU	12	_____

16. In general, how would you rate the following regarding the offices you have visited?

		Excellent	Good	Average	Fair	Poor
	Office furnishings					
	Office lighting					
	Office ventilation					
	Office space					
	Office cleanliness					
	Office design					
	Office equipment (computer, photocopiers)					
	Ease in finding office location					

.. **Information Service**

.. In the past year (January to December 2005), what types of queries or request for information have you transmitted to the Large Taxpayer Service of the BIR?

- Letter queries
- Phone-in queries
- Walk-in queries
- Queries through e-mail.....
- Queries posted in website
- None..... → GO TO Q__

.. Please tell me how much you agree or disagree with the following statements regarding information given by the Large Taxpayer Service (LTS) of the BIR.

		<i>Strongly Agree</i>	<i>Somewhat Agree</i>	<i>Undecided</i>	<i>Somewhat Disagree</i>	<i>Strongly Disagree</i>
Clarity of information from BIR-LTS						
	Business and tax terms are clearly defined					
	Information is presented in a concise and organized manner that is easily understood					
	Comparison between old and new issuances, what has changed and what did not is explained clearly through examples or applications					
Reliability of information from BIR-LTS						
	There is a sound basis (such as relevant provisions of law, regulations, rulings,					

	decision of court) to most of the queries					
	Uniform or consistent answers are given to most of the queries					
	We can use the information provided to guide actions or decisions					
	Useful information is proactively provided without being solicited					
Customized service						
	We are immediately attended to when in an office					
	Personnel are courteous					
	Personnel demonstrates willingness to listen					
	We have a single point of contact who can answer queries, give referrals, provide reminders and track concerns					
Competency of BIR-LTS personnel						
	LTS personnel are able to explain relevant rules and regulations so that we are guided on how to act correctly on problems					
	LTS personnel have a good grasp of industry issues and practices					
	If unable to answer an inquiry, LTS personnel takes initiative to find the answer or promptly refers us to the next available knowledgeable person					
BIR-LTS Response time to queries or requests for information						
	Updates are provided on a regular basis					
	Established or prescribed timelines for specific processes are generally followed					
	Answers to queries are immediate or given within the day					
	Next day response to requests for meetings or information is the norm					

.. **Advisory Service**

.. In the past year (January to December 2005), are you aware of any advisories or seminars given by Large Taxpayer Service (LTS) of the BIR?

Yes

No..... → GO TO Q__

.. In the past year (January to December 2005), did you attend any seminars conducted or sponsored by the Large Taxpayer Service (LTS) of the BIR?

Yes

No..... → GO TO Q__

.. Please tell me how much you agree or disagree with the following statements regarding advisories given by the Large Taxpayer Service (LTS) of the BIR.

	<i>Strongly Agree</i>	<i>Somewhat Agree</i>	<i>Undecided</i>	<i>Somewhat Disagree</i>	<i>Strongly Disagree</i>
Advisories are sent before due date or effectivity date of new issuances/rulings					
Seminars are conducted before due date or effectivity date of new issuances/rulings					
Adequate lead time are provided to prepare and comply with new rulings or issuances					
Our issues are taken up and used to adjust regulations					
When there are new rulings and other issuances , seminars are conducted regularly or advisories are regularly sent					
Seminars are industry-specific					
Issues are well-explained by resource persons					
Details and specific examples related o new rulings are given by resource persons					
Queries on new rulings are answered well by resource persons					
Implementation and impact of new rulings are properly explained by resource persons					
A hotline for inquiries is provided when there are new advisories					

.. **Registration and Permits**

.. In the past year (January to December 2005), did you do any registration or permits processing at the Large Taxpayer Service of the BIR?

Registration

Permits

None of the above..... → GO TO Q__

(What about seeking clearances?)

___ How satisfied or dissatisfied are you with the following regarding registration and permits processes?

		<i>Very Satisfied</i>	<i>Somewhat Satisfied</i>	<i>Undecided</i>	<i>Somewhat Dissatisfied</i>	<i>Very Dissatisfied</i>
	Standardization of requirements					
	Clarity of processes					
	Process flow charts depicting procedures to be undertaken					
	Ability of personnel to give advice on queries					
	Availability of panel					
	Ability to answer grey areas on rules					
	Attitudes of attending personnel					

___ How satisfied or dissatisfied are you with the following regarding registration and permits processes?

		<i>Very Satisfied</i>	<i>Somewhat Satisfied</i>	<i>Undecided</i>	<i>Somewhat Dissatisfied</i>	<i>Very Dissatisfied</i>	<i>Not applicable</i>
	Timely release of registered books of accounts						
	Timely release of authority to Print						
	Timely release of permit to use CAS						
	Timely release of certificate of registration						
	Timely release of clearance on liabilities						
	Timely release of permits/ authorization to do excisable activities						

___ **Filing and Payment processing**

___ In the past year (January to December 2005), how did you **file your returns**?

	Tax types	<i>Electronic / Online submission</i>	<i>Submission Through Banks</i>	<i>Manual Submission at LTS office</i>
	Income taxes			
	Withholding taxes			
	Value-Added taxes			
	Excise Taxes			
	Percentage tax			
	Documentary stamp tax			
	Estate tax			

	Donor's tax			
	Capita Gains tax			
	Other taxes			

.. In the past year (January to December 2005), how did you **pay your tax dues**?

	Tax types	<i>Electronic / Online payment</i>	<i>Payment Through Banks</i>	<i>Manual Payment at LTS office</i>
	Income taxes			
	Withholding taxes			
	Value-Added taxes			
	Excise Taxes			
	Percentage tax			
	Documentary stamp tax			
	Estate tax			
	Donor's tax			
	Capita Gains tax			
	Other taxes			

.. How satisfied or dissatisfied are you with the following regarding filing and payment processes?

		<i>Very Satisfied</i>	<i>Somewhat Satisfied</i>	<i>Undecided</i>	<i>Somewhat Dissatisfied</i>	<i>Very Dissatisfied</i>
	Transaction time for filing and payment					
	Receipt of payment confirmation					
	Convenience of filing and payment					
	Accessibility of filing and payment venues					
	Hotlines that can provide assistance					

.. **Provision of documents or forms**

.. In the past year (January to December 2005), did you ever request for taxpayer documents or forms from the Large Taxpayer Service (LTS) of the BIR?

Yes, requested for forms or documents

No..... → GO TO Q__

.. In general, how would you describe the ease by which you can accomplish or answer the forms?

Very easy

Somewhat easy.....

Undecided
 Somewhat difficult
 Very difficult.....

___. How satisfied or dissatisfied are you with the following regarding requests for taxpayer documents or forms?

		<i>Very Satisfied</i>	<i>Somewhat Satisfied</i>	<i>Undecided</i>	<i>Somewhat Dissatisfied</i>	<i>Very Dissatisfied</i>
	Timely provision of documents or forms					
	Availability/accessibility of forms or documents					
	Accurateness of information on payments due or liabilities					
	Forms are customized by industry/sector					

.. **Assessment, Auditing, Collection, Enforcement**

.. In the past year (January to December 2005), where you ever assessed or audited by the Large Taxpayer Service (LTS) of the BIR?

Assessed.....
 Audited
 None of the above **GO TO Q__**

___. How much do you agree or disagree with the following aspects of assessment, auditing, collection or enforcement?

		<i>Strongly Agree</i>	<i>Somewhat Agree</i>	<i>Undecided</i>	<i>Somewhat Disagree</i>	<i>Strongly Disagree</i>
	Letter of Authority, Tax Verification Notices, Letter Notices are properly served					
	The legal or factual basis for being assessed or audited is clearly explained					
	Computations are based on objective findings					
	Figures cited are accurate					
	Reports on discrepancies are properly done					
	Assessments are backed up with factual data eg financial statements, books of accounts, as well as reliable 3 rd party info					
	Basis of discrepancies are clearly explained					
	Assessments / audits are finished within the prescribed time frame					
	Assessment summary is grammatically correct					
	Requirements are reasonable.					
	In general, assessment is fair.					

Office operations are not disturbed by assessment /audit activities					
Standard operating procedures were followed					
We are given sufficient time to explain					
LTS personnel understand business or industry nuances					
LTS personnel know how to audit in a computerized setting					
LTS personnel know which documents to review					
LTS personnel are diplomatic and do not antagonize					
LTS personnel know how to properly ask for needed information					
LTS personnel takes time to listen to our explanations					
LTS personnel deal with us in a non-threatening manner					
LTS personnel do not unduly harass us					
In general, LTS examiners are competent in their work					

.. **Tax Credits**

.. In the past year (January to December 2005), did you avail or make us of any tax credits?

Yes

No..... →GO TO Q__

___ How satisfied or dissatisfied are you with the following regarding availment and use of tax credits?

	<i>Very Satisfied</i>	<i>Somewhat Satisfied</i>	<i>Undecided</i>	<i>Somewhat Dissatisfied</i>	<i>Very Dissatisfied</i>
Clarity of procedures					
Standardized requirements					
Status reports on TCCs					
Time it takes to process TCCs					
Time it takes to grant TCCs					
Ability to use TCCs					

.. **Refunds**

.. In the past year (January to December 2005), were you eligible for refunds?

Yes

No..... →GO TO Q__

___ How satisfied or dissatisfied are you with the following regarding refunds?

		<i>Very Satisfied</i>	<i>Somewhat Satisfied</i>	<i>Undecided</i>	<i>Somewhat Dissatisfied</i>	<i>Very Dissatisfied</i>
	Clarity of procedures					
	Standardized requirements					
	Status reports on refunds					
	Time it takes to process refunds					
	Time it takes to grant refunds					

___ **Monitoring of Excisable Establishments**

___ In the past year (January to December 2005), did a Revenue Officer on Premises (ROOPs) from the Large Taxpayer Service (LTS) of the BIR monitor any of the following activities in your company?

- Removal of goods
- Receipt of raw materials.....
- None of the above →GO TO Q__

___ How satisfied or dissatisfied are you with the following regarding monitoring of excisable products?

		<i>Very Satisfied</i>	<i>Somewhat Satisfied</i>	<i>Undecided</i>	<i>Somewhat Dissatisfied</i>	<i>Very Dissatisfied</i>
	Schedules of activities					
	Clarity of requirements					
	Guidelines' sensitivity to industry nuances					
	ROOPs' knowledge of what documents to review					
	ROOPs' performance of their duties					
	Clarity of report on discrepancies of findings, if any					

___ Do you have any suggestions on how to improve monitoring of excisable products? What are these?

.. On the overall, how satisfied or dissatisfied are you with the following attributes of Large Taxpayer Service personnel (LTS) of the BIR?

		<i>Very Satisfied</i>	<i>Somewhat Satisfied</i>	<i>Undecided</i>	<i>Somewhat Dissatisfied</i>	<i>Very Dissatisfied</i>
	Helpfulness					
	Courtesy					
	Approachability					
	Performance of their duties					
	Appearance					
	Knowledgeable					
	Competency					
	Accuracy					
	Quality of service					

.. Taking everything into consideration, on the overall, how satisfied or dissatisfied are you with the Large Taxpayer Service (LTS) of the BIR?

- Very Satisfied
- Somewhat satisfied
- Undecided
- Somewhat dissatisfied
- Very dissatisfied

.. **Graft & Corruption**

.. In your opinion, how extensive is the incidence of graft and corruption in the Large Taxpayer Service (LTS) of the BIR?

- Very little
- Not much
- Undecided
- Somewhat extensive
- Very extensive

.. In the past year (January to December 2005), which of the following did your company experience at the Large Taxpayer Service (LTS) of the BIR? *[Multiple responses allowed]*

Paid a fine or penalties		→GO TO Q__
Paid fees/charges but did not receive an official receipt		
Convinced an LTS personnel to adjust their assessments to favor the company		
An LTS personnel volunteered to adjust their assessments to favor the company in exchange for something		→GO TO Q__
An LTS personnel asked us to advance (delay) our payment to adjust to their monthly collection target		
Voluntarily gave an LTS personnel something in cash to facilitate a transaction		
Voluntarily gave an LTS personnel something in kind to facilitate a transaction		
Was asked by an LTS personnel to give something in cash to facilitate a transaction		

Was asked by an LTS personnel to give something in kind to facilitate a transaction		
Was asked by an LTS personnel to facilitate a personal favor/request in exchange of facilitating a transaction		
None of the above		→GO TO Q__

.. Please give us an estimate as to how much in cash or in kind did you voluntarily or involuntarily give to any LTS personnel in order to facilitate a transaction in the past year.

- Less than P1000
- ₱1000 to ₱ 5000
- ₱ 6000 to ₱ 10,000
- ₱ 11,000 to ₱ 20,000
- ₱ 20,000 to ₱ 50,000
- ₱ 50,000 to ₱ 100,000
- More than ₱ 100,000.....

.. What can you suggest or recommend in order to improve the services of the Large Taxpayer Service (LTS) of the BIR?

LET'S TALK ABOUT THE BUREAU OF INTERNAL REVENUE IN GENERAL

.. **Image of the BIR**

.. What are your sources of news on the activities and undertakings of the Bureau of Internal Revenue?

- Television
- Newspapers.
- Radio
- BIR website.
- Brochures
- Pamphlets
- Leaflets.....
- BIR employee/s (insider info)

.. On the overall, how much or little is your trust in the Bureau of Internal Revenue's performance of its duties?

- Very Much
- Much.
- Undecided
- Little.....
- Very little

.. On the overall, how satisfied or dissatisfied are you with the performance of the Bureau of Internal Revenue in...?

		<i>Very Satisfied</i>	<i>Somewhat Satisfied</i>	<i>Undecided</i>	<i>Somewhat Dissatisfied</i>	<i>Very Dissatisfied</i>
--	--	-----------------------	---------------------------	------------------	------------------------------	--------------------------

	Maintaining a database of taxpayers					
	Efficiently collecting taxes					
	Implementation of tax laws and regulations					
	Efforts to run after tax evaders					
	Curbing graft and corruption					
	Consistency in undertaking audit work					
	Rationality in undertaking audit work					

.. Tell us about yourself...

.. Gender Male.....05 Female.....09

.. Age Group 18-24.....08 35-44.....02 55-64.....05
25-34.....04 45-54.....06 65 & older.....07

.. Educational attainment

Elem graduate/High school level..... 57
High school graduate 70
Undergraduate 40
College graduate..... 12
Masters/Post Graduate 89
Doctorate..... 39

.. Current designation in the company: _____

.. How many years in current designation? _____

.. How many years have you been working in this company? _____

.. How many years have you been dealing with the Large Taxpayers Service of the BIR? _____

.. On the overall, how would you rate your level of knowledge on the following?

		Excellent	Good	Average	Fair	Poor
	Tax laws pertinent to the industry our company is a part of					
	BIR regulations pertinent to our company					
	BIR Revenue Memorandum Orders (RMOs) relevant to our company					
	Implementing rules and regulations of taxes applicable to our company					
	Tax planning for the company					

.. Tell us about your company...

.. Industry to which your company belongs to

.....
.....
.....
.....

.. How many years has this company been operational? _____

END OF QUESTIONNAIRE:
YOU MAY DISPOSE OF THIS QUESTIONNAIRE IN WHATEVER WAY YOU WISH.

MARAMING SALAMAT PO! THANK YOU VERY MUCH!!!

Appendix 6c. PROCESS IMPROVEMENT WORKSHEET

Division: LTDPQD

Process: TP ledger clean up activities

Covered taxable year _____

Months	Number of TP ledgers cleaned up					Rating of LTDPQD on process Improvements #DIV/0!
	30 or more	26-30	21-25	10-20	less than 10	
Score	10	8	6	4	2	#DIV/0!
Month 1						
Month 2						
Month 3						
Month 4						
Month 5						
Month 6						
Month 7						
Month 8						
Month 9						
Month 10						
Month 11						
Month 12						

Appendix 6g. PROCESS IMPROVEMENT WORKSHEET

LTFOD Employee 001: _____

Division: LTFOD

Process: Reconciliation of ORBs

Covered taxable year _____

Assigned Taxpayer	Reconciliation of ORBs					Summary Rating of LTFOD employee for process improvement
	261 days or more	221-260 days	181-220 days	121-180 days	120 days or less	
Scores	2	4	6	8	10	0.0
Weights						
TP 1						
TP 2						
TP 3						
TP 4						
TP 5						
TP 6						
TP 7						
TP 8						
TP 9						
TP 10						
TP 11						
TP 12						
TP 13						
TP 14						
TP 15						
TP 16						
TP 17						
TP 18						
TP 19						
TP 20						

Appendix 7. Organizational Learning and Growth Survey Instrument

**BIR-LTS EMPLOYEE LEARNING AND GROWTH QUESTIONNAIRE
(DRAFT2)**

This survey will ask you to reflect on various aspects of your current job. Your responses are strictly confidential.

In responding to this questionnaire, all you have to do is to silently read a question item and respond to our interviewer as he/she calls out each question number. Just mention the CODE which corresponds to your answer for each question number and our interviewer will encircle the appropriate code in her answer sheet; or give your open-ended responses and our interviewer will write this down.

Your cooperation is very much appreciated.

A. Personal job satisfaction

1. Overall, how do you rate your job satisfaction today?

- Excellent..... 38
- Good 10
- Average..... 59
- Fair 89
- Poor..... 88

2. Compared with a year ago, how would you describe your overall job satisfaction today?

- Much more satisfied 95
- Somewhat more satisfied..... 01
- Same level of satisfaction as last year..... 40
- Somewhat less satisfied 85
- Much less satisfied..... 14

3. How satisfied or dissatisfied are you with the following...?

		<i>Very Satisfied</i>	<i>Somewhat Satisfied</i>	<i>Undecided</i>	<i>Somewhat Dissatisfied</i>	<i>Very Dissatisfied</i>
a.	With your position at BIR-LTS?	24	5	13	16	22
b.	With the BIR-LTS as a place to work?	02	28	34	55	35
c.	With your own morale?	37	35	90	36	42
d.	That your work gives you a feeling of personal accomplishment/fulfillment?	30	97	80	98	25
e.	That you receive appropriate recognition for your contributions?	94	05	70	81	96
f.	With the empowerment you have to influence the quality of your work?	46	30	74	35	77

4. Which of the following best describes your desire to stay with BIR-LTS?

Strong desire 07
 Moderate desire 20
 Not sure 06
 Weak desire 35
 No desire 48

B. Pride in one's work

5. How much do you agree or disagree with the following statements:

		<i>Strongly Agree</i>	<i>Somewhat Agree</i>	<i>Undecided</i>	<i>Somewhat Disagree</i>	<i>Strongly Disagree</i>
a.	<i>"I am proud of the work I do here at BIR-LTS"</i>	51	37	98	04	23
b.	<i>"I am proud to work for the BIR-LTS."</i>	92	10	25	77	67
c.	<i>"I believe I can spell a difference by being in BIR-LTS."</i>	80	72	08	13	75
d.	<i>"I am optimistic about my future success with the BIR-LTS"</i>	62	17	40	55	70
e.	<i>"I feel more committed to a career with BIR-LTS this year than I did a year ago"</i>	55	18	96	68	52
f.	<i>"I am deeply affected when BIR is perceived as corrupt by the media"</i>	79	80	26	18	86

C. Job fit

6. Please rate the following based on what best describes you:

		<i>Very Much</i>	<i>Much</i>	<i>Undecided</i>	<i>Little</i>	<i>Very Little</i>
a.	Level of interest in my job	11	06	75	73	98
b.	Level of knowledge to perform the duties assigned to me	92	89	54	50	67
c.	Extent of past training for the work I do	48	14	04	79	66
d.	Extent of past experience for the job I do	72	58	15	88	37
e.	My qualifications match the functions I perform	20	33	32	30	79
f.	Ability to finish the required job in a given time period	69	27	90	04	70
g.	Course I finished in college matches my job	29	02	36	55	47

7. How many times have you been absent from work in the past year? _____
8. How many times have you been late for work in the past year? _____
9. How many times did you render overtime work due to rush/urgent assignment in the past year?

D. Attitude towards work

10. How much do you agree or disagree with the following statements:

		<i>Strongly Agree</i>	<i>Somewhat Agree</i>	<i>Undecided</i>	<i>Somewhat Disagree</i>	<i>Strongly Disagree</i>
a.	<i>“Given a chance, I would change my present type of work for something different”</i>	45	51	25	29	79
b.	<i>“My job is just a way of earning money, no more”</i>	78	67	75	94	61
c.	<i>“I constant strive for self-improvement & excellence by exercising creativity and innovativeness”</i>	71	96	36	84	55
d.	<i>“I consciously work hard to achieve the LTS mission”</i>	86	44	22	85	28
e.	<i>“I do my best to contribute to increased tax revenue collection”</i>	18	72	39	11	07
f.	<i>“Lifestyle checks in our line of work are important”</i>	70	37	33	09	97

11. Which of the following best describes you?

I work only as hard as I have to.....28
 I work hard but not so as to interfere with the rest of my life.....53
 I make a point of doing the best work I can even if it
 sometimes interferes with the rest of my life40

12. Which of the following would you prefer?

Work long hours and earn more money 99
 Work the same hours and earn the same money 89
 Work few hours and earn less money 80
 Work few hours and still earn more money 90
 Don't know/Refuse to answer..... 65

13. To what extent, if at all, do you worry about the possibility of losing your job?

I worry a great deal..... 57
 I worry to some extent 70
 I worry a little..... 40
 I don't worry at all 11
 Don't know/Refuse to answer..... 89

14. Which of the following have you ever experienced in your office:

Been reprimanded in public by my immediate supervisor.....	33
Been approached for a special favor.....	09
Sometimes come late for work	57
Blew my top in the office.....	29
Received gifts from some taxpayers	53
Had Tupperware parties at the office	25
Been sponsored by taxpayers for accommodations in a resort or hotel	41
Received death threats because of the work I do	99
Berated a co-worker for inefficient work.....	89
Been offered a bribe in exchange for something.....	80
Sometimes had to do shortcuts in order to get a job done.....	90
Had my manicure or pedicure done by someone while at work.....	68

E. Work load

15. How much do you agree or disagree with the following statements:

		<i>Strongly Agree</i>	<i>Somewhat Agree</i>	<i>Undecided</i>	<i>Somewhat Disagree</i>	<i>Strongly Disagree</i>
a.	<i>"I feel stress in my job."</i>	38	09	77	78	66
b.	<i>"The agency clearly communicates its goals and strategies to me."</i>	65	26	76	69	85
c.	<i>"My current work responsibilities are reasonable"</i>	67	92	04	51	90
d.	<i>"My job responsibilities are clear"</i>	94	59	55	96	48
e.	<i>"I am able to maintain a reasonable balance between my family life and my work life"</i>	25	81	49	84	66
f.	<i>"In this office, there is a rational basis for assigning work load"</i>	92	45	17	06	01
g.	<i>"In this office, there is proper matching of capabilities with work load"</i>	54	61	49	57	60
h.	<i>"We practice a good system of division of labor in this office"</i>	92	53	13	08	48

F. Satisfaction with co-employees

16 How satisfied or dissatisfied are you with the following...?

		<i>Very Satisfied</i>	<i>Somewhat Satisfied</i>	<i>Undecided</i>	<i>Somewhat Dissatisfied</i>	<i>Very Dissatisfied</i>
a.	With the performance of the BIR Commissioner?	82	07	27	69	41
b.	With the performance of your immediate supervisor?	36	43	33	21	73
c.	With the amount and frequency of informal praise and appreciation you receive from your immediate supervisor?	52	89	60	52	25
d.	With the professionalism of your immediate supervisor?	38	11	59	89	88
e.	With the professionalism of the people in your division?	95	02	41	86	15
f.	With the morale of the people in your division?	25	05	04	17	23
g.	With the team spirit in your division?	03	29	35	55	36

G. Satisfaction with work environment

17 How would you rate the following...?

		<u>Excellent</u>	<u>Good</u>	<u>Average</u>	<u>Fair</u>	<u>Poor</u>
a.	Quantity of supplies your office has?	37	36	90	47	43
b.	Quality of supplies your office has?	31	97	80	98	26
c.	Number of equipment your office has?	94	06	70	81	96
d.	Quality of equipment your office has?	47	30	75	35	77
e.	Coordination between your office and other offices?	8	20	07	36	49
f.	Support services your office receives?	51	38	98	05	24
g.	Office furnishings?	01	92	11	26	77
h.	Office lighting?	68	80	72	09	14
i.	Office ventilation?	75	62	18	41	55
j.	Office space?	71	55	19	96	68
j.	Office cleanliness?	53	79	80	27	18
l.	Work schedules?	37	36	90	47	43

18. What supplies or equipment does your office badly need? Please name top three urgent needs in supplies or equipment.

- a) _____
- b) _____
- c) _____

H. Employee work enhancement

19 How many trainings have you had in the past year? _____

20. What kind of trainings have you had in the past year? _____

21. What can you suggest as topics of trainings you urgently need? _____

22. How many staff meetings do you have in a month? _____

23. How satisfied or dissatisfied are you with the following...?

		<i>Very Satisfied</i>	<i>Somewhat Satisfied</i>	<i>Undecided</i>	<i>Somewhat Dissatisfied</i>	<i>Very Dissatisfied</i>
a.	With the number of trainings given you in the past year?	86	12	07	76	73
b.	With the type of trainings you have had in the past year?	98	92	90	54	50
c.	With the quality of trainings you have had in the past year?	67	49	15	05	79
d.	With the relevance of the trainings you have had in the past year to your work or job assignments?	67	73	58	16	88
e.	With the number of staff meetings you attend?	38	21	21	34	33
f.	With the quality of staff meetings you attend?	30	80	69	28	90
g.	That your compensation matches your responsibilities?	05	70	45	52	26
h.	With the implementation of regulations for promotion and advancement?	30	80	78	67	75
i.	With opportunities available to fulfill career potentials within the agency?	94	62	72	96	37
j.	With the benefits that you receive?	84	56	87	44	22
k.	With your overall job security?	85	28	70	70	38

24. How much do you think you should receive as a just monthly compensation for the kind of work you do?

P _____ per month

25. What additional benefits would you like to have for the work you do?

26. What is the best thing about working for this agency?

27. What bothers you the most about working for this agency?

28. What could the agency do to enhance your satisfaction as an employee?

29. Considering the changes underway in the BIR-LTS, which of the following best describes your attitude?

- I am enthusiastic and personally committed to the changes.....33
- I am willing to go along with the changes.....09
- I am undecided at this time.....29
- I am somewhat not in favor of the changes.....53
- I am strongly not in favor of the changes47

I. Tell us about yourself...

30. Gender Male..... 05 Female.....09
31. Age Group 18-24.....08 35-44.....02 55-64.....05
 25-34.....04 45-54.....06 65 & older.....07
32. Educational attainment
 Elem graduate/High school level 57 → **GO TO Q34**
 High school graduate 70 → **GO TO Q34**
 Undergraduate 40 → **GO TO Q34**
 College graduate..... 12
 Masters/Post Graduate 89
 Doctorate..... 39
33. If college graduate/post grad, what degree course did you finish? _____
34. Current designation in the agency: _____
35. How many years in current designation? _____
36. How many years have you been working in BIR? _____
37. How many years have you been working in BIR-LTS? _____
38. Monthly household income:
 Below ₱ 20,000..... 01 ₱125,001 to ₱ 150,00081
 ₱ 20,001 to ₱ 30,000 68 ₱150,001 to ₱ 200,00050
 ₱ 30,001 to ₱ 40,000 92 ₱200,001 to ₱ 300,00084
 ₱ 40,001 to ₱ 50,000 05 ₱300,001 to ₱ 400,00062
 ₱ 50,001 to ₱ 75,000 52 ₱400,001 to ₱ 500,00045
 ₱ 75,001 to ₱ 100,000 48 Above ₱ 500,00017
 ₱100,001 to ₱ 125,000 26
39. How many resident family members are there in your home? _____
40. Prior to current government service, in what sector were you from?
 Private sector..... 02
 Self-employed..... 54
 Had always been in government service..... 49

END OF QUESTIONNAIRE:

MARAMING SALAMAT PO! THANK YOU VERY MUCH!!!

YOU MAY DISPOSE OF THIS QUESTIONNAIRE IN WHATEVER WAY YOU WISH.

Appendix 9: Sample MOV at Office Level (LTAID 1&2)

LTAID 1 and 2 Audit Quality Scorecard

Attributes	Weight	Ratee					
		RO	GS	SC	ADC	DC	HREA
Legal basis <i>Assessment is supported by legal basis</i>	30%						
Factual basis <i>Assessment is substantiated by documents</i>	30%						
Completeness of report <i>Report has all the minimum requirements</i>	20%						
Mathematical accuracy <i>Figures cited in the report are accurately computed</i> <i>Rates (tax, interest etc) used for computations are correct</i>	10%						
Communication effectiveness <i>The report is comprehensive, concise and clear.</i> <i>Any third party/reader can understand the content of the report</i>	10%						

Appendix 10:

LTCED Quality Delinquent Account Management Scorecard

Taxpayer Name		TIN	
Date Assessed		Address	
Tax Period			
Amount			

Stages	Date Submitted/ Issued	Particulars	Attributes	Section Chief	Assistant Division Chief	Division Chief	HREA	DCIR
Case History			Completeness/ Accuracy (60%)					
			Timeliness (40%)					
Collection Letter			Completeness/ Accuracy (60%)					
			Timeliness (40%)					
FNBS			Completeness/ Accuracy (60%)					
			Timeliness (40%)					
WDL/WG (NL, List of Properties)			Completeness/ Accuracy (60%)					
			Timeliness (40%)					
Sale of Forfeited Properties (NS/Pub.)			Completeness/ Accuracy (60%)					
			Timeliness (40%)					

Revenue Collection Officer	
-----------------------------------	--

Appendix 11

Critical Incident Form Behavioral Dimensions Means of Verification Large Taxpayer Service
--

Name: _____ Recorded by: _____
Division: _____ Section _____

Behavioral Dimension: Date:
Situation
Actions
Results

Behavioral Dimension: Date:
Situation
Actions
Results

Aligning Evaluations and Fostering Continuous Improvement

This section discusses the tools and process for performance evaluation at the service, office, and individual levels. Having performance evaluations at all these levels provide a comprehensive view of performance. Service level performance reflects the synergy of efforts of its offices and individual employees. If service level performance is rated highly, one would expect that on average, ratings of offices and individuals are also high. Conversely, if the service performed poorly, offices and individuals will most likely have low performance ratings in general. A multi-level evaluation process ensures an aligned and objective assessment of performance.

Evaluation becomes more meaningful when taken a step further and used for continuous improvement. The evaluation process is not complete without the formulation of development plans that identify ways to sustain the service, offices and individuals towards higher levels of performance.

Chapter 5: Evaluating

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Description

This chapter presents the concepts, processes, guidelines, and tools for evaluating the performance of LTS at the service, office, and individual levels.

Objectives

This chapter aims to:

- Propose the enabling steps and instruments for evaluating performance at the service level.
- Describe an evaluation process that has been tested by the different LTS sections and divisions in assessing office performance during the first semester of 2005.
- Explain the process of evaluating individual performance that is aligned with and builds on the current BIR-Performance Management System.

Acronyms

ACIR	Assistant Commissioner of Internal Revenue
AN	Assessment Notice
ATRIG	Authority to Release Imported Goods
CSC	Civil Service Commission
DCIR	Deputy Commissioner of Internal Revenue
EFPS	Electronic Filing and Payment System
FN	Final Notice
HRDS	Human Resource Development Service
HREA	Head Revenue Executive Assistant
IPEDP	Individual Performance Evaluation and Development Plan
ISG	Information Systems Group
KRA	Key Result Area
LTAD I	Large Taxpayers Assistance Division I
LTAID II	Large Taxpayers Audit and Investigation Division II
LTS	Large Taxpayers Service

MOV	Means of verification
PMIS	Performance Management Information System
PMRC	Performance Management Review Committee
PN	Preliminary Notice
RDO	Revenue District Office
RMO	Revenue Memorandum Order
STAR	Situation/Task, Action, Result
TCC	Tax Credit Certificate

Definitions

Alpha (Chronbach) statistic	A measure used to determine whether an index passes the reliability test. It should exceed the value of 0.65 for the index to be considered reliable.
Calibration Session	A process in which performance ratings are presented, deliberated, and agreed on through consensus by a group of stakeholders.
Development Planning/Plan	A process in which areas for improvement are identified at the service, office, or individual levels; and action plans to address these areas are formulated. These are documented in a Development Plan.
Key Result Areas (KRA)	Specific outputs or deliverables an office or individual is accountable for. Based on the LTS experience, an office has 15-20 KRA's; an individual has 5 to 10 KRA's.
LTS Management	Refers to high level decision makers in LTS composed of the DCIR/ ACIR and HREAs.
Means of Verification (MOV)	Refers to the records or forms of documentation that would provide evidence of whether or not targets are met. These are the materials you would inspect to determine and confirm actual performance. Examples of MOV's may include: activity log sheets, journal, notes, weekly/ monthly accomplishment reports, routing slips, logbooks, quality scorecards of the different offices.
Measure	Describes the indicator by which effective performance in a KRA is gauged. They describe clearly what the rater will look for in terms of the quantity, quality and timeliness of performance.

Objective	Reflects the five key strategies of the LTS. Offices contribute to several objectives depending on their office mandate. Individual employees contribute to one or more objectives, depending on which KRA's are assigned to them.
Performance Contract	The target setting template or tool containing the objectives and their weight assignment, key result areas and their weight assignment, measures and their weight assignment, targets, and MOV tools. The LTS Performance Contract as a target setting tool looks the same from the service to the office and individual levels.
Reliability Tests	Tests that determine whether the components of an index are correlated with each other or not; and gauge the repeatability or internal consistency of an index.
Strategy Map	The LTS Strategy Map serves as a strategy implementation roadmap in that it describes the high-level strategic objectives that the LTS must deliver if it is to successfully attain its mission and vision.
Target	Defines the expected level of performance required for each measure.
Weight	Indicates priorities at the objectives, key result areas, and measures level. Weight under the objective, KRA, or measure level should always total 100%.

Guiding Principles in Performance Evaluating

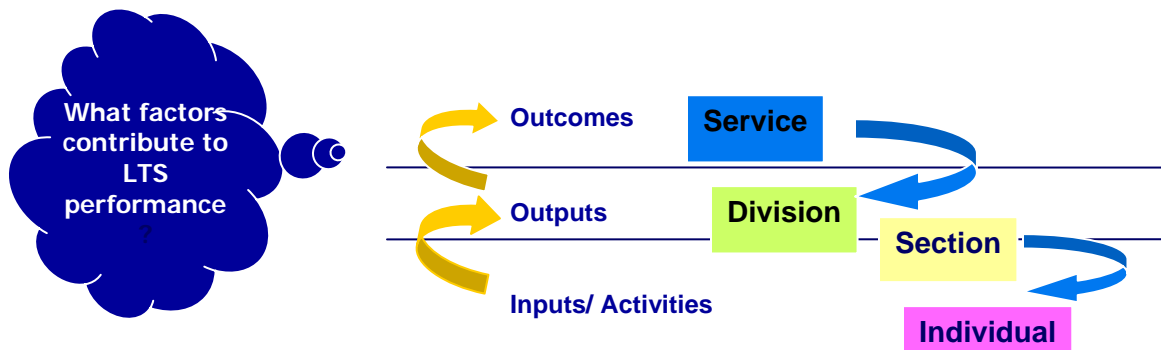
The end of the each semester is a time to take stock of your performance and make a judgment on the extent to which you have achieved your targets at the service, division/section, and individual levels. This is the process of Performance Evaluating.

Performance Evaluating involves:

- Summarizing or consolidating data on your actual performance gathered using various MOV's throughout the semester.
- Describing and comparing actual performance against pre-set targets.
- Judging and rating performance using established rating standards.
- Identifying strengths and areas for improvement.
- Determining developmental actions to further improve performance.

Performance Evaluating stresses accountability at all levels. Having performance evaluations at service, office, and individual levels provide a comprehensive view of performance. As discussed in the chapter on target-setting, each level is accountable for different types of results that, taken together, contribute to the overall mission of the LTS (Figure 5.1).

Figure 5. 1 Levels of Measurement and Accountability



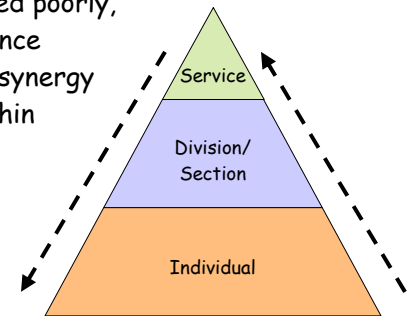
Service level performance aims at results at the outcome level. Evaluation focuses on extent to which it has achieved the overall objectives of the service such as increase in tax collection, improvement in taxpayer compliance and satisfaction, process improvement, and enhanced organizational and individual learning and growth.

Office level performance aims at results at the output and input/activity levels. Evaluation focuses on which office has delivered the programs and other tangible work outputs that make it possible for LTS to attain its outcomes.

Individual level performance also aims at results that are a mix of outputs and inputs/activities. Evaluation focuses on the extent to which each employee has accomplished his/her assignments to ensure that the required office outputs are delivered.

Performance Evaluating is both a “top-to-bottom” process and an iterative process. Ideally, performance evaluation begins at the service level and cascades to the office and individual levels. This “top-to-bottom” approach ensures that evaluations at all levels are aligned. For instance, if service level performance is rated highly, one would expect that on average, ratings of offices and individuals will also be generally high. Conversely, if the service performed poorly, offices and individuals are expected to have low performance ratings. Service level performance is a reflection of the synergy of efforts (or lack of it) among offices and individuals within LTS.

At the same time, performance evaluation is also an iterative process. This means that before ratings are finalized, they are validated through exchanges of information among all levels of the organization. While the evaluation starts and is finalized at the service level, preliminary assessments of divisions, sections, and even individuals can be done initially to get data “from the ground” and is fed into the final evaluations.

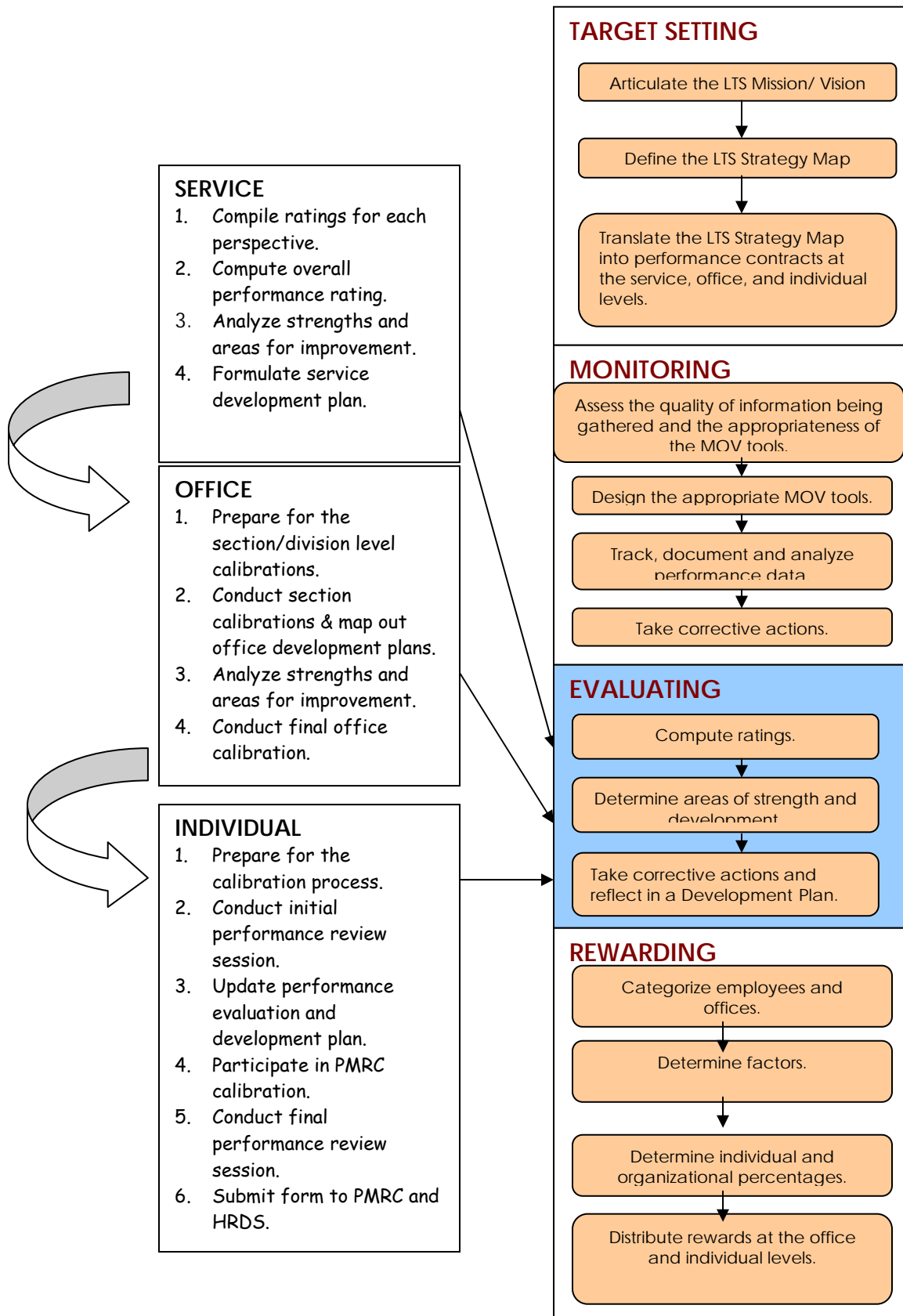


Performance Evaluating paves the way for continuous improvement. This phase of the PMS cannot stop at merely assessing what has been achieved within the semester. It has to serve as the impetus for planning changes needed to address areas for improvement as well as to maintain and optimize areas of strength. Inherent in the evaluation process for all levels in LTS is the important step of determining concrete actions to address problem areas that hamper good performance.

Process in Performance Evaluating

The diagram below is a summary of the evaluation process across service, office, and individual levels of the LTS. Each level is discussed after the presentation of the diagram.

Figure 5. 2 PMS Process with Focus on Evaluating



Evaluating Performance at the Service Level

Description

As explained in the previous chapter, the proposed tools and instruments designed at the service level are geared towards measuring performance in every perspective of the strategy map. Evaluating performance at the service level using the suggested tools and instruments logically follow the same principle. However, when service level performance measures are not yet available, especially at the installation phase of the PMS, a contingent approach to performance evaluation is suggested here for the first rating period.

Outputs

The outputs of the performance evaluating phase at the service level include:

- Service level performance ratings for each perspective
- Overall rating of service level performance
- Service level development plan

Who are Involved?

In evaluating service level performance, the key players are the LTS top management (deputy commissioner and head revenue executive assistants for regular LT, excise LT, and enforcement and administration), middle management (all division chiefs), and LTPD. Their roles and responsibilities include:

LTS Top Management	LTS Middle Management	LTPD
<p>Provide resources for the conduct of proposed surveys and other tools for establishing various indices of service level performance.</p> <p>Ensure that the evaluation process is carried out and completed in a timely manner.</p>	<p>Gather and consolidate data on service level performance indices related to and/or assigned to own division/section.</p>	<p>Oversee the conduct of surveys implemented by external service providers.</p> <p>Consolidate and analyze LTS-wide performance data gathered by different offices through the proposed tools and instruments.</p>

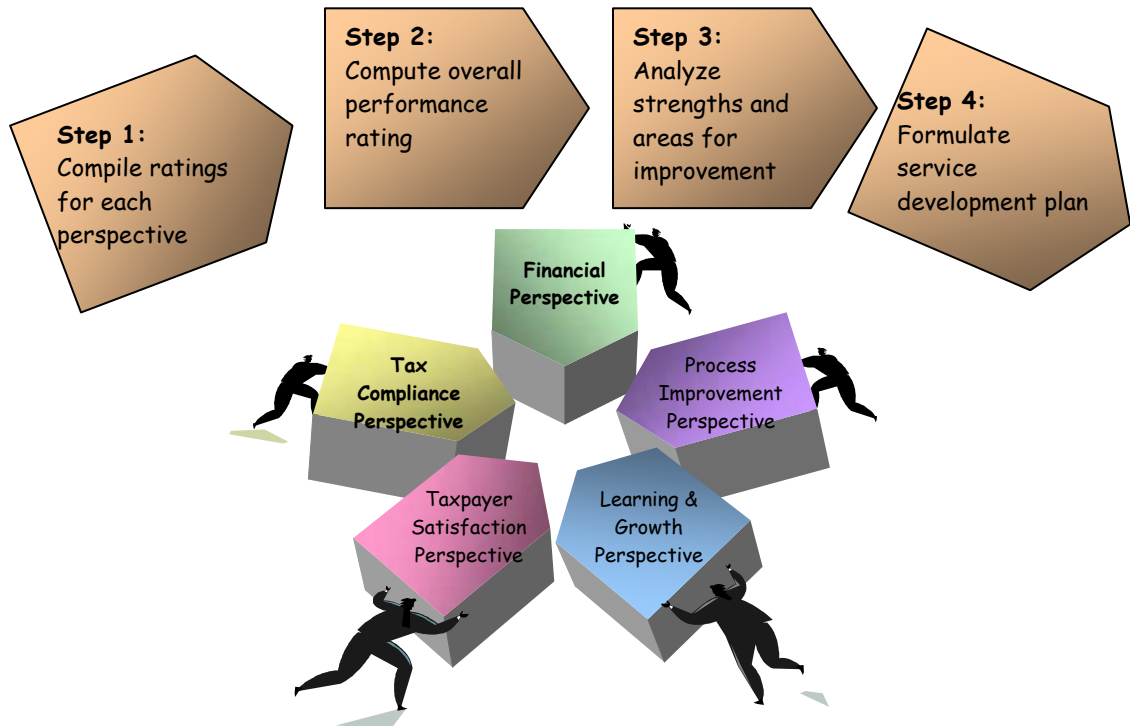
Process

Contingent Process for Service Level Performance Evaluation
 When baseline data from service level monitoring processes and tools (which are yet to be implemented) are not yet available, and evaluation for a particular period is already crucial, the aggregate of the measures for each perspective of the strategy map at the office level temporarily becomes the source of ratings for service level

performance. Weight assignments given to each division at the target-setting phase will be applied to the computation of the overall performance rating.

Proposed Process for Service Level Performance Evaluation
 Following the proposed monitoring framework presented in the previous chapter on monitoring, evaluating performance at the service level is first done by perspective before a final performance rating is determined. The steps are shown below:

Figure 5. 3 Service Level Performance Evaluation Process



Step 1

Compile Ratings Garnered for Each Perspective

The various monitoring mechanisms suggested in the previous chapter for measuring performance for every perspective at the service level will pave the way for computing performance ratings for each perspective.

Rate Financial Perspective

For the Financial Perspective

Actual collection performance vs. target is rated as follows:

	Rating scheme	Remarks
Collection	10=Excess of more than 7.5% 8=Excess of more than 1% up to 7.5% 6=Meet goal up to excess of 1% 4=Short by 7.5% or less 2=Short by more than 7.5%	These standards were agreed upon at the Evaluation, Planning and Teambuilding Workshop for LTS top and middle managers, August 11-12, 2005

Rate Tax
Compliance
Perspective

For the Tax Compliance Perspective:

Compute mean tax compliance rate using the worksheets provided. The mean tax compliance rate serves as the final rating of tax compliance at the service level. This will be based on the aggregate overall compliance rate of each sample taxpayer. In order to know the corresponding score of the generated mean tax compliance rate, the rating scheme below can be used as a basis:

	Rating scheme	Remarks	Statistical Measures
Taxpayer Compliance	10=91% to100% 8=81% to 90% 6=71% to 80% 4=61% to 70% 2=60% & Below	Based on aggregated overall compliance rate of each sample TP	Mean compliance rates Median Tax gaps

Compute tax compliance rates by office. Additionally, the mean tax compliance rate can also be computed for each office (RDO), for each industry, and for each tax type. Tabulating data across these demographics will give rise to patterns which may be of great help to planning policies and actions.

Rate Taxpayer
Satisfaction
Perspective

For the Taxpayer Satisfaction Perspective:

Group question items into appropriate index. Before the taxpayer satisfaction rate is computed, the question items are grouped into important indices namely:

- Satisfaction index on information & advisory services
- Satisfaction index on registration & permits processing
- Satisfaction index on filing & payment processing
- Satisfaction index on certification & clearances
- Satisfaction index on assessment & audit
- Satisfaction index on TCC/Refunds
- Integrity index

Run reliability tests on question items. The items which fall under each of these indices are subjected to a reliability analysis. Reliability tests are undertaken to test whether the components of an index are correlated with each other. With the use of reliability analysis, one can then get an overall measure of the repeatability or internal consistency of the index as a whole, and can identify problem items that should be excluded from the index. The Alpha (Chronbach) statistic is a measure used to determine whether the index passes the reliability test. It should exceed the value 0.65 for the index to be considered as reliable.

Compute mean taxpayer satisfaction index. After the items have been subjected to reliability analysis and have passed this test, then the mean taxpayer satisfaction

index can be calculated. The mean taxpayer satisfaction index becomes the final rating of taxpayer satisfaction at the service level. This will be based on the aggregate taxpayer satisfaction rates of each sample taxpayer. In order to know the corresponding score of the generated mean taxpayer satisfaction rate, the rating scheme below can be used as a basis:

	Rating scheme	Remarks	Statistical Measures
Taxpayer Satisfaction	10=91%-100% 8=81% to 90% 6=71% to 80% 4=61%-to 70% 2=60% & Below	Based on aggregated overall satisfaction rating of sample TPs	Reliability analysis of indices; Mean TP satisfaction rates

Compute taxpayer index by demographics. Furthermore, one can also figure out the mean taxpayer satisfaction rate by office (RDO), by major industry, and by tax type. Tabulating data across these background variables will provide a picture of variations (if any) and patterns, which can be a basis for mechanisms to sustain positive perceptions or address negative sentiments of taxpayers.

Rate Process
Improvement
Perspective

For the Process Improvement Perspective:

Compute mean scores using the worksheets provided. The various worksheets designed for each core processes of each of the division will aid in calculating the mean scores. The mean scores of all the core processes of the different divisions becomes the final rating of process improvement at the service level. This will be based on the aggregate scores of pre-determined core processes of the various divisions. **The final rating is inputted in the table in Step 2. Compute the Final Rating.**

	Rating scheme	Remarks	Statistical Measures
Process Improvement	The mean score that is calculated or generated using the worksheet is the final rating for process improvement.	Based on aggregated process improvement scores of pre-determined core processes of every division	Mean scores of turnaround time of pre-determined core processes

Rate Learning
& Growth
Perspective

For the Organizational Learning & Growth Perspective:

Group question items into the two indices. Before employee productivity and satisfaction rates are computed, the question items are grouped into two indices, namely: employee productivity index and employee satisfaction index. The items which fall under each of these indices are subjected to a reliability analysis.

Run reliability tests on question items. Reliability tests are undertaken to test whether the components of an index are correlated with each other. With the use

of reliability analysis, one can then get an overall measure of the repeatability or internal consistency of the index as a whole; and can identify problem items that should be excluded from the index. The Alpha (Chronbach) statistic is a measure used to determine whether the index passes the reliability test. It should exceed the value 0.65 for the index to be considered as reliable.

Compute mean employee satisfaction and productivity indices. After items have been subjected to reliability analysis and have passed this test, then the mean organizational learning and growth index can be calculated. This index becomes the final rating of organizational learning and growth at the service level. They are based on the aggregate overall employee productivity and satisfaction rates of each sample employee. In order to know the corresponding score of the generated mean employee productivity and satisfaction rate, the rating scheme below can be used as a basis:

	Rating scheme	Remarks	Statistical Measures
Organizational Learning and Growth	10=91% to100% 8=81% to 90% 6=71% to 80% 4=61% to 70% 2=60% & Below	Based on aggregated overall employee productivity & satisfaction rates of sample employees	Reliability analysis of indices; Mean employee productivity & satisfaction rates

Step 2

Compute the Final Rating

After generating the various scores for each of the perspectives at the service level, these are placed in a worksheet below to compute for the overall rating at the service level. Appropriate weights have to be applied when deriving the overall rating at the service level.

Perspective	Scores Garnered Per Perspective	Weights	Overall Rating at the service level = _____
Collection		40%	
Taxpayer Compliance		10%	
Organizational Learning And Growth		20%	
Process Improvement		20%	
Taxpayer Satisfaction		10%	

Step 3

Analyze Strengths and Areas for Improvement

Based on the results above, identify strengths and areas for improvement. Analyze the possible causes or explanation for problem areas. Determine priority areas for development and where resources will be focused.

Step 4

Formulate Service Development Plan

Identify strategies to address critical areas for improvement. Some strategies may be translated to new KRA's that may be assigned to one or more divisions or sections

in the next semester. They may also become a new strategic direction to which all divisions and sections must contribute via office-specific initiatives.

Evaluating Performance at the Office Level

Description

The section presents the principles and processes of office evaluation.

Outputs

The outputs of the performance evaluating phase at the office level include:

- Office evaluation results
- Office development plan

Who are Involved?

In evaluating office level performance, the key players and their respective roles and responsibilities include:

DCIR/ ACIR/HREAs	Division chiefs	Section chiefs
Schedule the final office calibration among division chiefs.	Consolidate performance data and prepare the Division Performance Template.	Consolidate performance data and prepare the Section Performance Evaluation Template.
Facilitate the final office calibration session.	Schedule the section and division calibration sessions.	Present section ratings and supporting data at the calibration session.
Review and approve division and section performance ratings.	Facilitate the calibration sessions.	Provide input to the performance evaluation of the division and other sections.
Prioritize and provide the necessary resources for office development plans.	Review and approve section ratings and endorse to LTS top management.	
	Actively participate in the final office calibration among division chiefs, HREAs and DCIR/ ACIR.	

Office Evaluation Key Principles

The office evaluation process adheres to the following principles:

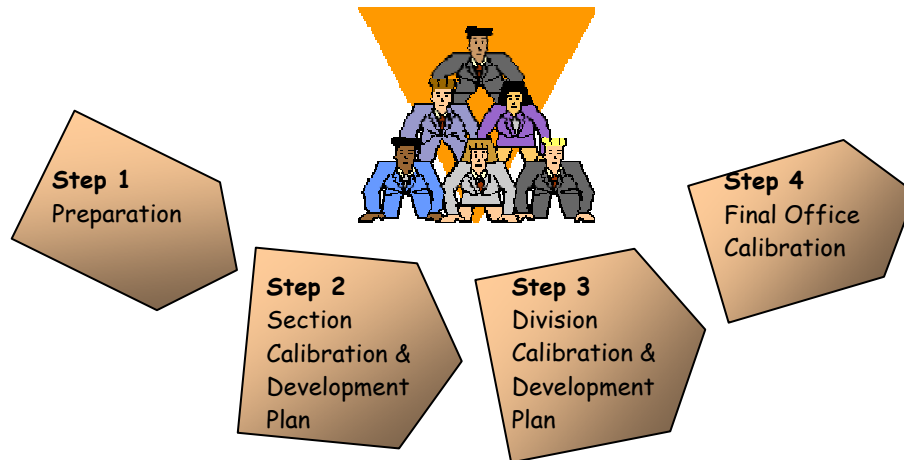
- Treat the **evaluation process as a basis for continuous improvement**. Results of evaluation shall be one of the bases for mapping out the Office Development Plans.

- **Calibrate quantitative ratings based on consensus.** People involved in the calibration should agree with the rating and its bases.
- **Support quantitative/ qualitative ratings with relevant data** gathered through MOV tools. Ratings will only be considered "reliable" only if supported with evidence.

Office Evaluation Process

The office evaluation process consists of a series of calibration sessions at the section and division levels.

Figure 5. 4 Office Level Performance Evaluation Process



Step 1

Preparation

Section chiefs /division chiefs prepare for the section/division level calibrations by doing the following:

- **Generate Office Evaluation and Development Plan Template** through PMIS (see Appendix A for sample). The template will include the objectives, KRA's, measures, targets and MOV's that were determined during target-setting. The columns for Office Evaluation and Office Development Plan will be blank.
- Fill in the column "**Actual Performance**". Compare office level targets and actual performance for the semester.
- Give a quantitative rating per measure of each KRA and fill in the "**Rating**". For more guidance on rating performance, see *Rating Guidelines* in the next section.
- Support each rating with relevant data gathered through the various MOV's you identified during target-setting.
- Fill in the column "**Causes of the Variance**". Identify the reasons for each instance when actual performance is above target or when it is below target.

Analyzing the causes of good or bad performance will provide insights on semester areas of strengths and areas for improvement.

- Based on quantitative and qualitative data, map out a Section / Division Development Plan for the next semester (*see Appendix A for sample*).

Step 2

Section Level Calibrations

Division chiefs shall meet with the section chiefs to determine and calibrate section ratings. Allot one day for this calibration process.

- Each section chief shall present his/her personal rating per measure of each KRA of each objective.
- Based on data presented, the other section chiefs shall give their own rating of each measure. Calibrate section ratings based on consensus.
- Summarize section performance ratings with insights on semester areas of strength and areas for improvement.
- Present the section development plan for next semester.

Step 3

Division Level Calibrations

Division chiefs shall meet again with the section chiefs to determine and calibrate the division ratings. Allot another day for this process.

- The same as the section level rating process, compare division targets with actual accomplishments of the division as a whole. Remember what is being measured at this level should be outputs.
- This time the division chief leads the rating of the division. Additional relevant supporting data shall be presented to complement and enhance the section level data and supporting evidence.
- The rating process shall be based on consensus.
- Summarize division performance ratings with insights on semester areas of strength and areas for improvement.
- Present the Division Development Plan for the next semester.

Final Office Calibration

Step 4

Division chiefs shall meet with the LTS top management to present and finalize performance ratings and development plans. Allot 1 to 2 days for this process.

- All LTS top and middle managers are provided copies of the results of the calibration sessions at the section and division levels.
- Each division chief presents the highlights of the semester performance evaluation, including areas of strengths and areas for improvement, and the office development plan.

- The DCIR/ ACIR, HREAs and other division chiefs give comments, provide inputs, ask questions, confirm data, and validate ratings.
- It is important to pay special attention to KRA's in which there are interdependencies among offices to ensure that these KRA's are rated accurately.
- Calibrate final ratings through consensus.
- Each division chief seeks approval of Office Development Plan from LTS top management and gets commitment on the necessary support for the implementation of the plan.

Rating Guidelines

Rating Standards

The rating standards for office performance evaluation follows the CSC-based rating standards as prescribed in RMO 29-2004. In most cases, they are the default rating schemes. Only in situations where these standards are not applicable or unrealistic, e.g., collection performance, can other ratings schemes be proposed. Any new rating scheme must still align or be consistent with CSC standards (see also section on *Formulating Customized Rating Standards* below).

In the course of the coaching sessions on office level target-setting and the mock evaluation of the first semester performance in LTS, variations of the CSC-based rating standards were proposed. The tables below show both the prescribed rating standards and the proposed standards.

Table 5. 1 PRESCRIBED AND PROPOSED RATING STANDARDS FOR TIMELINESS AND QUANTITY

Numerical Rating	Timeliness (RMO 29-2004)	Quantity (RMO 29-2004)	Collection Performance (proposed)	TP Compliance on EFPS (proposed)
10	Task completed within $\frac{1}{2}$ of the time required to finish it.	Target or quota exceeded by 50% or more	Exceeded target by more than 7.5%	100% TP compliance
8	Task completed within $\frac{2}{3}$ of the time required to finish it.	Target or quota exceeded by 25% - 49%	Exceeded target by more than 1% up to 7.5%	90% up to less than 100% TP compliance
6	Task completed on the deadline.	Target or quota accomplished as planned	100% of target was met or exceeded by up to 1%	80% up to less than 90% TP compliance
4	Task partially completed at the deadline.	Only 60% - 95% of target or quota accomplished	Below target by less than 7.5%	70% up to less than 80% TP compliance
2	Task not yet begun at expected date of completion.	Less than 60% of target or quota accomplished	Below target by 7.5% or more	Less than 70% TP compliance

Table 5. 2 Prescribed and Proposed Rating Standards for Quality

Numerical Rating	Quality of Written Work (RMO 29-2004)	Quality of Non-written Work (RMO 29-2004)	Quality of Outputs (proposed)	Quality of Recommendations/ Analysis (proposed)
10	No error. Clearly presented and well-organized. Every aspect of assignment	Excellent results. All aspects of work assignment thoroughly covered.	100% of outputs with no error (or 0% of outputs with error)	90-100%
8	1-3 errors. Clearly presented and well-organized.	One or two minor errors in the execution of work assignment. Results still very good.	90-99.99% of outputs with no error (or up to 10% of outputs with error)	80-89%
6	4-7 errors. Report in accordance with instructions. Minor revision needed.	More than two minor errors or deficiencies in the execution of work assignment. Results are acceptable.	80-89.99% of outputs with no error (or between 10-20% of outputs with error)	70-79%
4	8-10 errors. Major revision needed.	More than two major errors or deficiency that can be overcome with help/ assistance from supervisor.	70-79.99% of outputs with no error (or between 20-30% of outputs with error)	60-69%
2	Work not acceptable. Needs total revision.	Haphazard or careless execution of work assignment. Unacceptable results.	Less than 70% of outputs with no error (or more than 30% of outputs with error)	59% and below
Notes			Examples of outputs that will be measured using these standards: ATRIG; permits; PN, FN, AN. The criteria for determining what would count as error are pre-defined by the concerned office.	To be used when KRA's are measured with 100% as the highest possible score. Examples: issuances, analysis of collection reports, audit reports. These outputs are rated based on Quality Scorecards containing weighted criteria pre-determined by the concerned office.

While in most cases, meeting a set target would merit a rating of "6", there are some exceptions. RMO 29-2004 (VI, E) states:

"...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."

Formulating Customized Rating Standards

New rating schemes may be proposed for measures where existing standards are not applicable. These new rating schemes must be formulated at the beginning of the performance period and should be presented to and approved by LTS top management, and the Performance Management Review Committee, if the rating standards would also apply to individuals.

To maintain consistency, new rating schemes must follow these guiding assumptions for each rating level:

Table 5. 3 Guiding Assumptions Underlying Rating Standards

Guiding Assumptions				
Rating	Actual Performance vs. Target/ Standard	Impact of Performance	Consistency/ Quality of Performance	Comparability of Performance with other offices with similar functions
10	<ul style="list-style-type: none"> ▪ Well above target/standard ▪ Far exceeds expectations 	<ul style="list-style-type: none"> ▪ Performance has a fundamental input or contribution to the accomplishment of overall organizational objectives. ▪ Performance has significant impact outside of own office/ organization. 	<ul style="list-style-type: none"> ▪ Always/ consistently reaches high standards; not fluctuating. ▪ Accuracy and thoroughness of work are exceptional. 	<ul style="list-style-type: none"> ▪ Rare, high-quality performance
8	<ul style="list-style-type: none"> ▪ Above target/standard ▪ Exceeds expectations 	<ul style="list-style-type: none"> ▪ Performance has significant contribution in critical organizational objectives 	<ul style="list-style-type: none"> ▪ Unusually good performance is almost always/ frequently shown. ▪ Thoroughness and accuracy of work are reliable 	<ul style="list-style-type: none"> ▪ Performance is above average
6	<ul style="list-style-type: none"> ▪ Fully Meets target/ standard ▪ Achieves all expectations ▪ Work outputs fully meet the requirements 	<ul style="list-style-type: none"> ▪ Performance contributes positively to the organization 	<ul style="list-style-type: none"> ▪ Good, solid performance ▪ Sound, acceptable quality of work 	<ul style="list-style-type: none"> ▪ Performance represents a level of accomplishment expected of a great majority of offices/ employees
4	<ul style="list-style-type: none"> ▪ Below target/ standard ▪ Meets most expectations ▪ There are some 	<ul style="list-style-type: none"> ▪ While demonstrating some positive contributions to the organization, 	<ul style="list-style-type: none"> ▪ Performance is inconsistent and deficiencies affect acceptability of 	<ul style="list-style-type: none"> ▪ Performance is marginal/ somewhat below average

Guiding Assumptions				
Rating	Actual Performance vs. Target/ Standard	Impact of Performance	Consistency/ Quality of Performance	Comparability of Performance with other offices with similar functions
	concerns regarding particular key targets	shows notable deficiencies	outputs	
2	<ul style="list-style-type: none"> ▪ Far below standard ▪ Fails to meet expectations ▪ Performance is unacceptable/ not adequate as expected ▪ Poorest level of performance against targets 	<ul style="list-style-type: none"> ▪ Poor performance put the organization at risk in meeting its targets 	<ul style="list-style-type: none"> ▪ Performance always has deficiencies/ fall short of requirements 	<ul style="list-style-type: none"> ▪ Performance is clearly below average

An example of a customized set of rating standards is LTAD I's proposed rating scheme for one of its KRA's, "[written] replies to TP queries". The quality standards are detailed below:

Table 5. 4 LTAD I Rating Standards for Quality of Written Replies to TP Queries

Numerical Rating	Step 1: Check for major errors	Step 2: Check for minor errors
10	No major error	No error
8	No major error	1-3 minor errors
6	No major error	4-7 minor errors
4	1 major error	8-10 minor errors
2	More than 1 major error	More than 10 minor errors
General Guidelines: <ul style="list-style-type: none"> ✓ Each letter will be rated ✓ At the end of the semester, ratings will be averaged ✓ Definition of errors for letters: <ul style="list-style-type: none"> Major errors <ul style="list-style-type: none"> ▪ Incorrect legal and/ or factual basis ▪ Content of reply not responsive to TP issue Minor errors <ul style="list-style-type: none"> ▪ Typographical error ▪ Grammatical error 		

Overall Performance Ratings

Use the following table to convert numerical to descriptive overall rating.

Table 5. 5 Proposed Overall Performance Rating Conversion Table

Overall Rating	Descriptive Rating
8.44 to 10.00	Outstanding
6.83 to 8.43	Very Satisfactory
5.21 to 6.82	Satisfactory
3.61 to 5.20	Unsatisfactory
2.00 to 3.60	Poor

It must be noted that the rating intervals in the above table differ from those prescribed in RMO 29-2004 (*see Appendix B for the rationale for this proposed conversion table*).

Annual Consolidation of Performance Ratings

For purposes of rewards, semestral performance ratings need to be consolidated on an annual basis. The following are guidelines for consolidating these ratings:

- In general, get the average of the overall performance ratings for the first and second semesters of the year. The resulting average will be the individual's annual performance rating.
- For collection targets, the following guidelines apply:
 - For the first semester, performance against the target for the first six months, or January to June, will be rated.
 - For the second semester, performance against the target for the whole year or, January to December, will be rated.

Evaluating Performance at the Individual Level

Description

Individual performance evaluation follows after office performance has been rated. Performance Evaluation at the individual level serves multiple purposes:

- Provides an opportunity for employees and their managers to assess what worked well and what has not, as well as what was learned.
- Facilitates improved job performance through a comprehensive review of past performance.
- Offers an opportunity for employees to discuss and obtain assistance in resolving job-related obstacles to success.

Outputs

The outputs of the performance evaluation at the individual level are:

- Completed Individual Performance Evaluation Form
- Completed Individual Development Plan

Who are Involved?

The key players in individual performance evaluation include: the *Raters* who are typically the managers and supervisors who are responsible for rating the performance of employees, who in turn are referred to as the *Ratees*. More specifically, the table below identifies ratees and their corresponding raters. This table is largely based on RMO 29-2004 with slight modifications based on LTS practices.

Ratees	Raters
Staff	Section chief
Section chief	Assistant division chief
Assistant division chief	Division chief
Division chief	HREA/DCIR/ ACIR
Service staff	HREA/ DCIR/ ACIR
HREA	DCIR/ ACIR

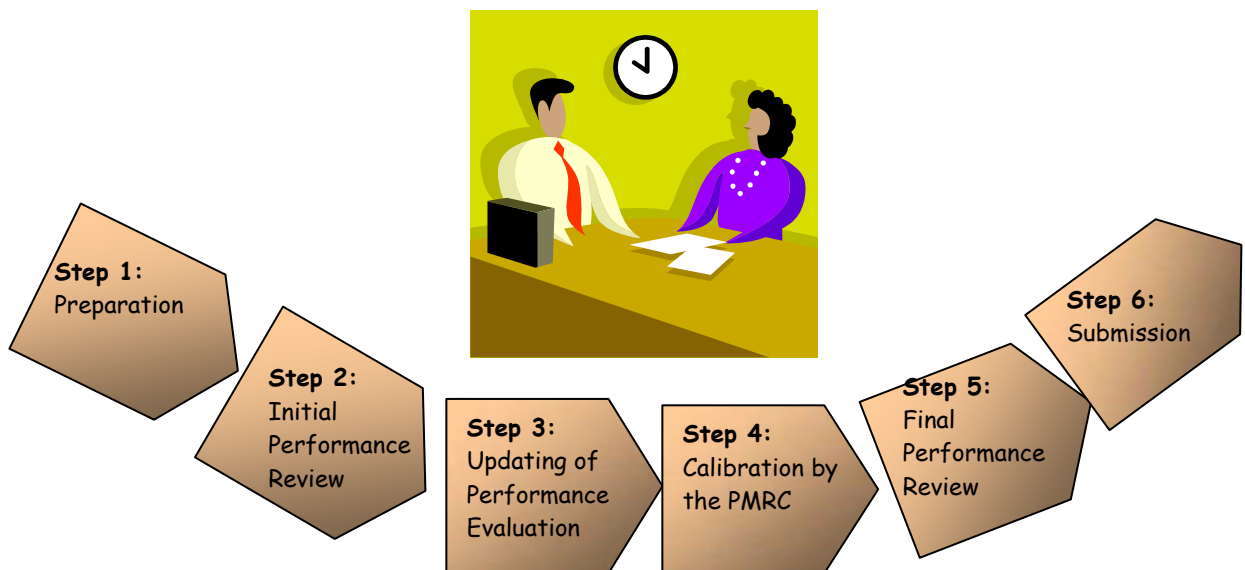
To ensure a productive performance evaluation process, here are some roles and responsibilities of key players, including the Performance Management Review Committee (PMRC) as mandated in RMO 29-2004:

Raters	Ratees	PMRC
<p>Compile the data you collected over the semester to support performance ratings.</p> <p>Schedule performance evaluation meeting.</p> <p>Prepare for the performance evaluation meeting.</p> <p>Submit all necessary performance management documents to HRDS.</p>	<p>Prepare for the performance evaluation meeting.</p> <p>Consider any revisions need to key result areas and targets for the next semester.</p>	<p>Schedule and complete the review and approval of rating not later than 15 days after office/units have submitted the accomplished PMS form.</p> <p>Review and approve new rating schemes.</p> <p>Conduct hearings or dialogues, if necessary, for manager or employee to defend ratings. (see RMO 29-2004 for more information on the role of the PMRC in performance evaluation)</p>

Process

The steps in evaluating performance are as follows:

Figure 5. 5 Individual Performance Evaluation Process



Step 1**Preparation**

To prepare for the Performance Review session, the rater and ratee separately:

- Reviews the Individual Performance Contract.
- Using the Individual Performance Evaluation and Development Plan (IPEDP) Template generated from PMIS, prepare an initial assessment of the employee's performance over the semester (a self-assessment on the part of employee). See section on *Completing the Individual Performance Evaluation*.
- Prepare also an initial assessment of applicable behavioral dimensions.
- Encode these initial assessments in PMIS.
- Formulate initial development plan by completing the Individual Development Plan. See section on *Formulating the Individual Development Plan*.

Step 2**Initial Performance Review Session**

The rater and ratee meet to review and compare assessments and initially agree on performance ratings. Allot 30 minutes to an hour for this discussion.

- Review each target and compare ratings and supporting data on actual performance. Acknowledge similarities, and discuss and clarify differences.
- Arrive at a consensus on initial ratings.
- Discuss and agree on the Individual Development Plan.
- Take down notes on any modifications and agreements.

Step 3**Updating of Performance Evaluation**

The updated evaluation may be prepared by the rater or the ratee. However, it is still the responsibility of the rater to ensure the correctness of the performance evaluation. This step involves the following:

- Integrate performance data from both rater and ratee.
- Indicate agreed ratings.
- Update data on PMIS.
- Update Individual Development Plan
- Print out formal individual performance evaluation and development plan form and attach supporting data or documents, if any.

Step 4**Calibration by the PMRC**

Rater presents the evaluations of all of his/her employees to the PMRC for review and deliberation. This is a necessary step to ensure horizontal alignment of ratings; that is, seeing to it that ratings of comparable performance in similar jobs across LTS offices are standardized.

- Rater presents the evaluation of each of his/her employees and provides the necessary supporting data.
- PMRC members check ratings for consistency with other offices to ensure equity and fairness.
- PMRC members seek additional information/ explanation as needed and provide opportunity for rater and/or employees to defend ratings.
- Rater presents Individual Development Plans.
- PMRC members approve the Performance Evaluation and Individual Development Plans.

Step 5**Final Performance Review Session**

The purpose of this session is to communicate to the employee the final rating approved by the PMRC.

- Rater meets formally with the ratee to discuss finalized performance ratings and development plan.
- Rater and ratee sign the completed IPEDP Form.
- Rater and ratee discuss or schedule the discussion of the ratee's key result areas, measures, and targets for the next semester.

Step 6**Submission**

- The rater then submits the completed IPEDP Form to the PMRC for final review and approval.
- The rater submits the approved IPEDP to HRDS.

Completing the Individual Performance Evaluation

The first 7 columns of IPEDP contain the same information as the Individual Performance Contract agreed upon at the beginning of the semester. They include the objectives and objective weights, KRA's and KRA weights, measures and measure weights, and targets. Next to these columns is the section on Individual Performance Evaluation (*see sample in Appendix C*).

To complete the Individual Performance Evaluation section of the template, the following columns need to be filled in:

Actual Performance

Actual results vis-à-vis planned targets are described in this column.

Rating

Each measure is rated using the prescribed rating standards. All ratings must be supported by data or evidence found in identified MOV tools (*see section on Rating Guidelines*).

Causes of the Variance

When the actual performance is above or below the target, analyze the reasons for such a performance. This analysis will provide insights on the individual's strengths and areas for improvement.

Rating Guidelines

In addition to the rating guidelines presented in the preceding section on Office Performance Evaluation, other guidelines applicable to individual level performance are explained below.

Components of the Overall Performance Rating

The Overall Performance Rating is calculated based on three components with corresponding weights as shown in the example below.

Table 5. 6 Sample Performance Contract Components

Rank and File Performance Contract	Weight	Weight
Section level office performance	30%	70%
Individual performance	40%	
Behavioral dimensions		30%

As mentioned in the chapter on Target-Setting, the weight for each component varies from office to office based on the agreements made at a workshop with the division chiefs, HREAs and DCIR on June 24, 2004. The agreements on weights are shown below. These weight assignments should have been encoded in PMIS during the target-setting phase.

Table 5. 7 Weight Assignments for Components of Individual Performance Contracts

Office	Position	Performance Contract Components		
		Office Performance	Individual Performance	Behavioral Dimensions
LTS	DCIR/ ACIR	70%	30%	NA
	HREA-Regular	70%	30%	NA
	HREA-Excise	60%	40%	NA
	HREA-Enforcement and Administration	70%	30%	NA
	Rank and File	20%	50%	30%

Office	Position	Performance Contract Components		
		Office Performance	Individual Performance	Behavioral Dimensions
LTAD 1	Division chief	40%	30%	30%
	Assistant division chief	40%	30%	30%
	Section chief	40%	30%	30%
	Rank and File	30%	40%	30%
LTAD 2	Division chief	35%	35%	30%
	Assistant division chief	35%	35%	30%
	Section chief (A)	50%	20%	30%
	Section chief (B)	40%	30%	30%
	Rank and File	20%	50%	30%
LTAID 1	Division chief	35%	35%	30%
	Assistant division chief	35%	35%	30%
	Section chief	50%	20%	30%
	Group supervisor	20%	50%	30%
	Rank and File	20%	50%	30%
LTAID 2	Division chief	35%	35%	30%
	Assistant division chief	35%	35%	30%
	Section chief	50%	20%	30%
	Group supervisor	20%	50%	30%
	Rank and File	20%	50%	30%
LTFOD	Division chief	40%	30%	30%
	Assistant division chief	40%	30%	30%
	Section chief	40%	30%	30%
	Group supervisor	10%	60%	30%
	Rank and File	10%	60%	30%
LTCED	Division chief	40%	30%	30%
	Assistant division chief	40%	30%	30%
	Section chief	40%	30%	30%
	Rank and File	30%	40%	30%
LTDPOAD	Division chief	35%	35%	30%
	Assistant division chief	35%	35%	30%
	Section chief	50%	20%	30%
	Rank and File	20%	50%	30%
LTPD	Division chief	40%	30%	30%
	Assistant division chief	35%	35%	30%
	Section chief	50%	20%	30%
	Rank and File	20%	50%	30%
LTD0-	Division chief	35%	35%	30%

Office	Position	Performance Contract Components		
		Office Performance	Individual Performance	Behavioral Dimensions
Makati				
	Assistant division chief	35%	35%	30%
	Section chief - CES	40%	30%	30%
	Section chief - AS	40%	30%	30%
	Section chief - QAS	50%	20%	30%
	Section chief - TAS	40%	30%	30%
	Rank and File - CES	30%	40%	30%
	Rank and File - AS	30%	40%	30%
	Rank and File - QAS	20%	50%	30%
	Rank and File - TAS	20%	50%	30%
LTDO-Cebu	Division chief	40%	30%	30%
	Assistant division chief	40%	30%	30%
	Section chief	40%	30%	30%
	Group supervisor	20%	50%	30%
	Rank and File	20%	50%	30%

Rating Standards

In general, the CSC-based rating standards as prescribed in RMO 29-2004 are followed (*see pp. 5-15 to 5-16 in previous section for more information on Rating Standards*).

Formulating Customized Rating Standards

New rating schemes may be proposed for measures where existing standards are not applicable. These new rating schemes must be formulated at the beginning of the performance period and should be presented to and approved by the PMRC. As discussed in the previous section on office evaluation, any new rating schemes must be consistent with the Guiding Assumptions Underlying the Rating Standards shown below with an additional assumption that this is applicable to the individual level.

Guiding Assumptions					
Rating	Actual Performance vs. Target/ Standard	Impact of Performance	Consistency/ Quality of Performance	Comparability of Performance with others in same position/ similar function	Application of Knowledge and Skills
10	<ul style="list-style-type: none"> Well above target/standard Far exceeds expectations 	<ul style="list-style-type: none"> Performance has a fundamental input or contribution to the accomplishment of overall organizational objectives. Performance has significant impact outside of own office/ organization. 	<ul style="list-style-type: none"> Always/ consistently reaches high standards; not fluctuating. Accuracy and thoroughness of work are exceptional. 	<ul style="list-style-type: none"> Rare, high-quality performance 	<ul style="list-style-type: none"> Application of knowledge and skills goes beyond what is expected Uses knowledge and skills to create breakthroughs, innovations, or new standards of performance
8	<ul style="list-style-type: none"> Above target/standard Exceeds expectations 	<ul style="list-style-type: none"> Performance has significant contribution in critical organizational objectives 	<ul style="list-style-type: none"> Unusually good performance is almost always/ frequently shown. Thoroughness and accuracy of work are reliable 	<ul style="list-style-type: none"> Performance is above average 	<ul style="list-style-type: none"> Application of knowledge and skills is clearly above average
6	<ul style="list-style-type: none"> Fully meets target/ standard Achieves all expectations Work outputs fully meet the requirements 	<ul style="list-style-type: none"> Performance contributes positively to the organization 	<ul style="list-style-type: none"> Good, solid performance Sound, acceptable quality of work 	<ul style="list-style-type: none"> Performance represents a level of accomplishment expected of a great majority of offices/ employees 	<ul style="list-style-type: none"> Effective application of knowledge and skills
4	<ul style="list-style-type: none"> Below target/ standard Meets most expectations There are some concerns regarding particular key targets 	<ul style="list-style-type: none"> While demonstrating some positive contributions to the organization, shows notable deficiencies 	<ul style="list-style-type: none"> Performance is inconsistent and deficiencies affect acceptability of outputs 	<ul style="list-style-type: none"> Performance is marginal/ somewhat below average 	<ul style="list-style-type: none"> Somewhat ineffective application of knowledge and skills
2	<ul style="list-style-type: none"> Far below standard Fails to meet expectations Performance is unacceptable/not adequate as expected Poorest level of performance against targets 	<ul style="list-style-type: none"> Poor performance put the organization at risk in meeting its targets 	<ul style="list-style-type: none"> Performance always has deficiencies/ fall short of requirements 	<ul style="list-style-type: none"> Performance is clearly below average 	<ul style="list-style-type: none"> Ineffective application of knowledge and skills

Rating Intervening/ Unplanned Assignments

Within a semester, there could be additional assignments outside of those agreed upon during the target-setting phase. These intervening or unplanned assignments may be:

- Credited as a critical incident to support ratings on behavioral dimensions. The intervening assignment must therefore be documented in the S/TAR format.
- Added on as a new KRA if it becomes a substantial portion of the employee's work or its impact on the organization is significant. This implies a modification of the Individual Performance Contract. The intervening assignment can then be rated as you would a regular KRA.

Other guidelines on intervening/ unplanned assignments include:

- Changes to the Individual Performance Contract may be made at any time as long as they are presented to, reviewed, and approved by the PMRC.
- Changes in the Individual Performance Contract shall no longer be allowed one (1) month before the end of the semester.

Rating Behavioral Dimensions

Ratings on behavioral dimensions must be supported by documented critical incidents or S/TARs. Here are some guidelines:

- Support ratings other than a "6" with at least 2 S/TARs.
- A S/TAR must be complete.
- A S/TAR must be categorized according to the behavioral dimension it best represents. No "double counting", that is, a critical incident may be credited only under one dimension.

The documentation of S/TARs will be attached to the final IPEDP to be submitted to the PARC and HRDS.

Overall Performance Ratings

Use the following table to convert numerical to descriptive overall rating.

Table 5. 8 Proposed Overall Performance Rating Conversion Table

Overall Rating	Descriptive Rating
8.44 to 10.00	Outstanding
6.83 to 8.43	Very Satisfactory
5.21 to 6.82	Satisfactory
3.61 to 5.20	Unsatisfactory
2.00 to 3.60	Poor

It must be noted that the rating intervals in the above table differ from those prescribed in RMO 29-2004 (*see Appendix B for the rationale for this proposed conversion table*).

For purposes of rewards and recognition, a forced ranking approach is adopted as follows:

Table 5. 9 Forced Ranking Table

Rank	Description
Top 10%	High
Upper middle 10%	Moderately High
Middle 60%	Middle
Lower Middle 10 %	Moderately Low
Bottom 10%	Low

Only those employees who are in the top 10% and upper middle 10% will be eligible for promotion.

Formulating the Individual Development Plan

Planning the employee's performance development is done soon after individual performance evaluation. The Individual Development Plan is the last section of the IPEDP (*shown in Appendix C*).

Steps in Development Planning

1. After analyzing the causes of the variance in actual performance versus the targets, determine priority areas for improvement that need to be addressed in the coming semester.
2. Once these have been identified, the ratee and rater agree upon, and formally articulate, an Individual Development Plan.
3. The following columns in the Individual Development Plan section are filled out:
 - Area for Improvement*
What is the specific skill or competency you want to develop in order to improve your performance?
 - Benefit*
Why is it important to improve your skill or competency in this area?
 - Measures/Targets*
How will you determine whether you actually made a significant improvement in this area? What yardstick will you use to judge your success?
 - Action Plan/ Timeframe/ Support Needed*
What steps will you take to address your area for improvement and by when?
What support or resources do you need?
4. Submit the completed Individual Development Plan along with the Individual Performance Evaluation to the PMRC for review and approval of any request for budget or resources to support the action plan.
5. At the end of the next performance period, the outcome of the performance development plan is reviewed.

The Appeal Process

RMO 29-2004 (VII) already provides for a mechanism of appeal which applies to the LTS. It has the following provisions:

"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."

Policy Implications

Here are some policy implications for performance evaluating stage of the LTS-PMS:

Service Level Performance Evaluation

- There is a need for LTS to get the commitment of ISG and other offices that supply the data required for indices. Close coordination with them means clearly identifying and formally communicating the data needs of LTS and agreeing on the regular schedule in which the data are delivered to LTS.
- Performance evaluation at the service level should precede LTS strategic planning. The evaluation results should shape future long- and short-term strategies.
- There is a need to provide for regular budget, whether sourced internally or through sponsors, for conducting the proposed surveys so that they are done yearly.

Office Level Performance Evaluation

- Office evaluation is top management-driven. DCIR/ ACIR and HREAs need to ensure that this process is implemented in a timely and meaningful manner.
- There is a need to institutionalize the office evaluation and calibration processes through an operations memo so that it is made a regular management activity every semester.

Individual Level Performance Evaluation

- There is a need to formalize (through an operations memo?) the following elements of LTS-PMS which are not covered in the existing BIR-PMS governed by RMO 29-2004:
 - a. The "shared goal" concept and the inclusion of the "tax collection" objective in everyone's performance contract.

- b. Addition of the Office Performance component to the factors determining overall performance ratings.
- c. The use of weights for objectives, KRA's, and measures.
- d. The use of a different (but parallel) form for PMS.
- e. The adoption of modified rating ranges for the Overall Performance Rating.
- f. The adoption of proposed rating schemes.
- g. The formulation of Individual Development Plans and the provision of resources required to implement them.

It should be noted that the LTS-PMS is by and large consistent with the provisions of BIR-PMS.

Areas for Improvement

Service PMS

- Pilot-test proposed process and tools. This is the only way to gauge the appropriateness of the suggested service outcome measures.

Office PMS

- Calibration sessions may include a process for cross-functional evaluation. This is a process where offices with interdependencies can rate and give feedback to each other.

Individual PMS

- Strengthen developmental orientation of LTS-PMS. Partly due to lack of resources/ budget, employee development is not given due priority. Alternative sources of funding, such as foreign funding agencies, should be explored.
- Review and redefine behavioral dimensions, and align them with strategic goals. Possible competencies to be considered are: teamwork to reinforce the shared goal concept; innovation to instill quality consciousness and continuous improvement mindset; integrity to emphasize transparency and accountability; taxpayer focus to foster sensitivity and responsiveness to varying needs of taxpayers, and to support compliance strategies.
- Rating standards should be reviewed regularly and adjusted as performance trends are established. External benchmarks should also be considered in order to set challenging standards and attain higher levels of excellence.
- Continually identify and address process and systems issues that affect individual performance and are beyond the control of individuals. For instance, the burden of manually tracking the processing of applications and transactions as part of MOV's can be greatly eased by automation, and can free individuals to focus on more value-adding activities.

Appendices

A. Sample Office Performance Evaluation and Development Form

**LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS COLLECTION ENFORCEMENT DIVISION
PERFORMANCE MEASUREMENT**

OFFICE PERFORMANCE CONTRACT								OFFICE EVALUATION			OFFICE DEVELOPMENT PLAN					
OBJECTIVE	WEIGHT	KRA	WEIGHT	MEASURE	WEIGHT	TARGET	MEANS OF VERIFICATION	ACTUAL	RATING	CAUSES OF THE VARIANCE	PRIORITY (H,M,L)	COURSES OF ACTION	WHO WILL TAKE ACTION	BY WHEN?	SUPPORT NEEDED	FROM WHOM
Increase Tax Collection	40%															
		1.1 LTS Shared Gd	37.5%	% of excess in collection target	30%											
		1.2 Collection from Delinquent Accounts	62.5%	% of excess in collection target	70%	P77M or 18% more of previous year's collection	Monthly Collection Report	P398,731,413.88 or 600% more of previous years collection	10	pursued execution of administrative and summary remedies; collection of special cases, e.g., LBP scam						

**LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS COLLECTION ENFORCEMENT DIVISION
PERFORMANCE MEASUREMENT**

OFFICE PERFORMANCE CONTRACT								OFFICE EVALUATION			OFFICE DEVELOPMENT PLAN							
OBJECTIVE	WEIGHT	KRA	WEIGHT	MEASURE	WEIGHT	TARGET	MEANS OF VERIFICATION	ACTUAL	RATING	CAUSES OF THE VARIANCE	PRIORITY (H,M,L)	COURSES OF ACTION	WHO WILL TAKE ACTION	BY WHEN?	SUPPORT NEEDED	FROM WHOM		
Improve TP Compliance	20%																	
				2.1.1 No. of Validated & Reconciled TP accounts on TRS	30%	400 Taxpayers validated	Monthly Accomplishment Reports	450 taxpayers validated	6				status quo awaiting complete automation - SAWT and MAP	CRRS	for piloting in 1st sem 2006		ISG	
			2.1 Monitoring & Reconciliation System	25%	2.1.2 Timely & accurate reconciliation of AAB-BCS vs CRDC	30%	12 EFPS Accredited Banks reconciled	Monthly Accomplishment Reports	12 EFPS Accredited Banks reconciled	6				status quo awaiting automation of CRDC through eITS	CRRS	for piloting in 1st sem 2006		ISG
					2.1.3 Timely & accurate reconciliation / matching of E-filing & E-payment of data	40%	Unpaid tax dues per return identified within 15 days after the end of the month	Monthly Accomplishment Reports	Unpaid tax dues per return identified within 15 days after the end of the month	6				status quo awaiting automation of reconciliation through eITS	CMS	for piloting in 1st sem 2006		ISG
			2.2 Monitoring OF Stop / Non-filers	25%	Timely indorsement to concerned division	100%	List indorsed within 3 days after discovery	Weekly Accomplishment Report	1 day	10	strict weekly monitoring			implementation of e-correspondence	CMS, CRRS	2nd semester?		ISG
			2.3 Intensify execution of administrative and summary remedies	50%	2.3 Timely issuance of collection letters, FNBS, WDL and WG	20%	Collection letters issued within 10 days	History Index Cards	Collection letters issued within 10 days	6				roll-out of ARS through eITS	all sections	next year		ISG

**LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS COLLECTION ENFORCEMENT DIVISION
PERFORMANCE MEASUREMENT**

OFFICE PERFORMANCE CONTRACT								OFFICE EVALUATION			OFFICE DEVELOPMENT PLAN					
OBJECTIVE	WEIGHT	KRA	WEIGHT	MEASURE	WEIGHT	TARGET	MEANS OF VERIFICATION	ACTUAL	RATING	CAUSES OF THE VARIANCE	PRIORITY (H,M,L)	COURSES OF ACTION	WHO WILL TAKE ACTION	BY WHEN?	SUPPORT NEEDED	FROM WHOM
Meet TP needs	20%															
		3.1 Issuance of Tax Debit Memo (TDM)	25%	3.1 Timely processing of TDM	100%	TDM processed 15 days after receipt of application	routing slips	TDM processed 15 days after receipt of application	8							
		3.2 Issuance of Delinquency Verification Certificate	25%	3.2 Accurate and timely issuance of Delinquency Verification Certificate	100%	Delinquency Verification Report issued within 15 days after receipt of request	Logbook	Delinquency Verification Report issued within 10 days after receipt of request	8	regular tracking of documents from receipt to last action taken		automation of delinquency verification through e-correspondence	CMS	2nd semester?		ISG
		3.3 Evaluation of Applications for Compromise Settlement	10%	3.3 Prompt and timely evaluation of applications for compromise settlement	100%	Applications evaluated within 60 days after receipt	Logbook	Applications evaluated within 60 days after receipt	6			follow-up request for additional reviewers who know how to write recommendations	Division Chief	immediately	approval	LTS Management
		3.3 Evaluation of Applications for Abatement of Penalties	20%	3.3 Prompt and timely evaluation of applications for abatement of penalties	100%	Applications evaluated within 30 days after receipt	Logbook	Applications evaluated within 15 days after receipt	10	creation of LTS sub-technical working committee for abatement						
		3.4 Processing of DST Retirement & Transfer	10%	3.4 Accurate and timely processing of applications for retirement and transfer of DSEIM	10%	Application for retirement or transfer of DSEIM served within 3 days after receipt	Logbook	Application for retirement or transfer of DSEIM served within 3 days after receipt	6							
		3.5 Response to written TP Queries	10%	3.5 Prompt written response to TP queries	10%	within 15 days	Logbook; Excel tracking worksheet	within 10 days	8			track phone queries in second semester; record book/ logbook at every phone	admin unit	immediately	supplies	GSD

**LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS COLLECTION ENFORCEMENT DIVISION
PERFORMANCE MEASUREMENT**

OFFICE PERFORMANCE CONTRACT								OFFICE EVALUATION			OFFICE DEVELOPMENT PLAN					
OBJECTIVE	WEIGHT	KRA	WEIGHT	MEASURE	WEIGHT	TARGET	MEANS OF VERIFICATION	ACTUAL	RATING	CAUSES OF THE VARIANCE	PRIORITY (H,M,L)	COURSES OF ACTION	WHO WILL TAKE ACTION	BY WHEN?	SUPPORT NEEDED	FROM WHOM
Improve Processes and Information Management	10%															
		4.1 Submission of Regular/periodic management reports	50%	4.1 Timely and accurate submission of Regular/periodic management reports	70%	Monthly Accomplishment Report submitted within 10 days after the end of the month	Logbook	Monthly Accomplishment Report submitted within 10 days after the end of the month	6		follow-up request for additional manpower to focus on reports for the entire division	Division Chief	immediately	approval	LTS-management	
		4.2 Recording and tracking of accounts receivable cases	50%	4.2 Accurate and timely recording and tracking of accounts receivable cases	30%	100% of documents received are recorded	History Index Card	100% of documents received are recorded	6		roll-out of ARS through eITS					

Enhance Employee Learning and Growth	10%															
		Rewards and recognition system institutionalized	40%	Extent to which high performers are rewarded	100%	monthly recognition of top collector; 100% attendance and most puntual	Minutes of meeting	monthly recognition of top collector; 100% attendance and most puntual	6		establish award for outstanding section chief; best section performance	Division and Assistant Division Chief	30-Jul-05	financial award	LTS	
		Improved organizational communication	20%	Regularity of division staff meetings	100%	weekly	Minutes of meeting	weekly	6							
		Training and Development	40%	Conduct of training for staff	100%	weekly updates on latest revenue issuances	Minutes of meeting	weekly updates on latest revenue issuances	6		follow-up long standing request for training on delinquent account management	Division Chief	on or before August 31, 2005	approval	LTS management	

B. Suggested Score Ranges for the Overall Performance Rating

The score garnered for each KRA of each division, office, or individual is based on an ordinal scale of 2, 4, 6, 8, and 10. Such a scale has four (4) steps up the rating ladder [2 to 4=1st step; 4 to 6 = 2nd step; 6 to 8 = 3rd step; 8 to 10 = 4th step].

In order to come up with an overall performance rating, the scores for each KRA are multiplied by the weight assignments determined during the coaching sessions (?). The overall performance score of a division, office, or individual therefore turns into an interval data because of the application of the weights on an originally ordinal scale of scores.

One is now dealing with data in an interval scale and the range of scores assigned for each rating scale (otherwise referred to as 'class intervals') have to be determined since overall computed scores will no longer be ordinal in nature. As much as possible, equal sizes of the class intervals have to be maintained in order to make the computation of the "mean" scores (average or measures of central tendencies of the data) meaningful.

To compute for class interval sizes, we subtract the lower limit of the scores from the upper limit and divide this by the number of steps in the rating scale. Thus, this translates to:

$$\frac{9.99 \text{ (upper limit)} - 2.10 \text{ (lower limit)}}{4 \text{ (steps in the rating scale)}} = 1.97$$

Applying this to the overall point score results into the following range of scores for every step of the rating scale:

9.89 to 10.00	=	Outstanding
7.92 to 9.88	=	Very Satisfactory
5.95 to 7.91	=	Satisfactory
3.98 to 5.94	=	Unsatisfactory
2.00 to 3.97	=	Poor

Notice that the highest step of the scale already has a very small range since applying the computed interval gives a score higher than 10, which will never be the case. But such a small interval at the highest step also reiterates that getting an "Outstanding" means an almost perfect score of 10. The ranges of scores are assigned two decimal places for greater accuracy in classifying aggregated scores.

Sources:

Statistics, William Hays, 5th edition, 1994

Statistics for the Social Sciences, R. Mark Sirkin, 1995

C. Sample Individual Performance Evaluation and Development Plan Template

Individual Performance Evaluation and Development Plan
 LTDPQAD Reports and Correspondence Section

Employee Name: XYZ

Performance Contract								Individual Evaluation			Individual Development Plan						
Objective	Weight	KRA	Weight	Measure	Weight	Target	Means of Verification	Actual Performance	Rating	Causes of the Variance	Areas for Improvement	Benefit	Measures/Targets	Action Plan	Timeframe	Support needed	
Collection	15%	LTS Collection	100%	LTS Collection	100%	143405B											
Simplify Processes	70%	Collection Report	100%	Time to prepare daily collection reports	20%	4 hours	Daily report of RDO 116;daily report e-mailed by ISOS-DC										
				Time to prepare weekly collection reports (116 & 121 BCS for submission to LTCED)	15%	2 hours	BCS Hard copies from LBP,DBP & PNB										
				Time to prepare monthly/quarterly and annual reports	25%	within 1 day	Monthly, quarterly and annual reports of 116;report e-mailed by ISOS-DC										
				Accuracy	40%	99% accurate	ITS/CBR/ISOS-DC										
Enhance employee learning and growth	15%	Improved Organizational Communication	10%	Attendance at staff meetings	100%	100% Attendance	Attendance Sheet										
				PMS Installation and Implementation	70%	Timely submission of individual performance contract	50%	by September 30 2005	Individual Performance Contract								
				Timely submission of performance evaluation	50%	by January 5 2006	Individual Performance Evaluation Form										
		Training and Development	20%	Attendance at training	100%	100% Attendance	Attendance Sheet										

Driving work excellence through a performance-based rewards system

This chapter describes a rewards framework that is based on performance and recognizes the variations in accountabilities of the offices and employees in the LTS

Chapter 6: Rewarding

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Description

A performance management system is made more effective with an incentive scheme that rewards high performers. This chapter outlines a framework for the distribution of rewards across employees and offices of the Large Taxpayer Service, assuming some reward amount has been allocated for the Service.

Definitions

Office: Pertains to a section, division, or service (the LTS) in the Bureau.

Employee: A salaried individual assigned to an office in the Bureau.

Rating: A number between 2 and 10 assigned to an office or employee in the LTS for a given year. Ratings are based on the performance of that office or employee and are obtained through a Performance Management System (PMS).

Weight: In the case of rewards distribution for employees, this is a number associated to an employee that indicates that employee's relative share of the total reward. Weights also indicate the relative share of an office in the case of distribution of rewards to offices.

Factor: A number used in the computation of weights. Several factors are multiplied to determine weight. There are factors for different categories such as function, position, employee rating, office rating, and office size or importance.

Rewards Framework

The Attrition Act of 2005 provides for the allocation of rewards in the event that the Bureau exceeds its total collection target or if particular units exceed their targets. The framework presented in this document assumes that some amount has been allocated to the LTS for rewards as a result of the implementation of the Attrition Act. However, the reader will note that the framework described here will apply regardless of the source of this amount.

The following were the guiding principles used in the formulation of this framework:

1. *Performance-based rewards.* Employee rewards should be dependent on performance at the individual level and at the office level to encourage both individual excellence and teamwork.
2. *Levels of accountability.* Employees in the LTS have varying levels of accountability with respect to the collection performance of the offices they report to. As such, distinctions should be made between employees with line functions and employees with support functions. Further distinctions should be made between line employees who have more direct collection accountabilities (and could thus be attritable under the Attrition Act) and those who have less direct accountabilities. The position, function, or designation of an employee are other indicators of accountability and could therefore be used as bases for differentiation. Distribution of rewards should take all these distinctions into account.
3. *Internal equity.* Employees with the same circumstances (accountability, position/function, individual performance, and office performance) should have the same rewards across offices

The rewards framework details a system of distribution using the following inputs:

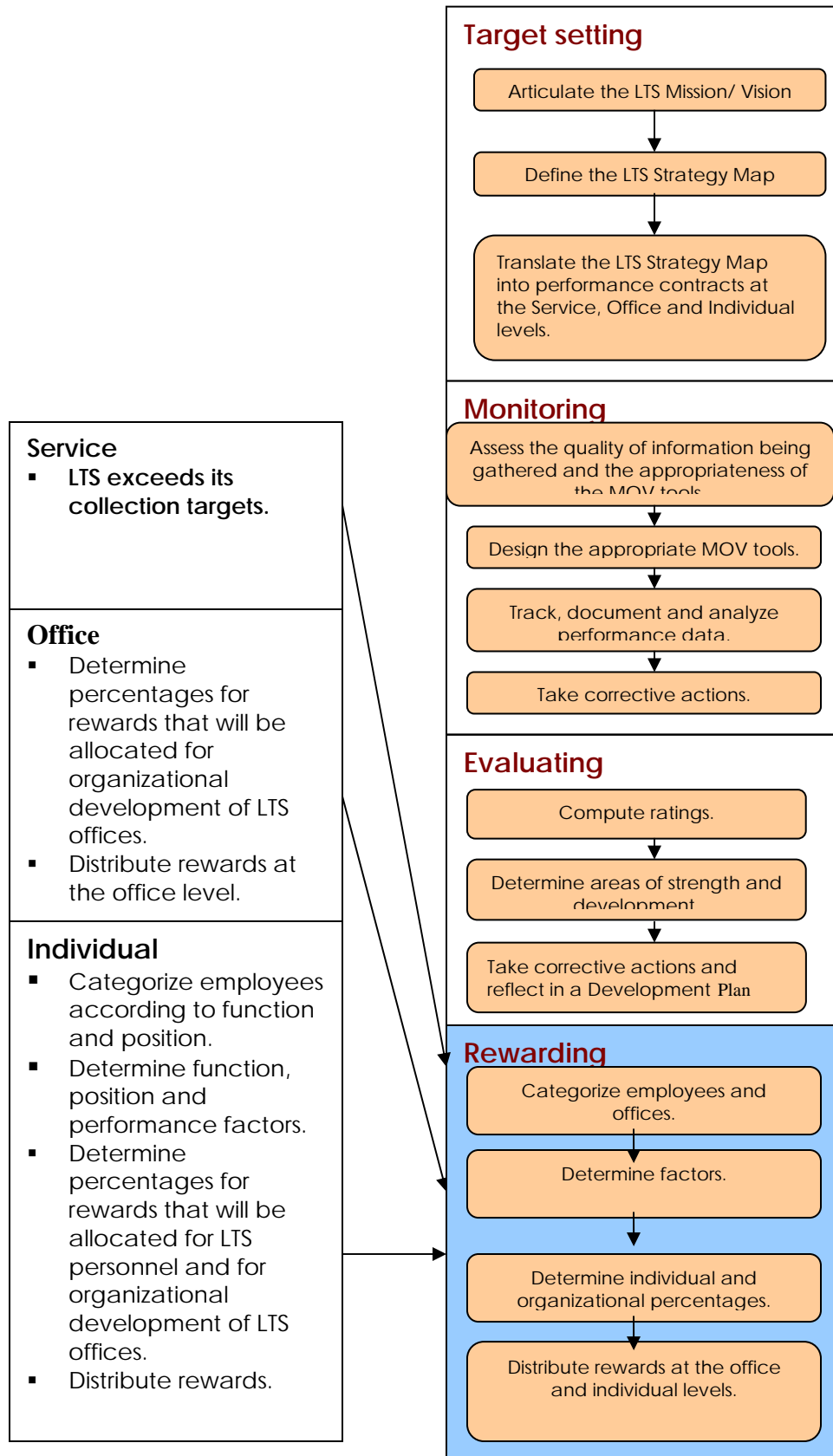
- A reward amount at the LTS level
- Office data describing relative differences (size, responsibility, function, etc.) between the offices
- Employee data describing each employee's accountabilities (salary grade, position, designation)
- Performance ratings for offices and employees

The outputs of the system are:

- Reward for each office
- Reward for each employee

The framework is in effect a series of steps that determine the amount distribution from the given data. Additional parameters, separate from the inputs identified, are also incorporated in this distribution process, and these are detailed in the actual steps that require these parameters.

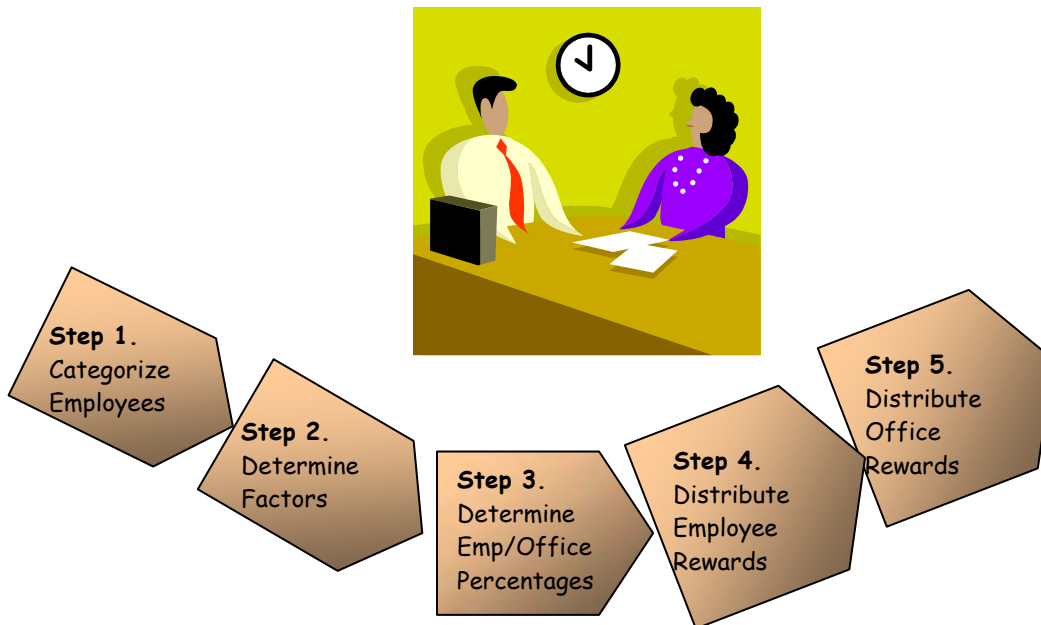
Rewards Process



The diagram above is a summary of the PMS process focused on the rewards stage across Office and Individual levels.

The next section details the steps in the rewards process.

Steps



Rewards Framework

The figure above enumerates the 5 steps under this rewards framework. The first two steps categorize employees and determine factors for weights. In the third step, the reward allocations for employees and organizational development are determined. The fourth and fifth steps carry out the distribution of rewards based on the previous steps.

Details of each step follow:

Step 1.

Categorize Employees

Categorize all employees according to their function and position. The following function and position categories came from consultations with top management (HREAs Pangcog and Vera) of the LTS, although these are presented as an example only. It is presumed that the categorizations will be a result of a Bureau-wide consensus that considers the nuances across all offices in the Bureau.

Function categories such as the categories listed below are first determined:

1. Assessment
2. Excise
3. Collection
4. Assistance
5. Legal
6. Policy
7. Support

For example, line personnel under LTAID I and II are categorized under Assessment, while personnel under LTAD I and II are categorized under Assistance. Categorization is done on a per-employee basis since it is possible for a given office to have employees that fall under different functions. Support employees, in particular, (eg., Admin, Information Technology), are in fact present in the different divisions and sections.

Position categories serve to distinguish varying accountabilities within a given function. These position categories are first enumerated and then a particular position category is assigned to each employee. Examples of position categories follow:

1. Manager (CRO IV to DCIR)
2. Chief (CRO I to CRO III)
3. Revenue Officer (RO I to RO III)
4. Staff (Salary Grade 7-10)
5. Utility (Salary Grade 2-6)

Position categories may be obtained by grouping the different salary grades or designations into groups that hold similar roles within the Bureau. The granularity of these groupings depends on the intention to equate or distinguish the accountabilities of different positions. For example, if the intention is to provide a DCIR with more rewards against HREAs (Director) and Division Chiefs (CRO IV), then different categories should emerge from these positions (the example above combines all of the management positions).

Step 2.**Determine Factors**

The distribution system will assign weights to each individual and each office. These weights are obtained by multiplying several factors associated to an individual or office. It is again emphasized that the factors shown here are for example only although they were obtained in consultation with LTS top management.

The factors will be determined as follows.

Step 2a.**Determine Function Factors**

Assign a factor for the various functions. For example, the following assignments:

Function Category	Factor (FF)
Assessment	20
Excise	15
Collection	13
TP Assistance	11
Legal	9
Policy	8
Support	8

indicate that (assuming all other factors are equal) an Assessment employee gets 33% more than an Excise employee while an Excise employee gets almost double that of a Support employee

Step 2b.

Mapping for Position Factors

For each position category, assign a factor that captures the relative importance of that position. Note that, for purposes of this framework, 'position' refers to the actual job being performed during the period being evaluated. It may or may not incorporate the actual rank of the employee occupying the position nor his status (OIC, acting, etc.). The relative differences between the factors assigned to the different position categories indicate the corresponding reward proportions assuming all other factors are equal. Salary grade groups may be used as an initial indicator for this factor, but actual designations are presumably more relevant. For example, suppose the following assignments are made:

Position Category	Factor (PF)
Manager (CRO IV-DCIR,SG 24-29)	1.4
Chief (RO IV – CRO III, SG 19-23)	1.2
Revenue Officer (RO I – RO III ,SG 11-18)	1.0
Staff (SG 7-10)	0.9
Utility (SG 2-6)	0.6

The intention in this example is that a management official such as a DCIR gets 40% more than a revenue officer (RO), assuming that all other factors are equal.

Position factors should adequately represent the role and importance of the individual. Although designations and salary grades are a natural starting point in determining the level of accountability of employees, care should be taken in assigning these categories to employees because these are often subject to extraneous considerations such as age and tenure.

Step 2c.

Mapping for Performance Rating Factors

For each performance rating, assign a factor that determines the corresponding reward proportions for employees or offices under a particular rating. For example:

Individual		Office	
Rating	Factor (IF)	Rating	Factor (OF)
2	0	2	0
3	0	3	0
4	0	4	0
5	1.0	5	1.0
6	1.25	6	1.25
7	1.5	7	1.5
8	1.75	8	1.75
9	2.0	9	2.0
10	2.5	10	2.5

The above example means that an employee with a '9' rating gets twice as much as an employee with a '5' rating, assuming all other factors are the same. An employee belonging to an office with a '7' rating gets 50% more than an employee in an office with a '5' rating, assuming that all other factors are the same. An employee with an individual performance rating below '5' gets no reward.

Possible considerations or variations when determining these rating factors include:

- Having a different set of factors for office ratings
- Providing a mechanism that distinguishes ratings that occur between the whole-number ratings (e.g., a rating of 9.5 is associated with a factor of 2.25). Factors in this case are effectively prorated or graded according to the whole-number factors.

Step 3.**Determine individual and organizational percentages**

Determine percentages for rewards that establish what will be allocated for LTS personnel and for organizational development of LTS offices. For example, suppose the total reward amount for LTS is 15M, and the following percentages set for personnel and organizational development may be as follows:

	Percentage	Amount
LTS personnel	80%	12M
LTS organizational development	20%	3M

Step 4.**Distribute rewards to LTS personnel**

Each employee will have a position factor (PF), an individual performance rating factor (RF), and a function factor (FF) determined through the mappings established in Step 2. The office that an employee is under will also have an office rating factor (OF).

The weight assigned to each individual = $PF * RF * OF * FF$

The resulting weight becomes the basis for distribution.

Suppose:

TR = total reward allocated for LTS personnel

W_i = weight assigned to individual i

S = sum of all W_i 's

Then:

Reward for individual i = $TR * W_i / S$.

Examples that illustrate factors and weights are provided in the section on [Simulations](#)

Step 5.**Distribute organizational rewards to offices**

Each office will have an office performance rating factor (OF) as determined in Step 2b. The factor becomes the basis for allocation of rewards to the offices, using a scheme similar to that described in Step 4.

An additional factor can be incorporated that captures the relative size (number of employees) or importance of an office, if this is deemed to be more appropriate. For example, LTDO Makati and LTDO Cebu are different in terms of collection targets and number of employees. If the performance ratings of both offices are identical, then the offices will be allocated exactly the same rewards if performance ratings are the only basis for distribution. A size factor (SF) can be used to adjust these rewards accordingly. For example:

Office	Size Factor
LTDO Makati	16
LTDO Cebu	10
...	...

The weight for an office now becomes $OF \times SF$, and in this particular example, assuming both LTDOs have the same performance ratings, Makati gets 60% more office rewards to compensate for its size.

Simulations

The following simulations illustrate the effects of the different factors on rewards. The following abbreviations for factors are used in the table headings:

- PF: Position Factor
- FF: Function Factor
- RF: Employee Rating Factor
- OF: Office Rating Factor
- SF: Office Size Factor

Example 1. Suppose there are only four employees in the LTS, with the following characteristics

Employee A is the division chief of an LTAID (Assessment)

Employee B is an examiner (revenue officer) in an LTAID

Employee C is the division chief of an LTAD (Assistance)

Employee D is a revenue officer under LTAD

Assume, further, that the offices received equal ratings of 6 (rating factor = 1.25) and that all employees have individual ratings of 5 (rating factor 1.0). If the amount allocated for employees = P100,000, the following computations will apply:

Employee	PF	RF	FF	OF	Weight	Portion	Amount
LTAID Div Chief	1.4	1.0	20	1.25	35	35/93	37,634
LTAID RO	1.0	1.0	20	1.25	25	25/93	26,882
LTAD Div Chief	1.4	1.0	11	1.25	19.25	19.25/93	20,699
LTAD RO	1.0	1.0	11	1.25	13.75	13.75/93	14,785
					93	93/93	100,000

In the above example, 20 is the function factor for Assessment, 11 is the function factor for Assistance, 1.4 is the position factor for a division head, and 1.0 is the position factor for a revenue officer.

Example 2. This example demonstrates the effect of performance ratings on rewards. Suppose the four employees are all section chiefs (position factor = 0.8) under LTAD (Assistance, function factor = 11). In addition,

Employee A has an employee rating of 3, office rating of 8

Employee B has an employee rating of 5, office rating of 8

Employee C has an employee rating of 5, office rating of 6

Employee D has an employee rating of 9, office rating of 8

Assuming the amount allocated for employees = P100,000, the following computations will apply:

Employee	PF	RF	FF	OF	Weight	Portion	Amount
Low Performer	0.8	0	11	1.75	0	0/57.2	0
Ave Performer (ofc rating 8)	0.8	1.0	11	1.75	15.4	15.4/57.2	26,923
Ave Performer (ofc rating 6)	0.8	1.0	11	1.25	11.0	11/57.2	19,231
Hi Performer	0.8	2.0	11	1.75	30.8	30.8/57.2	53,846
					57.2	57.2/57.2	100,000

Rating factors (RF and OF) were derived from the table given in Step 2b.

Example 3. This example demonstrates distribution of organizational development rewards to offices. Suppose offices were characterized as small, medium, and large to reflect the relative size or importance of the different offices. Size factors as set to 10, 15, and 20, for small, medium, and large, respectively. The characteristics of four sample offices follow:

Office W is a small office with office rating = 8

Office X is a medium-sized office with office rating = 8

Office Y is a medium-sized office with office rating = 5

Office Z is a large office with office rating = 5

Rating factors associated to 8 and 5 are 1.75 and 1.00, respectively (see table in Step 2b).

Assuming the amount allocated for these 4 offices = P300,000, the following computations will apply:

Office	SF	OF	Weight	Portion	Amount
Small Office	10	1.75	17.5	17.5/78.75	66,667
Medium Office (ofc rating 8)	15	1.75	26.25	26.25/78.75	100,000
Medium Office (ofc rating 5)	15	1.00	15	15/78.75	57,143
Large Office	20	1.00	20	20/78.75	76,190
			78.75	78.75/78.75	300,000

Example 4. A simulation of rewards distribution for employees in the LTS is shown in the appendix. Data from 34 offices were collected that included ratings for 209 employees. This represents more than a third of all employees in the LTS. In the simulation, we assume that P6,000,000 will be distributed among the employees. Weights were computed based on position, function, individual ratings, and office ratings.

Mode of Payment

After determining the amounts of the rewards, it is important to remember that the mode of payment should be consistent with the objectives of the rewards. Assuming the rewards are a result of an implementation of the Attrition Act, it should also be consistent with its provisions.

Office Rewards

The main objective for giving office rewards is to encourage teamwork among the employees in the unit. Thus, if a unit should receive an office reward, the reward must be used ideally to benefit everyone in the unit. There are various ways of paying out office rewards. Some ways of doing this are as follows:

- Purchase of office equipment
- Purchase of office vehicles
- Renovation of premises
- Group training
- Office outing
- Wellness program
- Supplementary Group Term and Health insurance

The unit receiving an office reward may use its entitlement on one or a combination of any of the items above. It may also use its rewards for other similar purposes provided that the intended use meets all of the following:

benefits at least the majority of the employees in that Office

promotes either the physical, mental or spiritual well-being of the employees
 fosters greater camaraderie within the unit
 does not involve or result in cash payment being given to any employee
 does not discriminate in terms of rank

Individual Rewards

In contrast to office rewards, individual rewards encourage individual excellence. As such the rewards should go directly to the individual employee only instead of to the group. Just as with the office rewards, individual rewards may be given in several modes (or in combinations). Some ways of granting the individual rewards are:

Bonus

Deferred Compensation

Single-premium individual life insurance or pension plan

Vacation / travel benefits

Individual Training (local or foreign)

Cash is the most popular form of individual reward because the employee enjoys maximum flexibility in its use. Cash may be given as short term or long-term compensation. Short-term cash should be given in the form of a bonus rather than base salary or allowance. Being an incentive payment, an individual reward must be given only when the employee earns it. If it was given as salary or some other regular remuneration, then it will become permanent and thus will be given in the future regardless of the individual's performance. That would cause the individual reward to lose its motivating effect.

Long-term cash may be given in the form of deferred bonus payable after a pre-determined period or at separation or a life insurance or pension plan policy payable one-time. With these long-term arrangements, a trust fund is established to invest the funds until they are due to be paid. This way, the bonus amounts grow with the investment earnings and the employee gets a bigger amount in the future. This is especially useful as a supplement to meager retirement benefits.

Vacation or travel benefits are well-appreciated benefits. Although the employee could get this on his own using his bonus, the Office may facilitate the bookings and also enable the employee to get lower rates by forming group tours.

The same is true for individual training. The employee may find it easier or more economical to course his desired training through the Office rather than going on his own. However, in this case, the training has to be relevant to the job of the employee; otherwise, the employee should be given the bonus and he can get his training on his own.

Appendices

Results of simulation for 1st semester data.

POS	OFFICE	FUNCTION	OFC EMP				RF	WGT	SHARE	REWARD	
			RTG	RTG	PF	FF					
Manager	LTAD-1-Division	Assistance	7.57	9.38	1.4	11	1.75	2.00	53.90	0.56%	33,511.24
Chief	LTAD-1-Division	Assistance	7.57	9.14	1.2	11	1.75	2.00	46.20	0.48%	28,723.92
Utility	LTAD-1-Division	Support	7.57	8.00	0.6	8	1.75	1.75	14.70	0.15%	9,139.43
Officer	LTAD-1-Division	Support	7.57	8.31	1.0	8	1.75	1.75	24.50	0.25%	15,232.38
Officer	LTAD-1-Regs	Assistance	8.58	8.70	1.0	11	2.00	2.00	44.00	0.46%	27,356.11
Officer	LTAD-1-Regs	Assistance	8.58	9.12	1.0	11	2.00	2.00	44.00	0.46%	27,356.11
Staff	LTAD-1-Regs	Support	8.58	9.06	0.9	8	2.00	2.00	28.80	0.30%	17,905.82
Chief	LTAD-1-Regs	Assistance	8.58	9.40	1.2	11	2.00	2.00	52.80	0.55%	32,827.34
Staff	LTAD-1-Regs	Support	8.58	8.79	0.9	8	2.00	2.00	28.80	0.30%	17,905.82
Chief	LTAD-1-SDS	Assistance	6.15	8.36	1.2	11	1.25	1.75	28.88	0.30%	17,952.45
Officer	LTAD-1-SDS	Assistance	6.15	8.33	1.0	11	1.25	1.75	24.06	0.25%	14,960.37
Staff	LTAD-1-SDS	Support	6.15	8.01	0.9	8	1.25	1.75	15.75	0.16%	9,792.25
Officer	LTAD-1-SDS	Support	6.15	8.09	1.0	8	1.25	1.75	17.50	0.18%	10,880.27
Officer	LTAD-1-SDS	Assistance	6.15	8.31	1.0	11	1.25	1.75	24.06	0.25%	14,960.37
Chief	LTAD-1-SDS	Assistance	6.15	8.58	1.2	11	1.25	2.00	33.00	0.34%	20,517.08
Staff	LTAD-1-SDS	Support	6.15	8.84	0.9	8	1.25	2.00	18.00	0.19%	11,191.14
Officer	LTAD-1-SDS	Assistance	6.15	8.36	1.0	11	1.25	1.75	24.06	0.25%	14,960.37
Chief	LTAD-1-TIES	Assistance	6.05	9.00	1.2	11	1.25	2.00	33.00	0.34%	20,517.08
Officer	LTAD-1-TIES	Assistance	6.05	8.24	1.0	11	1.25	1.75	24.06	0.25%	14,960.37
Officer	LTAD-1-TIES	Assistance	6.05	8.22	1.0	11	1.25	1.75	24.06	0.25%	14,960.37
Officer	LTAD-1-TIES	Assistance	6.05	7.93	1.0	11	1.25	1.75	24.06	0.25%	14,960.37
Officer	LTAD-1-TIES	Assistance	6.05	7.84	1.0	11	1.25	1.75	24.06	0.25%	14,960.37
Officer	LTAD-1-TIES	Assistance	6.05	8.97	1.0	11	1.25	2.00	27.50	0.28%	17,097.57
Chief	LTAID-1-Banks	Assessment	8.37	9.38	1.2	20	1.75	2.00	84.00	0.87%	52,225.31
Officer	LTAID-1-Banks	Assessment	8.37	9.43	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Officer	LTAID-1-Banks	Assessment	8.37	8.63	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Chief	LTAID-1-Banks	Assessment	8.37	8.39	1.2	20	1.75	1.75	73.50	0.76%	45,697.14
Officer	LTAID-1-Banks	Assessment	8.37	8.21	1.0	20	1.75	1.75	61.25	0.63%	38,080.95
Officer	LTAID-1-Banks	Assessment	8.37	8.01	1.0	20	1.75	1.75	61.25	0.63%	38,080.95
Officer	LTAID-1-Banks	Assessment	8.37	7.36	1.0	20	1.75	1.50	52.50	0.54%	32,640.82
Officer	LTAID-1-Banks	Assessment	8.37	6.22	1.0	20	1.75	1.25	43.75	0.45%	27,200.68
Chief	LTAID-1-Banks	Assessment	8.37	8.01	1.2	20	1.75	1.75	73.50	0.76%	45,697.14
Officer	LTAID-1-Banks	Assessment	8.37	7.63	1.0	20	1.75	1.75	61.25	0.63%	38,080.95
Officer	LTAID-1-Banks	Assessment	8.37	7.62	1.0	20	1.75	1.75	61.25	0.63%	38,080.95
Officer	LTAID-1-Banks	Assessment	8.37	8.06	1.0	20	1.75	1.75	61.25	0.63%	38,080.95
Officer	LTAID-1-Banks	Assessment	8.37	9.27	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Officer	LTAID-1-Banks	Assessment	8.37	7.69	1.0	20	1.75	1.75	61.25	0.63%	38,080.95

Officer	LTAID-1-Banks	Assessment	8.37	9.41	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Officer	LTAID-1-Banks	Assessment	8.37	9.43	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Chief	LTAID-1-Banks	Assessment	8.37	9.31	1.2	20	1.75	2.00	84.00	0.87%	52,225.31
Officer	LTAID-1-Banks	Assessment	8.37	4.81	1.0	20	1.75	1.00	35.00	0.36%	21,760.54
Officer	LTAID-1-Banks	Assessment	8.37	9.43	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Chief	LTAID-1-Banks	Assessment	8.37	8.71	1.2	20	1.75	2.00	84.00	0.87%	52,225.31
Officer	LTAID-1-Banks	Assessment	8.37	6.22	1.0	20	1.75	1.25	43.75	0.45%	27,200.68
Officer	LTAID-1-Banks	Assessment	8.37	6.44	1.0	20	1.75	1.25	43.75	0.45%	27,200.68
Officer	LTAID-1-Banks	Assessment	8.37	9.43	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Officer	LTAID-1-Banks	Assessment	8.37	9.43	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Chief	LTAID-1-Banks	Assessment	8.37	9.41	1.2	20	1.75	2.00	84.00	0.87%	52,225.31
Officer	LTAID-1-Banks	Assessment	8.37	6.22	1.0	20	1.75	1.25	43.75	0.45%	27,200.68
Officer	LTAID-1-Banks	Assessment	8.37	8.90	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Officer	LTAID-1-Banks	Assessment	8.37	8.75	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Officer	LTAID-1-Banks	Assessment	8.37	9.34	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Manager	LTAID-1-Division	Assessment	8.73	9.54	1.4	20	2.00	2.50	140.00	1.45%	87,042.18
Chief	LTAID-1-Division	Assessment	8.73	9.54	1.2	20	2.00	2.50	120.00	1.24%	74,607.58
Officer	LTAID-1-Division	Assessment	8.73	9.20	1.0	20	2.00	2.00	80.00	0.83%	49,738.39
Officer	LTAID-1-Division	Assessment	8.73	9.16	1.0	20	2.00	2.00	80.00	0.83%	49,738.39
Officer	LTAID-1-Division	Assessment	8.73	8.78	1.0	20	2.00	2.00	80.00	0.83%	49,738.39
Staff	LTAID-1-Division	Support	8.73	8.71	0.9	8	2.00	2.00	28.80	0.30%	17,905.82
Officer	LTAID-1-Division	Assessment	8.73	8.35	1.0	20	2.00	1.75	70.00	0.73%	43,521.09
Chief	LTAID-1-Division	Assessment	8.73	8.24	1.2	20	2.00	1.75	84.00	0.87%	52,225.31
Chief	LTAID-1-Division	Assessment	8.73	8.87	1.2	20	2.00	2.00	96.00	0.99%	59,686.07
Utility	LTAID-1-Division	Support	8.73	8.35	0.6	8	2.00	1.75	16.80	0.17%	10,445.06
Officer	LTAID-1-Division	Assessment	8.73	8.64	1.0	20	2.00	2.00	80.00	0.83%	49,738.39
Staff	LTAID-1-Division	Support	8.73	8.98	0.9	8	2.00	2.00	28.80	0.30%	17,905.82
Staff	LTAID-1-Division	Support	8.73	8.94	0.9	8	2.00	2.00	28.80	0.30%	17,905.82
Staff	LTAID-1-Division	Support	8.73	8.68	0.9	8	2.00	2.00	28.80	0.30%	17,905.82
Staff	LTAID-1-Division	Support	8.73	8.87	0.9	8	2.00	2.00	28.80	0.30%	17,905.82
Officer	LTAID-1-Manuf	Assessment	8.50	6.77	1.0	20	2.00	1.50	60.00	0.62%	37,303.79
Officer	LTAID-1-Manuf	Assessment	8.50	8.31	1.0	20	2.00	1.75	70.00	0.73%	43,521.09
Chief	LTAID-1-Manuf	Assessment	8.50	9.41	1.2	20	2.00	2.00	96.00	0.99%	59,686.07
Chief	LTAID-1-Manuf	Assessment	8.50	7.34	1.2	20	2.00	1.50	72.00	0.75%	44,764.55
Chief	LTAID-1-Manuf	Assessment	8.50	9.31	1.2	20	2.00	2.00	96.00	0.99%	59,686.07
Staff	LTAID-1-Manuf	Assessment	8.50	9.30	0.9	20	2.00	2.00	72.00	0.75%	44,764.55
Officer	LTAID-1-Manuf	Assessment	8.50	6.52	1.0	20	2.00	1.50	60.00	0.62%	37,303.79
Chief	LTAID-1-Manuf	Assessment	8.50	5.98	1.2	20	2.00	1.25	60.00	0.62%	37,303.79
Officer	LTAID-1-Manuf	Assessment	8.50	8.97	1.0	20	2.00	2.00	80.00	0.83%	49,738.39
Officer	LTAID-1-Manuf	Assessment	8.50	5.40	1.0	20	2.00	1.00	40.00	0.41%	24,869.19
Officer	LTAID-1-Manuf	Assessment	8.50	6.73	1.0	20	2.00	1.50	60.00	0.62%	37,303.79
Officer	LTAID-1-Manuf	Assessment	8.50	8.94	1.0	20	2.00	2.00	80.00	0.83%	49,738.39
Officer	LTAID-1-Manuf	Assessment	8.50	8.94	1.0	20	2.00	2.00	80.00	0.83%	49,738.39
Officer	LTAID-1-Manuf	Assessment	8.50	4.58	1.0	20	2.00	1.00	40.00	0.41%	24,869.19
Officer	LTAID-1-Manuf	Assessment	8.50	6.99	1.0	20	2.00	1.50	60.00	0.62%	37,303.79
Officer	LTAID-1-Manuf	Assessment	8.50	6.99	1.0	20	2.00	1.50	60.00	0.62%	37,303.79
Officer	LTAID-1-Manuf	Assessment	8.50	6.63	1.0	20	2.00	1.50	60.00	0.62%	37,303.79

Chief	LTAID-1-Manuf	Assessment	8.50	7.34	1.2	20	2.00	1.50	72.00	0.75%	44,764.55
Officer	LTAID-1-Manuf	Assessment	8.50	9.11	1.0	20	2.00	2.00	80.00	0.83%	49,738.39
Officer	LTAID-1-Manuf	Assessment	8.50	6.99	1.0	20	2.00	1.50	60.00	0.62%	37,303.79
Officer	LTAID-1-Manuf	Assessment	8.50	6.31	1.0	20	2.00	1.25	50.00	0.52%	31,086.49
Chief	LTAID-1-Manuf	Assessment	8.50	8.15	1.2	20	2.00	1.75	84.00	0.87%	52,225.31
Officer	LTAID-1-Manuf	Assessment	8.50	4.58	1.0	20	2.00	1.00	40.00	0.41%	24,869.19
Officer	LTAID-1-Manuf	Assessment	8.50	8.97	1.0	20	2.00	2.00	80.00	0.83%	49,738.39
Officer	LTAID-1-Manuf	Assessment	8.50	8.87	1.0	20	2.00	2.00	80.00	0.83%	49,738.39
Officer	LTAID-1-Manuf	Assessment	8.50	4.58	1.0	20	2.00	1.00	40.00	0.41%	24,869.19
Officer	LTAID-1-Manuf	Assessment	8.50	4.58	1.0	20	2.00	1.00	40.00	0.41%	24,869.19
Officer	LTAID-1-Manuf	Assessment	8.50	9.29	1.0	20	2.00	2.00	80.00	0.83%	49,738.39
Officer	LTAID-1-Manuf	Assessment	8.50	6.52	1.0	20	2.00	1.50	60.00	0.62%	37,303.79
Officer	LTAID-1-Manuf	Assessment	8.50	6.99	1.0	20	2.00	1.50	60.00	0.62%	37,303.79
Officer	LTAID-1-Manuf	Assessment	8.50	9.18	1.0	20	2.00	2.00	80.00	0.83%	49,738.39
Officer	LTAID-1-Services	Assessment	8.20	9.17	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Officer	LTAID-1-Services	Assessment	8.20	5.93	1.0	20	1.75	1.25	43.75	0.45%	27,200.68
Chief	LTAID-1-Services	Assessment	8.20	8.32	1.2	20	1.75	1.75	73.50	0.76%	45,697.14
Officer	LTAID-1-Services	Assessment	8.20	7.76	1.0	20	1.75	1.75	61.25	0.63%	38,080.95
Officer	LTAID-1-Services	Assessment	8.20	5.84	1.0	20	1.75	1.25	43.75	0.45%	27,200.68
Officer	LTAID-1-Services	Assessment	8.20	6.03	1.0	20	1.75	1.25	43.75	0.45%	27,200.68
Officer	LTAID-1-Services	Assessment	8.20	6.40	1.0	20	1.75	1.25	43.75	0.45%	27,200.68
Officer	LTAID-1-Services	Assessment	8.20	7.52	1.0	20	1.75	1.75	61.25	0.63%	38,080.95
Officer	LTAID-1-Services	Assessment	8.20	6.03	1.0	20	1.75	1.25	43.75	0.45%	27,200.68
Officer	LTAID-1-Services	Assessment	8.20	8.99	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Officer	LTAID-1-Services	Assessment	8.20	6.24	1.0	20	1.75	1.25	43.75	0.45%	27,200.68
Officer	LTAID-1-Services	Assessment	8.20	7.38	1.0	20	1.75	1.50	52.50	0.54%	32,640.82
Chief	LTAID-1-Services	Assessment	8.20	8.39	1.2	20	1.75	1.75	73.50	0.76%	45,697.14
Officer	LTAID-1-Services	Assessment	8.20	9.27	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Officer	LTAID-1-Services	Assessment	8.20	9.16	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Chief	LTAID-1-Services	Assessment	8.20	9.37	1.2	20	1.75	2.00	84.00	0.87%	52,225.31
Chief	LTAID-1-Services	Assessment	8.20	7.24	1.2	20	1.75	1.50	63.00	0.65%	39,168.98
Officer	LTAID-1-Services	Assessment	8.20	9.27	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Officer	LTAID-1-Services	Assessment	8.20	9.02	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Officer	LTAID-1-Services	Assessment	8.20	7.40	1.0	20	1.75	1.50	52.50	0.54%	32,640.82
Officer	LTAID-1-Services	Assessment	8.20	9.22	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Officer	LTAID-1-Services	Assessment	8.20	8.54	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Chief	LTAID-1-Services	Assessment	8.20	9.30	1.2	20	1.75	2.00	84.00	0.87%	52,225.31
Officer	LTAID-1-Services	Assessment	8.20	9.22	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Officer	LTAID-1-Services	Assessment	8.20	7.55	1.0	20	1.75	1.75	61.25	0.63%	38,080.95
Officer	LTAID-1-Services	Assessment	8.20	8.99	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Officer	LTAID-1-Services	Assessment	8.20	8.84	1.0	20	1.75	2.00	70.00	0.73%	43,521.09
Officer	LTCED-CES	Collection	7.34	8.65	1.0	13	1.50	2.00	39.00	0.40%	24,247.46
Officer	LTCED-CES	Collection	7.34	8.31	1.0	13	1.50	1.75	34.13	0.35%	21,216.53
Chief	LTCED-CES	Collection	7.34	8.86	1.2	13	1.50	2.00	46.80	0.48%	29,096.96
Officer	LTCED-CES	Collection	7.34	8.10	1.0	13	1.50	1.75	34.13	0.35%	21,216.53
Officer	LTCED-CES	Collection	7.34	8.33	1.0	13	1.50	1.75	34.13	0.35%	21,216.53
Officer	LTCED-CES	Collection	7.34	8.13	1.0	13	1.50	1.75	34.13	0.35%	21,216.53

Officer	LTCED-CES	Collection	7.34	3.52	1.0	13	1.50	0.00	0.00	0.00%	-
Manager	LTCED-Division	Collection	7.30	9.16	1.4	13	1.50	2.00	54.60	0.57%	33,946.45
Chief	LTCED-Division	Collection	7.30	8.84	1.2	13	1.50	2.00	46.80	0.48%	29,096.96
Staff	LTCED-Division	Support	7.30	8.80	0.9	8	1.50	2.00	21.60	0.22%	13,429.36
Staff	LTCED-Division	Support	7.30	8.23	0.9	8	1.50	1.75	18.90	0.20%	11,750.69
Officer	LTCED-Division	Collection	7.30	8.59	1.0	13	1.50	2.00	39.00	0.40%	24,247.46
Utility	LTCED-Division	Support	7.30	8.40	0.6	8	1.50	1.75	12.60	0.13%	7,833.80
Staff	LTCED-Division	Support	7.30	8.70	0.9	8	1.50	2.00	21.60	0.22%	13,429.36
Officer	LTCED-Monitoring	Collection	7.99	8.11	1.0	13	1.75	1.75	39.81	0.41%	24,752.62
Staff	LTCED-Monitoring	Collection	7.99	8.11	0.9	13	1.75	1.75	35.83	0.37%	22,277.36
Officer	LTCED-Monitoring	Collection	7.99	8.19	1.0	13	1.75	1.75	39.81	0.41%	24,752.62
Staff	LTCED-Monitoring	Support	7.99	8.12	0.9	8	1.75	1.75	22.05	0.23%	13,709.14
Officer	LTCED-Monitoring	Collection	7.99	8.12	1.0	13	1.75	1.75	39.81	0.41%	24,752.62
Officer	LTCED-RnR	Collection	7.68	8.19	1.0	13	1.75	1.75	39.81	0.41%	24,752.62
Officer	LTCED-RnR	Collection	7.68	8.44	1.0	13	1.75	1.75	39.81	0.41%	24,752.62
Officer	LTCED-RnR	Collection	7.68	8.35	1.0	13	1.75	1.75	39.81	0.41%	24,752.62
Chief	LTCED-RnR	Collection	7.68	8.66	1.2	13	1.75	2.00	54.60	0.57%	33,946.45
Officer	LTCED-RnR	Collection	7.68	8.19	1.0	13	1.75	1.75	39.81	0.41%	24,752.62
Officer	LTCED-RnR	Collection	7.68	8.04	1.0	13	1.75	1.75	39.81	0.41%	24,752.62
Chief	LTDPQAD-Division	Support	7.95	9.11	1.2	8	1.75	2.00	33.60	0.35%	20,890.12
Manager	LTDPQAD-Division	Support	7.95	9.16	1.4	8	1.75	2.00	39.20	0.41%	24,371.81
Utility	LTDPQAD-Division	Support	7.95	8.24	0.6	8	1.75	1.75	14.70	0.15%	9,139.43
Staff	LTDPQAD-Division	Support	7.95	8.36	0.9	8	1.75	1.75	22.05	0.23%	13,709.14
Staff	LTDPQAD-Division	Support	7.95	9.01	0.9	8	1.75	2.00	25.20	0.26%	15,667.59
Staff	LTDPQAD-DocPro	Support	7.32	8.47	0.9	8	1.50	1.75	18.90	0.20%	11,750.69
Chief	LTDPQAD-DocPro	Support	7.32	9.05	1.2	8	1.50	2.00	28.80	0.30%	17,905.82
Officer	LTDPQAD-DocPro	Support	7.32	8.16	1.0	8	1.50	1.75	21.00	0.22%	13,056.33
Staff	LTDPQAD-DocPro	Support	7.32	6.82	0.9	8	1.50	1.50	16.20	0.17%	10,072.02
Officer	LTDPQAD-DocPro	Support	7.32	9.06	1.0	8	1.50	2.00	24.00	0.25%	14,921.52
Officer	LTDPQAD-DocPro	Support	7.32	8.49	1.0	8	1.50	1.75	21.00	0.22%	13,056.33
Staff	LTDPQAD-DocPro	Support	7.32	8.36	0.9	8	1.50	1.75	18.90	0.20%	11,750.69
Utility	LTDPQAD-DocPro	Support	7.32	8.86	0.6	8	1.50	2.00	14.40	0.15%	8,952.91
Officer	LTDPQAD-DocPro	Support	7.32	8.32	1.0	8	1.50	1.75	21.00	0.22%	13,056.33
Officer	LTDPQAD-DocPro	Support	7.32	8.94	1.0	8	1.50	2.00	24.00	0.25%	14,921.52
Officer	LTDPQAD-DocPro	Support	7.32	9.11	1.0	8	1.50	2.00	24.00	0.25%	14,921.52
Officer	LTDPQAD-QAS	Support	8.20	9.20	1.0	8	1.75	2.00	28.00	0.29%	17,408.44
Officer	LTDPQAD-QAS	Support	8.20	9.20	1.0	8	1.75	2.00	28.00	0.29%	17,408.44
Officer	LTDPQAD-QAS	Support	8.20	9.04	1.0	8	1.75	2.00	28.00	0.29%	17,408.44
Officer	LTDPQAD-QAS	Support	8.20	9.20	1.0	8	1.75	2.00	28.00	0.29%	17,408.44
Officer	LTDPQAD-QAS	Support	8.20	9.04	1.0	8	1.75	2.00	28.00	0.29%	17,408.44
Officer	LTDPQAD-QAS	Support	8.20	9.18	1.0	8	1.75	2.00	28.00	0.29%	17,408.44
Chief	LTDPQAD-QAS	Support	8.20	9.16	1.2	8	1.75	2.00	33.60	0.35%	20,890.12
Officer	LTDPQAD-QAS	Support	8.20	9.06	1.0	8	1.75	2.00	28.00	0.29%	17,408.44
Officer	LTDPQAD-RnC	Support	8.26	8.98	1.0	8	1.75	2.00	28.00	0.29%	17,408.44
Staff	LTDPQAD-RnC	Support	8.26	8.68	0.9	8	1.75	2.00	25.20	0.26%	15,667.59
Staff	LTDPQAD-RnC	Support	8.26	8.47	0.9	8	1.75	1.75	22.05	0.23%	13,709.14
Officer	LTDPQAD-RnC	Support	8.26	8.83	1.0	8	1.75	2.00	28.00	0.29%	17,408.44

Officer	LTPDQAD-RnC	Support	8.26	8.96	1.0	8	1.75	2.00	28.00	0.29%	17,408.44	
Staff	LTPDQAD-RnC	Support	8.26	8.96	0.9	8	1.75	2.00	25.20	0.26%	15,667.59	
Officer	LTPDQAD-RnC	Support	8.26	8.72	1.0	8	1.75	2.00	28.00	0.29%	17,408.44	
Chief	LTPD-Division	Policy	7.70	9.19	1.2	8	1.75	2.00	33.60	0.35%	20,890.12	
Manager	LTPD-Division	Policy	7.70	9.35	1.4	8	1.75	2.00	39.20	0.41%	24,371.81	
Staff	LTPD-Division	Support	7.70	8.32	0.9	8	1.75	1.75	22.05	0.23%	13,709.14	
Utility	LTPD-Division	Support	7.70	8.93	0.6	8	1.75	2.00	16.80	0.17%	10,445.06	
Officer	LTPD-Division	Support	7.70	8.28	1.0	8	1.75	1.75	24.50	0.25%	15,232.38	
Officer	LTPD-EDAS	Policy	7.83	9.04	1.0	8	1.75	2.00	28.00	0.29%	17,408.44	
Chief	LTPD-EDAS	Policy	7.83	8.67	1.2	8	1.75	2.00	33.60	0.35%	20,890.12	
Officer	LTPD-EDAS	Policy	7.83	8.50	1.0	8	1.75	2.00	28.00	0.29%	17,408.44	
Officer	LTPD-EDAS	Policy	7.83	8.71	1.0	8	1.75	2.00	28.00	0.29%	17,408.44	
Officer	LTPD-EDAS	Policy	7.83	9.06	1.0	8	1.75	2.00	28.00	0.29%	17,408.44	
Manager	LTPD-MnE	Policy	7.12	8.06	1.4	8	1.50	1.75	29.40	0.30%	18,278.86	
Staff	LTPD-MnE	Support	7.12	8.00	0.9	8	1.50	1.75	18.90	0.20%	11,750.69	
Officer	LTPD-MnE	Policy	7.12	8.00	1.0	8	1.50	1.75	21.00	0.22%	13,056.33	
Officer	LTPD-MnE	Policy	7.12	8.37	1.0	8	1.50	1.75	21.00	0.22%	13,056.33	
Officer	LTPD-MnE	Policy	7.12	6.76	1.0	8	1.50	1.50	18.00	0.19%	11,191.14	
Officer	LTPD-MnE	Policy	7.12	8.28	1.0	8	1.50	1.75	21.00	0.22%	13,056.33	
Officer	LTPD-Programs	Policy	7.60	4.40	1.0	8	1.75	0.00	0.00	0.00%	-	
Staff	LTPD-Programs	Support	7.60	4.50	0.9	8	1.75	1.00	12.60	0.13%	7,833.80	
Staff	LTPD-Programs	Support	7.60	8.00	0.9	8	1.75	1.75	22.05	0.23%	13,709.14	
Officer	LTPD-Programs	Policy	7.60	9.00	1.0	8	1.75	2.00	28.00	0.29%	17,408.44	
Chief	LTPD-Programs	Policy	7.60	9.18	1.2	8	1.75	2.00	33.60	0.35%	20,890.12	
Officer	LTPD-Programs	Policy	7.60	8.80	1.0	8	1.75	2.00	28.00	0.29%	17,408.44	
Officer	LTPD-Research	Policy	7.78	8.92	1.0	8	1.75	2.00	28.00	0.29%	17,408.44	
Officer	LTPD-Research	Policy	7.78	7.75	1.0	8	1.75	1.75	24.50	0.25%	15,232.38	
Officer	LTPD-Research	Policy	7.78	7.75	1.0	8	1.75	1.75	24.50	0.25%	15,232.38	
Officer	LTPD-Research	Policy	7.78	8.63	1.0	8	1.75	2.00	28.00	0.29%	17,408.44	
Officer	LTPD-Research	Policy	7.78	9.06	1.0	8	1.75	2.00	28.00	0.29%	17,408.44	
Officer	LTPD-Research	Support	7.78	9.04	1.0	8	1.75	2.00	28.00	0.29%	17,408.44	
										9650.49	100%	6,000,000.00

Speeding up performance management through the PMIS

The Performance Management Information System, or PMIS, is a web-based database system designed to support and enable the different stages of performance management. Its installation and implementation is a major component of the BIR-PMS LTS project since it is the system that facilitates the encoding and processing of measurement data to arrive at performance ratings for offices and employees in the Large Taxpayers Service (LTS) of the Bureau of Internal Revenue. This section presents the different components of the PMIS. It also provides instructions on the installation and the use of this tool.

Chapter 7: Performance Management Information System

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Description

The **Performance Management Information System**, or **PMIS**, is a web-based database system designed to support and enable the different stages of performance management. Its installation and implementation is a major component of the BIR-PMS LTS project since it is the system that facilitates the encoding and processing of measurement data to arrive at performance ratings for offices and employees in the Large Taxpayers Service (LTS) of the Bureau of Internal Revenue. This section presents the different components of the PMIS. It also provides instructions on the installation and the use of this tool.

Objectives

This chapter aims to:

- Show the different functions of the PMIS;
- Present the environment and requirements in using PMIS;
- Describe the steps in installing PMIS; and,
- Provide instructions on using PMIS within the context of the different phases of the performance management cycle.

PMIS General Functions and Features

PMIS Functions

The PMIS supports performance management primarily at the office level although its features allow evaluations to be carried out for employees under each office. The initial setup of data thus involves the encoding of office and employee information that reflect the current organizational structure and personnel complement of the LTS. The performance management cycle begins with the setup of evaluation period data, after which the first stage, target setting, can be carried out.

The major modules of PMIS correspond to the key PMS activities: (1) target setting, (2) monitoring, and (3) evaluation.



Refer to the following chapters for more details on the different PMS stages:
Chapter 3 – Target Setting
Chapter 4 – Monitoring
Chapter 5 – Evaluating

Target Setting starts with the establishment of strategic objectives at the service or bureau level, which in turn will be used as the basis for target setting for all LTS offices. Each office will define key result areas (KRA's) aligned with the given objectives. Measures and targets for each KRA are also defined. Weights will then be assigned to each objective; weights will also be assigned for each KRA under an objective and for each measure under a KRA. These weights, together with corresponding rating schemes, will be used in the determination of performance ratings. The same identification of KRA's, measures, and weights may apply to employees. Performance contracts can be generated once all these elements are identified. An office contract then becomes an individual's basis for his/her own performance contract. Steps in creating an individual's contract are almost the same as an office's.

In the **performance monitoring** stage, actual performance data are collected, for each evaluation period. To assist personnel in monitoring periodic performance data, performance templates will be generated (to be filled up manually). Performance logs and summaries associated with each measure may also be encoded into the system. From these templates and logs, aggregate performance data for the evaluation period are determined manually for each measure, to be encoded into the system during the evaluation stage.

In the **performance evaluation** stage, actual aggregate performance data are encoded and compared with the corresponding targets. The comparisons are subjected to rating schemes from which ratings at the measure, KRA, and objective levels are determined for each office. A self-evaluation is first conducted, wherein the head of the office inputs performance data and ratings. A self-evaluation report is then generated for validation by the rater. The rater will then update this evaluation to produce a final evaluation report. Once office evaluations are completed, employee-ratings are determined and encoded into the system. The ratings then serve as input to a rewards and attrition system, as these are used as a basis for the distribution of rewards and attrition decisions. The evaluation stage also drives the development office development plan that serves as input to the target setting stage of the next evaluation cycle.

The PMIS Workspace

The PMIS Workspace is divided into three parts: the menu, the main screen, and the reminders.

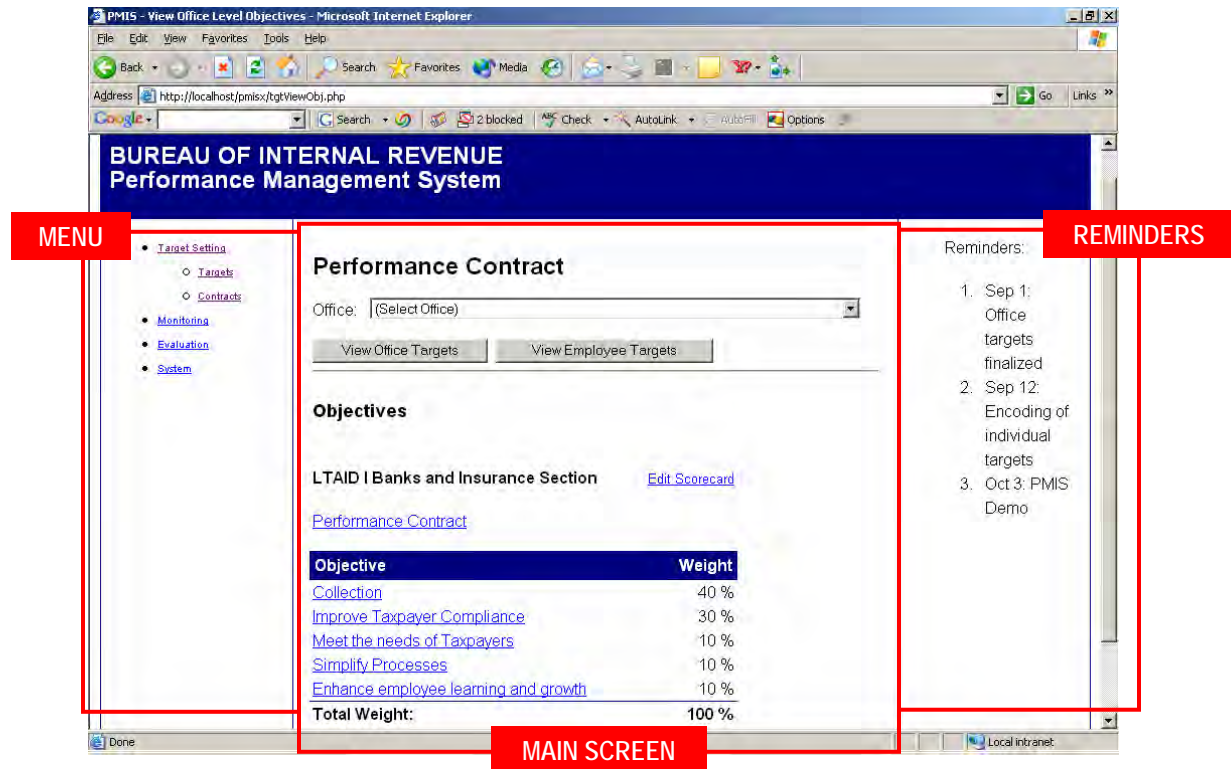


Figure 7.1 PMIS Workspace

Menu displays the choices of actions the user can do using the PMIS. The major items in the menu represent the main activities in the Performance Management cycle. The top-level menu items are:

- Target Setting
- Monitoring
- Evaluation, and
- System

Main screen contains the information requested in the menu. Default screen displayed upon login is the Top-Level Office Performance Contract.

Reminders display important dates and announcements relevant to PMS tasks. Examples of these are the deadlines of encoding and finalizing performance contracts.

PMIS Users

PMIS is primarily a tool to record and report performance management data, and monitor the progress of the performance management activities. Users of the system are classified into three: (1) LTS Manager; (2) Encoders; and (3) System Administrators. Each of these three has different roles, and thus, has different access levels in the system. The table below summarizes the different users and their roles in PMIS.

User type	Who	PMIS Roles & Privileges
Manager	DCIR, HREA's, division chiefs, section chiefs	<ul style="list-style-type: none"> ▪ View all data of offices and employees in and under his/her office ▪ Encode and edit objectives ▪ Encode and edit targets ▪ Finalize office and individual contracts ▪ Monitor status of target setting ▪ Encode notes ▪ Encode and edit ratings ▪ Finalize ratings ▪ Monitor status of evaluations
Encoder	LTS staff assigned by LTS manager	<ul style="list-style-type: none"> ▪ View all data of offices and employees in and under his/her office ▪ Encode and edit targets ▪ Encode notes ▪ Encode and edit ratings

User type	Who	PMIS Roles & Privileges
System Administrator	IT staff/BIR ISG	<ul style="list-style-type: none"> ▪ Install system ▪ Assist users for technical problems ▪ Troubleshoot technical problems ▪ Install upgrades to system software components ▪ Install upgrades to PMIS ▪ Regularly backup data ▪ Restore data, if necessary ▪ Add new user ▪ Upload new list of employees for each office

Requirements

1. Access

Each user must have an account to be able to use PMIS. S/he will be given a user name and password to be able to log in to PMIS.

2. Network connection

User should use a computer connected to the BIR network.

3. Browser and Display Properties

User should have a browser installed in the computer, such as *Internet Explorer*. **Screen Resolution** should be at least 1024 by 768 pixels

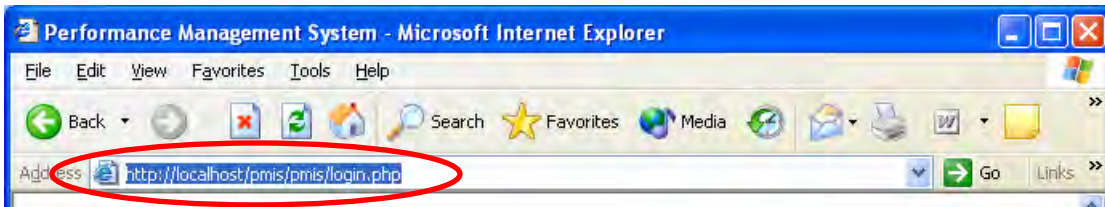
Logging In

Log in to the Home Page of BIR PMIS

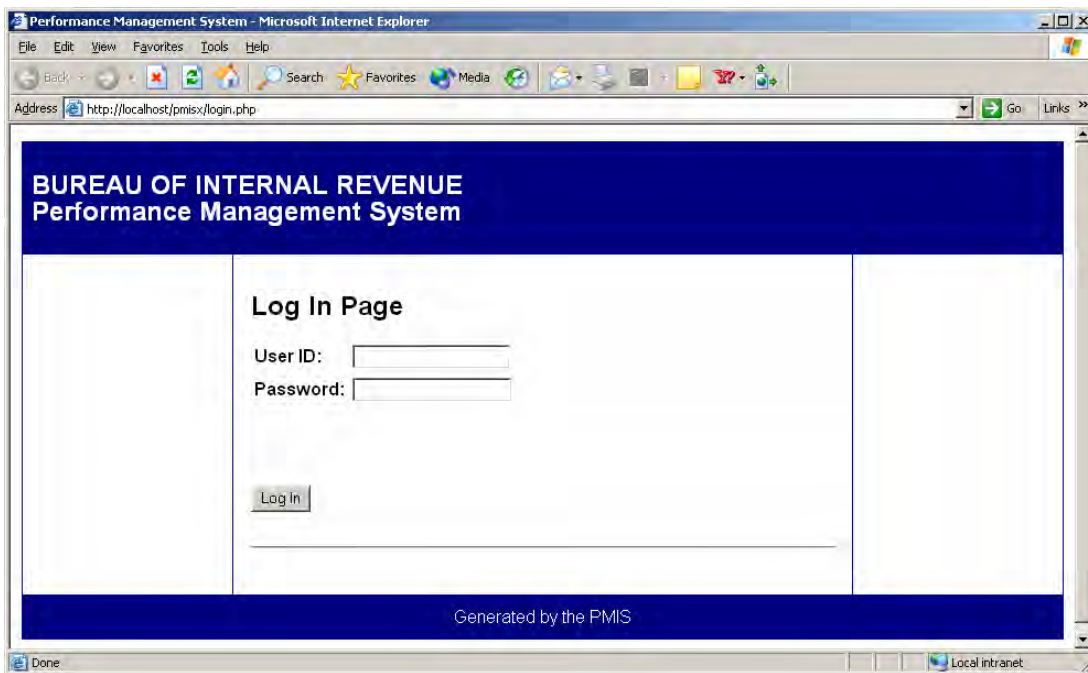
1. Open your browser such as *Internet Explorer*



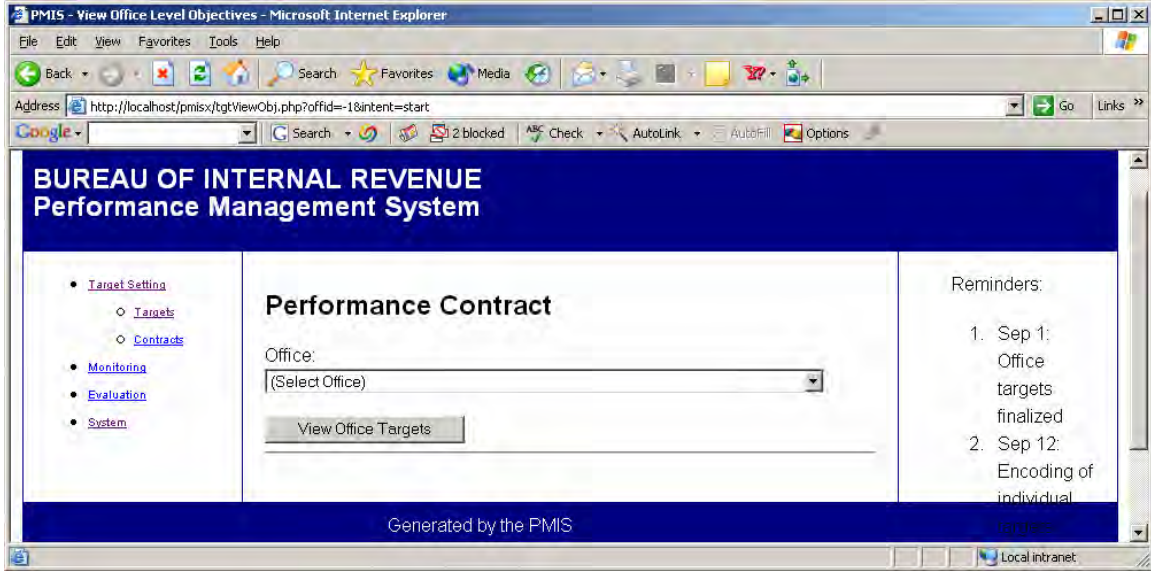
2. In your browser, type `http://bir-lts-pms/pmis/` in the **Address** field.



The *Log In* page of the BIR PMIS will open.



3. Click **Login**. This opens the *Top-Level Performance Contract* of LTS.



System Administration

User: LTS Admin, System Admin

Installation

Installation of PMIS involves setting up the web server. This requires installation of the following system software components:

- Web Server (Apache)
- Database Server (MySQL)
- Scripting Language (PHP)

Once these components have been installed, PMIS files can be copied into the web server.

Maintenance: Backup and Restore

PMIS data should be regularly backed up. This involves invoking the *PMIS Backup* facility. This module saves the content of the database in text files.

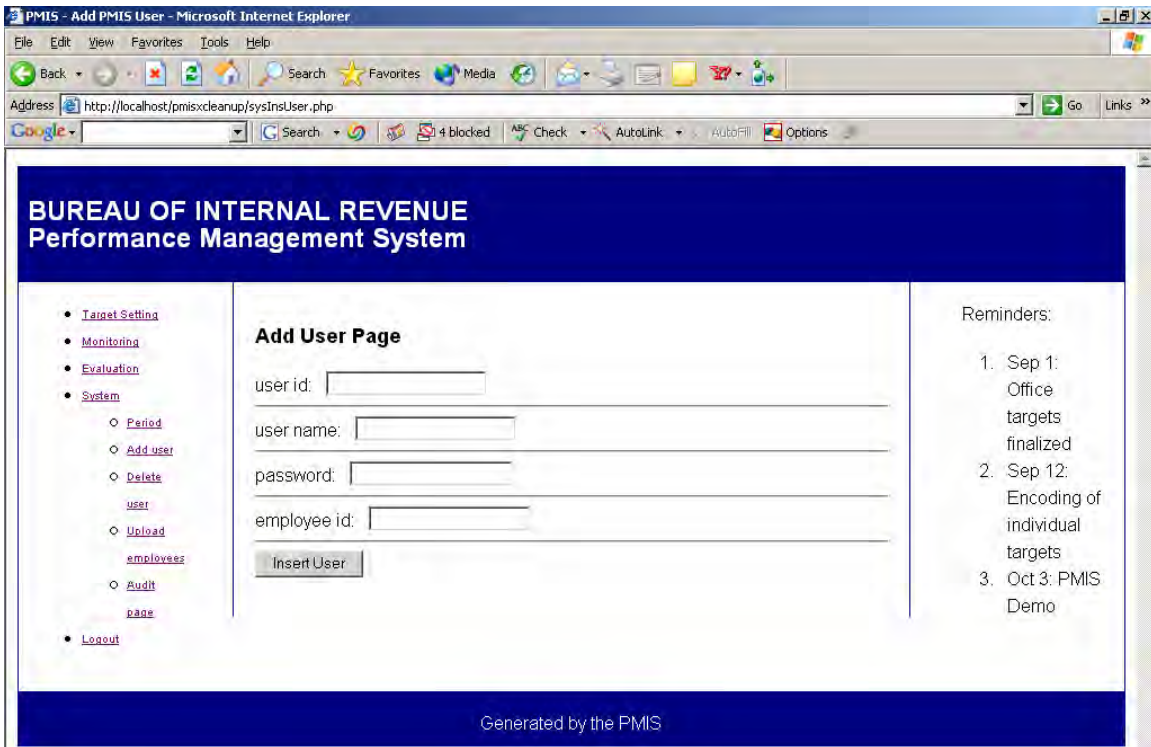
If required, data can be restored by invoking the *PMIS Restore* facility. This will restore data stored in text files in the 'Backup' folder.

Set-up and Maintenance of Users

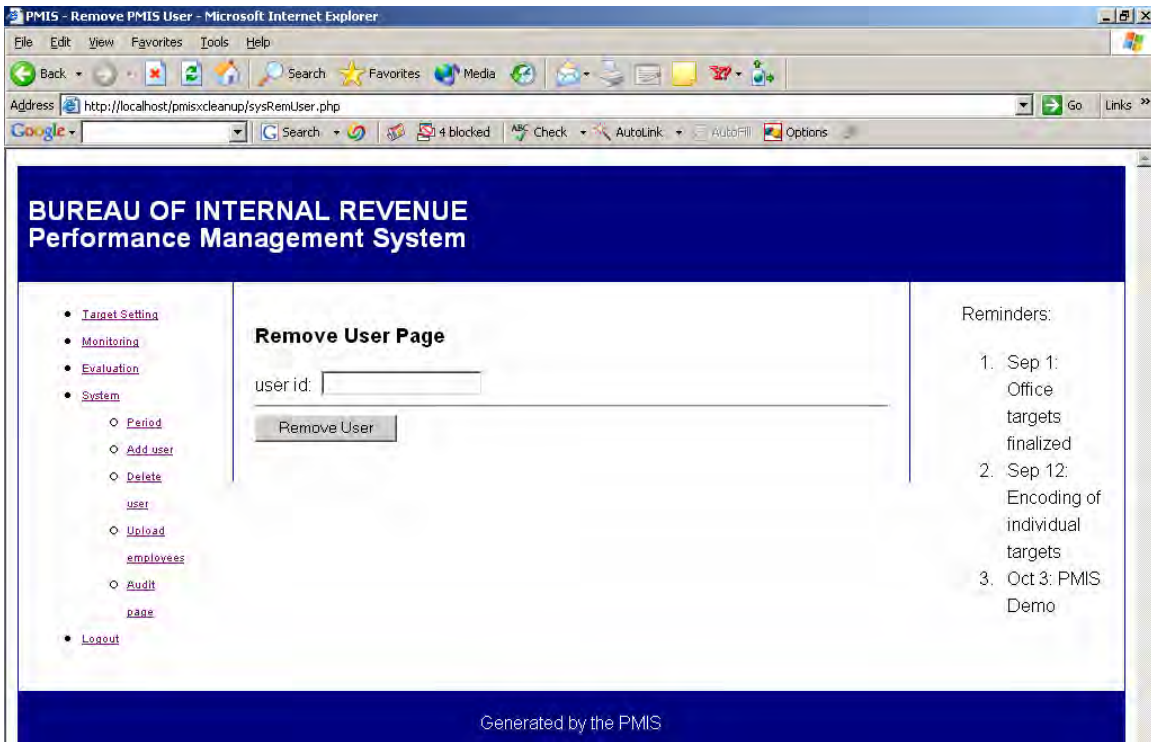
To maintain security and integrity of PMIS data, users will be authenticated and authorized before s/he is allowed to use the system. Each user will be provided a login name and password, and, depending on her/his designation and office, s/he will be assigned a level of access to selected parts of the database.

This activity involves adding a new user to and removing an existing user from the system.

1. To add a new user, click System > Add User.



2. To remove an existing user, click System > Delete user.



Update Employee List

To generate individual contracts, PMIS should be updated with the current list of employees in each office. This should be done in the following situations:

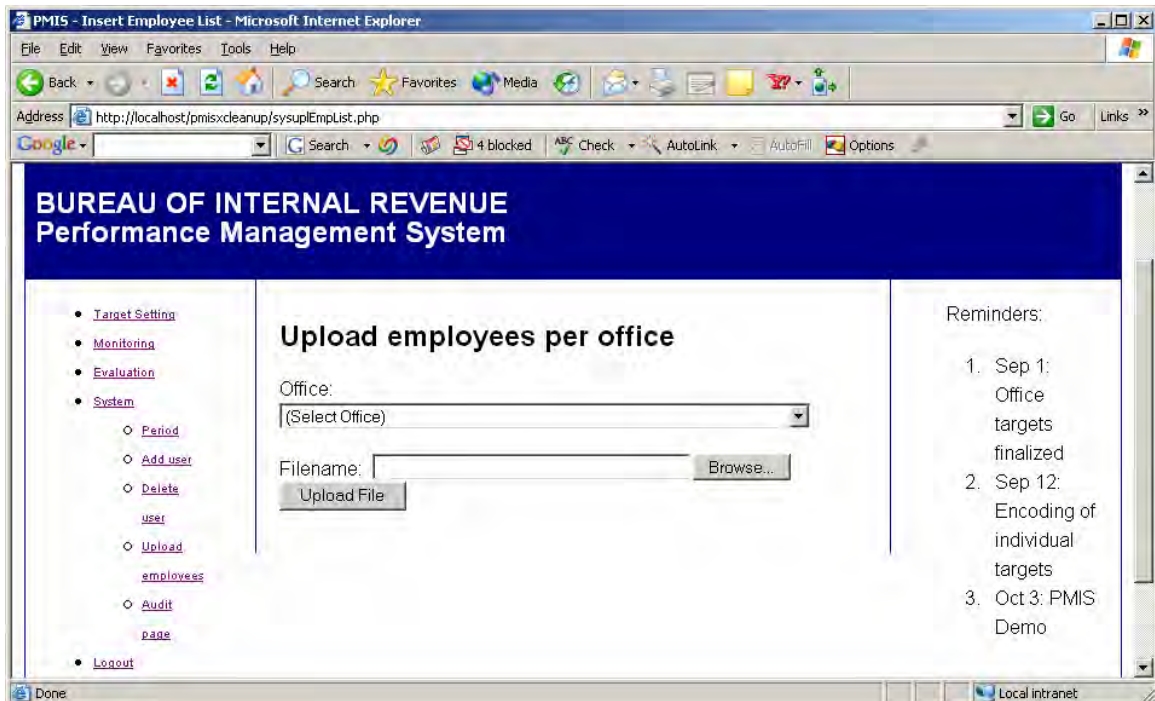
- a new employee
- an employee is transferred to another office
- an employee leaves LTS

This should be done for each office affected.

1. Create employee list in CSV format. A new employee list in CSV format should be uploaded. This file should have the following information, using the given order of the columns:

TIN	LAST NAME	FIRST NAME	MIDDLE INITIAL	DESIGNATION	SALARY GRADE	RATING
(ALL digits, no dash)						(blank)

2. Click System > Upload Employees to go to the **Upload Employee List** page. Choose the **Office**.



3. Click **Browse** to specify the location of the file for uploading. Once a file has been chosen, click **Upload**.

Using PMIS in Target Setting

Office Target Setting

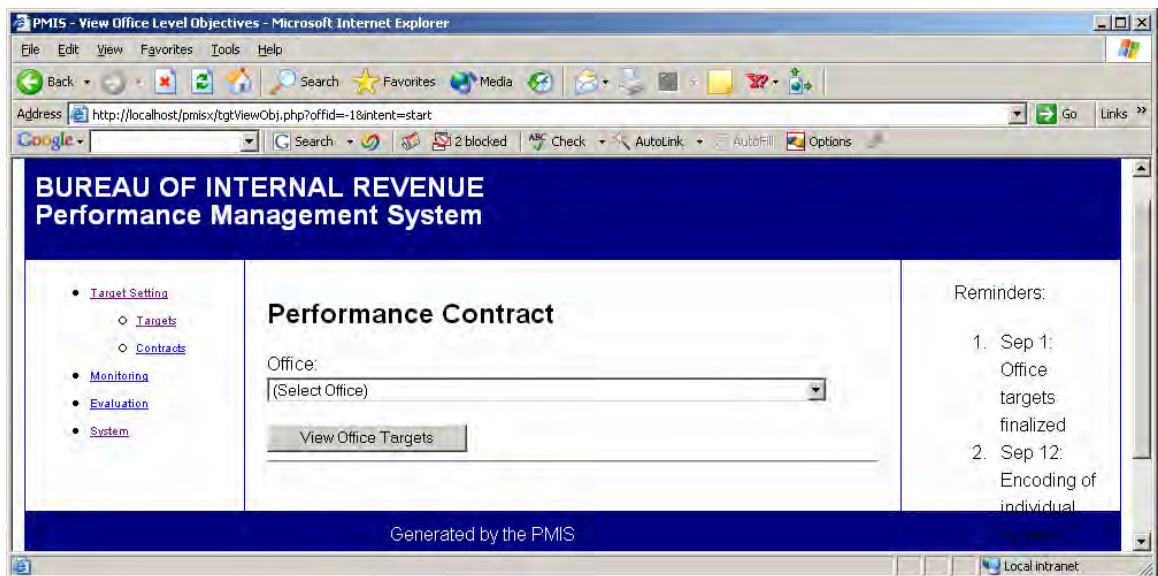
(for Target Setting-Service Level Steps 3-7; Office Level Steps 1-5)

User: Managers, Encoders

Use PMIS to encode and print Performance Contracts for LTS, and each of the divisions and sections.

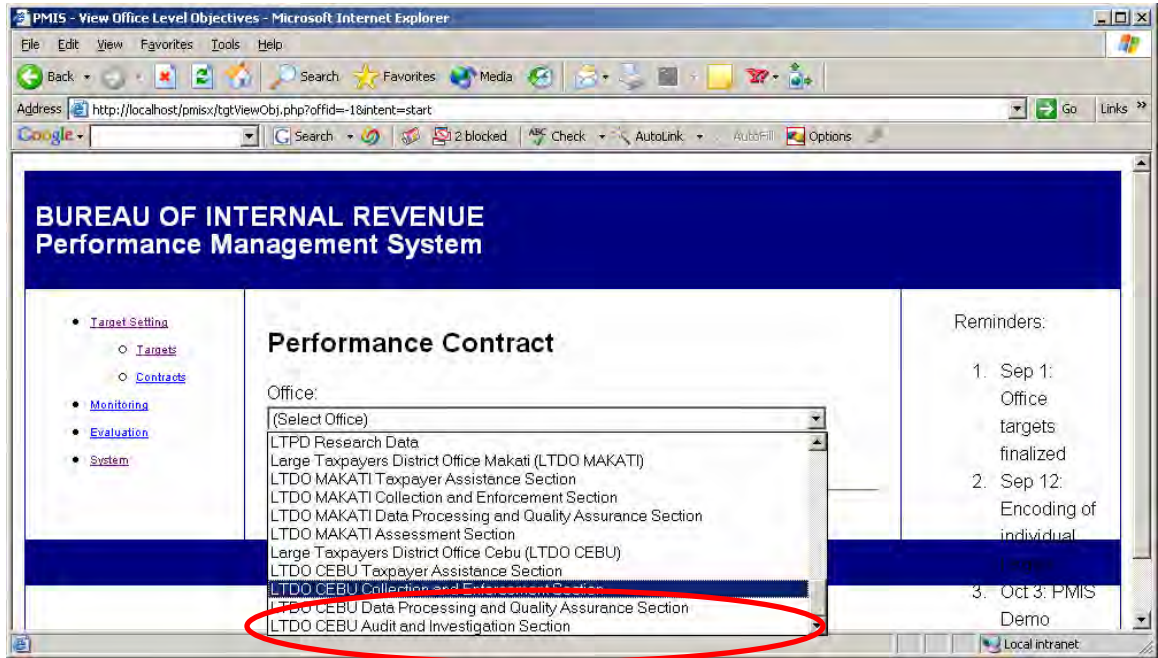
Step 1. Identify objectives

1. Click **Target Setting** on the **Menu**. This opens the top-level **View Performance Contract** page in the Main Screen.

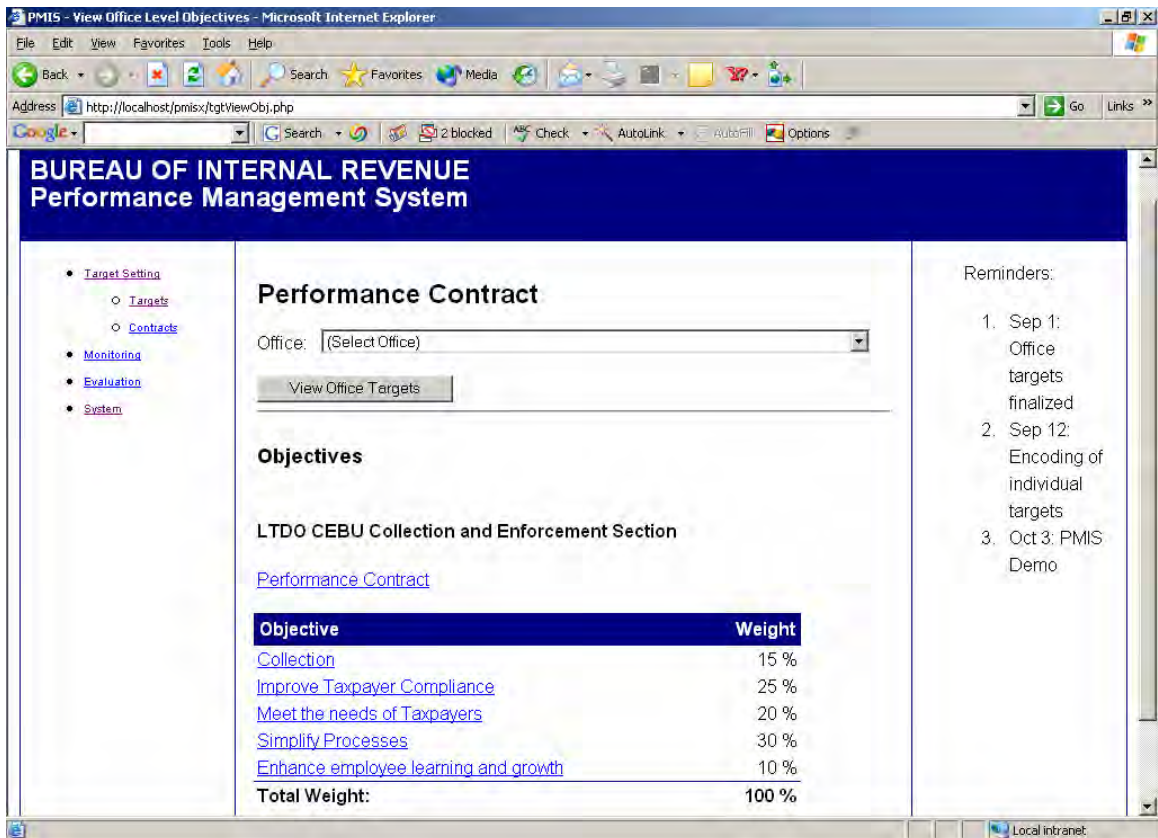


2. Specify the Office.

a. Choose the **Office** for which the contract is being created.



b. Click **View Office Targets**.



This refreshes the **View Performance Contract** page with the **Objectives** applicable to the chosen office.

3. Add and/or Edit Objectives

PMIS allows the user to edit content of top-level performance contract. Objectives can be added or removed. Weight assignment for each objective can also be edited.

- a. Click **Edit Contract**. This opens the Edit Performance Contract page.

**BUREAU OF INTERNAL REVENUE
Performance Management System**

- [Target Setting](#)
- [Monitoring](#)
- [Evaluation](#)
- [System](#)

Performance Contract

LTAD II Taxpayer Information and Education Section

Objectives

Finished Apply Cancel

Objective	Weight	Action
Collection	15 %	Delete
Improve Taxpayer Compliance	20 %	Delete
Meet the needs of Taxpayers	45 %	Delete
Simplify Processes	10 %	Delete
Enhance employee learning and growth	10 %	Delete
Total Weight:	100 %	

Objective Name

Weight %

Add Objective

Reminders:

1. Sep 1: Office targets finalized
2. Sep 12: Encoding of individual targets
3. Oct 3: PMIS Demo

Generated by the PMIS

- b. To add another objective, select the **Objective Name** from the list. Assign **Weight** to the chosen objective. Click **Add Objective**.

- c. To remove an existing objective in the contract, click **Delete**. You will be asked to confirm removal of the chosen objective.
- d. Click **Finished** when done. This leads the user back to the View Performance Contract page.



Weights of objectives should total 100%. Total weight display will become **red** if it does not total to 100%. You will also be alerted when you exit the edit contract page with weight total not equal to 100%

Step 2. Determine the key result areas (KRA's)

1. From the top-level performance contract, click the **Objective** where the key result area to be encoded falls under. This displays the KRA's under the chosen objective.

The screenshot shows the Performance Management System interface. The main content area displays the 'BUREAU OF INTERNAL REVENUE Performance Management System' header and a 'Scorecard' for the 'Office: LTAD II Education Section'. Under the 'Objectives' section, the 'Simplify Processes' objective is selected and circled in red. A red arrow points from this objective to a table of Key Result Areas (KRAs) associated with it. The table lists three KRAs with their respective weights, totaling 100%.

Key Result Area	Weight
Masterlist of excise taxpayers per industry	50 %
Availability/ Maintenance of old and latest BIR issuances	25 %
Maintenance of Issuances per industry	25 %
Total Weight:	100 %

2. Add and Edit KRA's

PMIS allows user to edit content of the KRA-level of the performance contract. KRA's, new or existing, can be added or removed. Weight assignment for each objective can also be edited.

a. Click **Add & Edit KRA's**. This opens the Add & Edit KRA's page.

BUREAU OF INTERNAL REVENUE
Performance Management System

- [Target Setting](#)
 - [Targets](#)
 - [Contracts](#)
 - [Status](#)
- [Monitoring](#)
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- [Logout](#)

Performance Contract

LTAD II Taxpayer Information and Education Section

Objectives Key Result Areas (KRAs)

Finished Apply Cancel

Meet the needs of Taxpayers

Key Result Area	Weight	Action
Curriculum of the Need to Know Program	30 %	Delete
Replies to TP Queries	10 %	Delete
Seminars/Briefings/Public Hearing	60 %	Delete
Total Weight:	100 %	

Add New Key Result Area

KRA Name

Weight %

Add KRA

Reminders:

- Sep 1: Office targets finalized
- Sep 12: Encoding of individual targets
- Oct 3: PMIS Demo

Generated by the PMIS

b. Add a new KRA

- i. Type the **KRA Name**
 - ii. Input the **Weight**. No need to type the percent sign.
 - iii. Click **Add KRA**
3. To remove an existing KRA in the contract, click **Delete**. You will be asked to confirm removal of the chosen KRA.
 4. Click **Finished** when done. This leads the user back to the View KRA's page.

Step 3. Identify measures and targets.

1. From the KRA-level performance contract, click the **KRA** where the measure to be encoded falls under. This opens the *View Measures* page, displaying the list of measures for the chosen KRA.

The screenshot shows the Performance Management System interface. The main content area displays a performance contract for the 'Office: LTDPQAD Data Processing Section'. Under the 'Key Result Areas (KRAs)' section, the KRA 'Improve Taxpayer Compliance' is selected, showing the measure 'EEPS Monitoring-matching of filing and payment'. A table lists the measures and their weights:

Measure	Level	Type	Means of Verification	Target	Weight
Percentage of compliance	Input	Quantity	none inputted	99% compliance in EEPS	50 %
Percentage of monthly reconciliation	Input	Quantity	none inputted	99% of TP's monitored monthly	50 %
Total Weight:					100 %

Below the table, a 'Key Result Area' section is visible, listing the measures and their weights:

EEPS Monitoring-matching of filing and payment	25 %
Reminder letters on reporting requirements	75 %
Total Weight:	100 %

The text 'Generated by the PMIS' is visible at the bottom of the page.

2. Add and Edit Measures

PMIS allows the user to edit content of the **Measure-level** of the performance contract. Measures, new or existing, can be added or removed. Weight assignment and target for each measure can also be edited.

- a. Click **Add & Edit Measures**. This opens the Add & Edit Measures page.

PMIS - Add and Update Measures - Microsoft Internet Explorer

Address: http://localhost/pmismiscleanup/tgtAddUpdMeas.php?offid=198&objid=38&raid=965&intent=initiate

BUREAU OF INTERNAL REVENUE Performance Management System

- Target Setting
 - Targets
 - Contracts
 - Status
- Monitoring
- Evaluation
- System
- Logout

Performance Contract

LTAD II Taxpayer Information and Education Section

[Objectives](#) - [Key Result Areas \(KRAs\)](#) - [Measures](#)

Finished Apply Cancel

Meet the needs of Taxpayers Curriculum of the Need to Know Program

Measure	Level	Type	Means of Verification	Target	Weight	Action
Number of times returned by LTAD II officials for correction	Input	Quantity	none input	5 times	20 %	Delete
Percentage of the needs of the TPs addressed by the program	Outcome	Quantity	none input	80%	60 %	Delete
Submission time for draft curriculum	Input	Timeliness	none input	9 May 2005	20 %	Delete
Total Weight:					100 %	

Add New Measure

Measure Name:

Level:

Type:

Means of Verification:

Target:

Weight: %

Add Measure

Generated by the PMIS

Reminders:

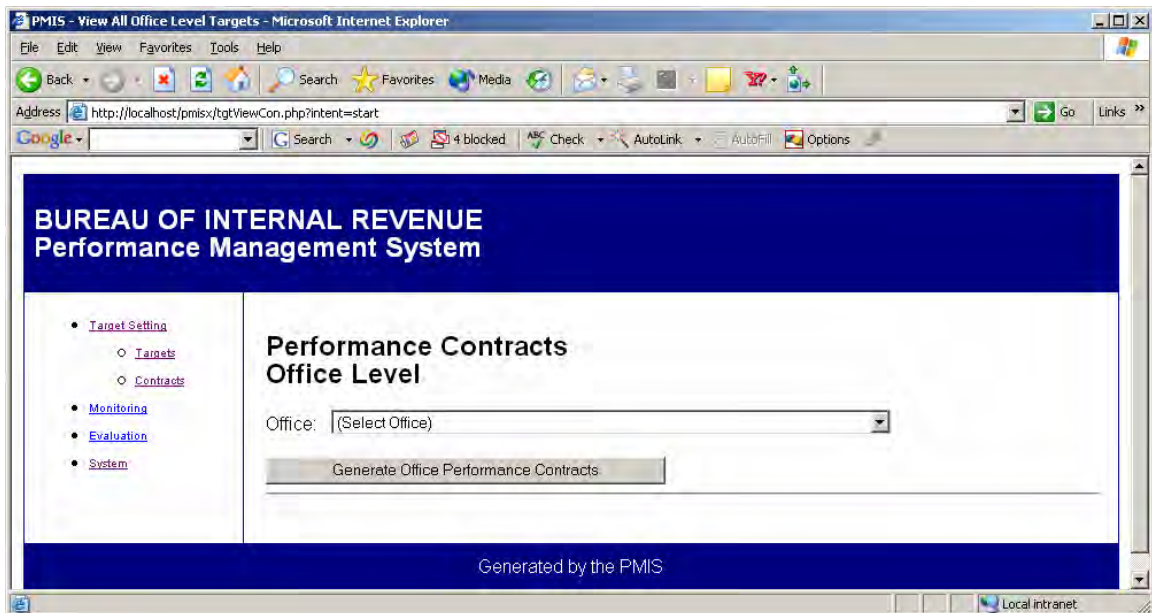
- Sep 1: Office targets finalized
- Sep 12: Encoding of individual targets

- b. Add a new Measure
 - i. Type the **Measure Name**
 - ii. Choose the **Level** of this measure (Input, Output, or Outcome)

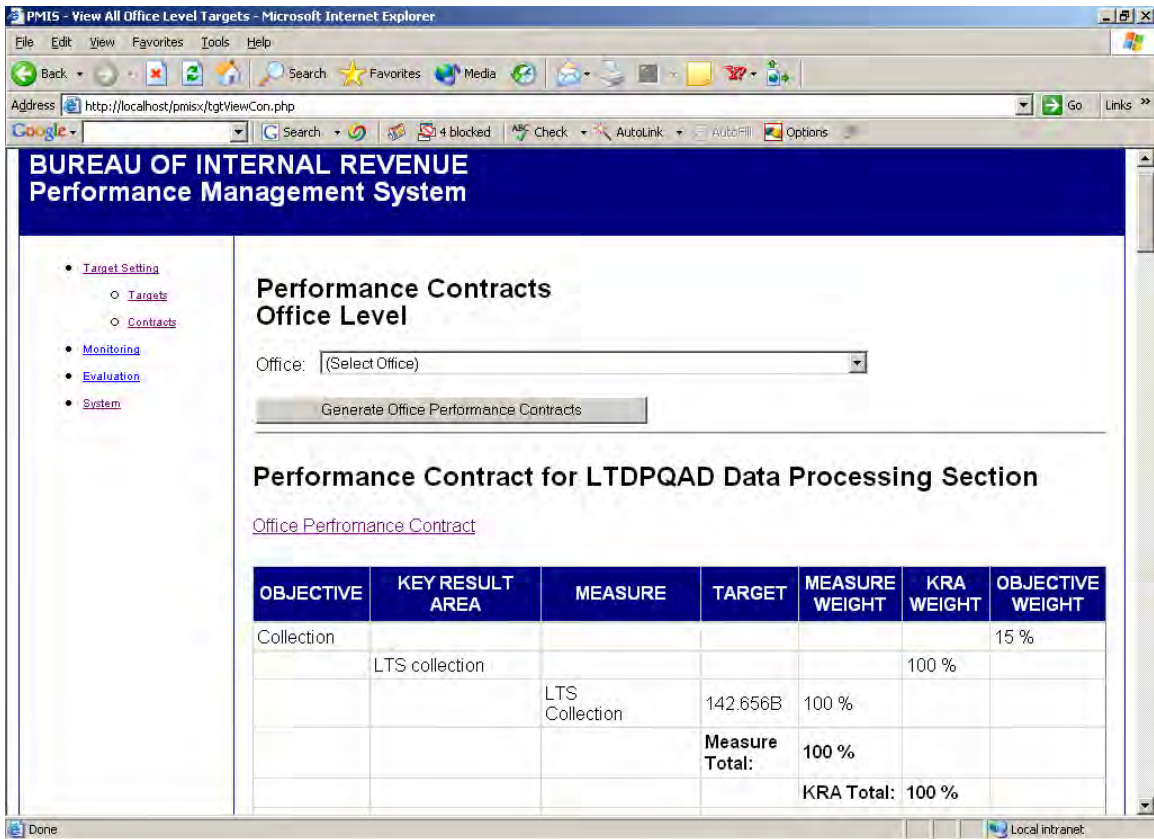
- iii. Choose the applicable **Type** of measure (Quantity, Quality, or Timeliness)
 - iv. Define the **Means of Verification**
 - v. Input the **Target**.
 - vi. Input the **Weight**. No need to type the percent sign.
 - vii. Click **Add Measure**
3. To remove an existing measure in the contract, click **Delete**. You will be asked to confirm removal of the chosen KRA.
 4. Click **Finished** when done. This leads the user back to the View Measures page.

Step 4. Print the Performance Contract.

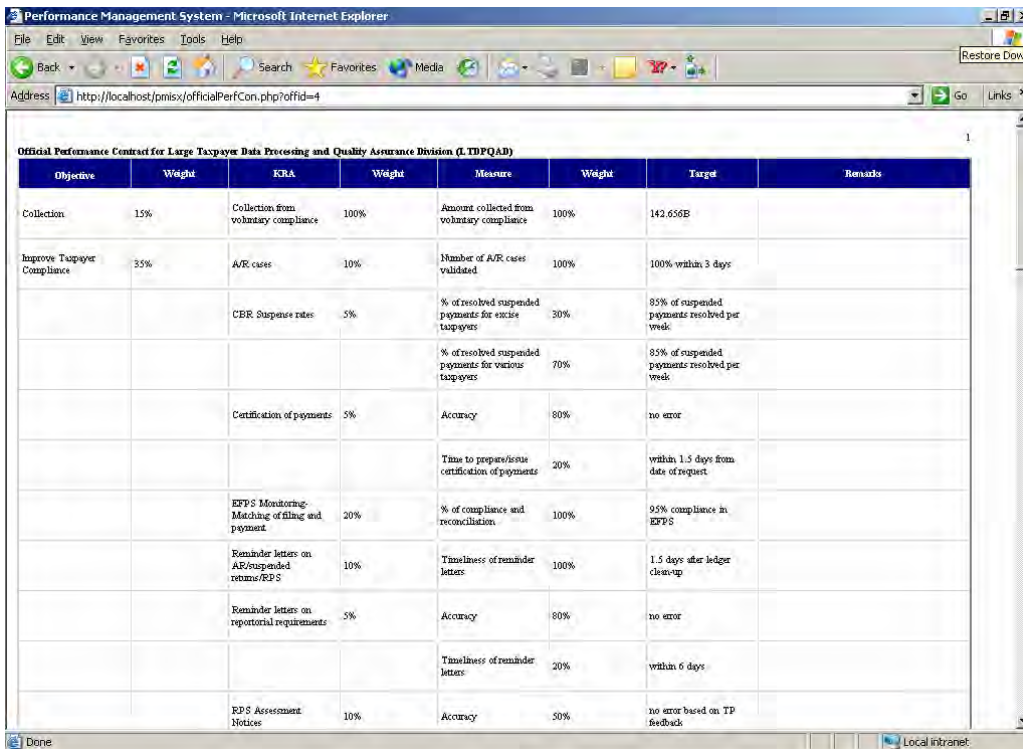
1. In the Menu, click Target Setting > Contracts.



2. Choose the office whose contract you want to print. Click **Generate Performance Contracts**. This opens the View Contract page.



3. Click **Office Performance Contract**. This will open another window displaying the contract as it will be printed out.



Objective	Weight	KRA	Weight	Measure	Weight	Target	Remarks
				Time to prepare/issue EPS Assessment Notices	50%	within 2 days	
		EPS dispute rates	10%	% of resolved suspended returns for various taxpayers	30%	85% of suspended payments resolved per week	
				% of resolved suspended returns for various taxpayers	70%	85% of suspended payments resolved per week	
		TDM Verification	5%	Time to reconcile TDM manually filed with payments in CBR	100%	within 1 hour	
		TP ledger Clean up	20%	Number of TP ledgers clean-up	100%	195 ledgers cleaned up	
Meet the needs of Taxpayers	20%	Certificate of No Outstanding Liability	20%	% of TPs request acted upon	100%	within 4 days	
		Certificate of payments requested by TPs	30%	Accuracy	60%	no error	
				Time to prepare/issue certification of payments	40%	within 1 day from date of request	
		Certified True Copies of returns/attachments	30%	Time to prepare/issue certified true copies	100%	100% acted upon within 1 hour	
		Response to requests for data	20%	Time to prepare/issue certified true copies of returns/attachments	100%	within 4 days	
Simplify Processes	20%	Account adjustment	20%	% of approved account adjustment reviewed/performed online	100%	100% of request for Accounts adjustment reviewed/performed within a month	

4. Define settings for printing. In the Browser menu, click File > Page Setup. This will open the *Page Setup* window.

The screenshot shows the 'Page Setup' dialog box with the following settings:

- Paper:** Letter
- Source:** Automatically Select
- Headers and Footers:** Header and Footer fields are empty.
- Orientation:** Landscape (selected)
- Margins (inches):** Left: 0.3, Right: 0.5, Top: 0.3, Bottom: 0.3

Make sure the following settings are defined:

- Header - <blank>
- Footer - <blank>
- Orientation - Landscape

- d. Left Margin – 0.3
- e. Right Margin – 0.3
- f. Top Margin – 0.3
- g. Bottom Margin – 0.3

Click **OK**.

5. In the browser menu, click File > Print > Print

Individual Target Setting (Target Setting-Individual Level Steps 1-4)

User: Managers, Encoders

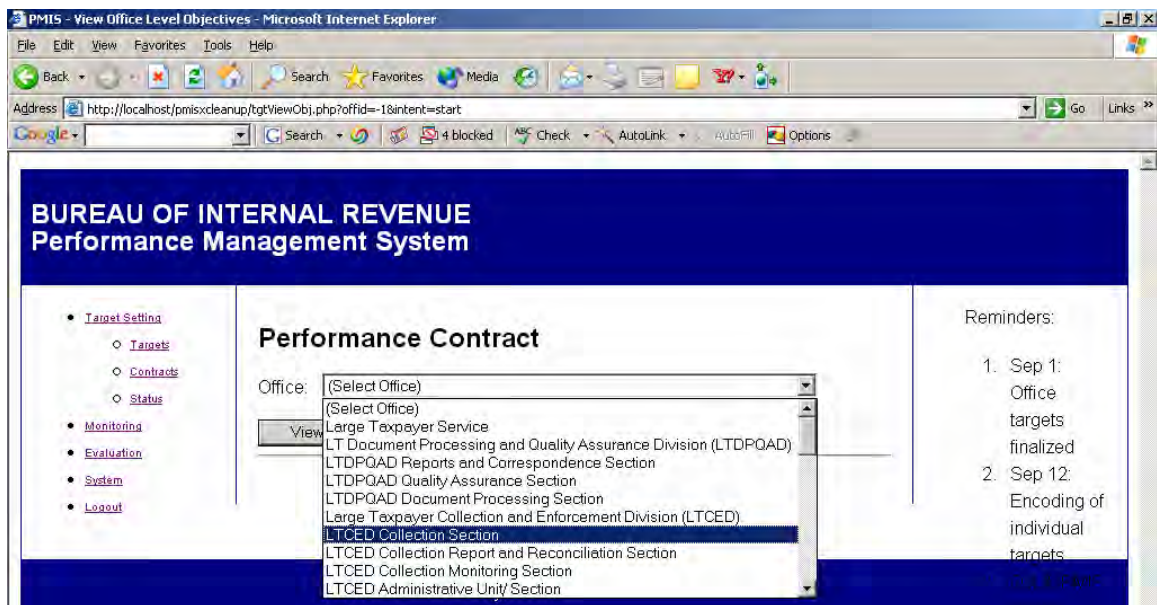
Individual targets can only be set up once office targets have been finalized.



This module will only be accessible when OFFICE TARGETS have been FINALIZED.

Step 1: Print Individual Performance Contract Template.

1. Click Target Setting > Contracts in Menu. Select the **Office** where the Employee belongs to.



Click **Generate Office Performance Contracts**.

BUREAU OF INTERNAL REVENUE
Performance Management System

- [Target Setting](#)
 - [Targets](#)
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- [Logout](#)

Performance Contracts Office Level

Office:

Performance Contract for LTCED Collection Section

[Office Performance Contract](#)

[Individual Target Setting Template](#)

[View Employee Targets for this office](#)

OBJECTIVE	KEY RESULT AREA	MEASURE	TARGET	MEASURE WEIGHT	KRA WEIGHT	OBJECTIVE WEIGHT
Collection						40 %
	Delinquent accounts collection				62.5 %	
		% of excess in				

This updates the main screen with the targets and the corresponding actions that can be performed for the chosen office.

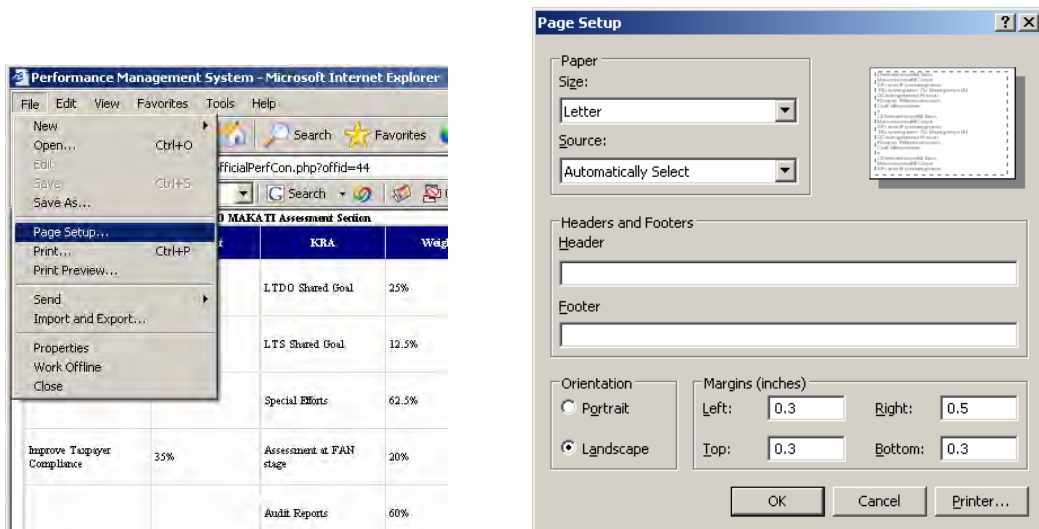
2. Click **Individual Target Setting Template**. This opens another browser window showing a preview of the individual target setting template that can be used for drafting performance contracts for each employee in the office.

Individual Target Setting Template
Performance Evaluation Report for LTCEB Collection Section

Employee Name: _____

Objective	Weight	KRA	Weight	Measure	Weight	Target	Means of Verification	Remarks	Baseline Performance	Development Action
Collection	40%	Delinquent accounts collection	62.5%	% of excess in collection target	100%	60M	none inputted			
		LTS Shared Goal	37.5%	% of excess in collection target	100%	14340.5B	none inputted			
Improve Taxpayer Compliance	30%	Execution of Summary Remedies	100%	Timely issuance of collection letters, FNES, WDL and WFO	100%	within 30 days	none inputted			
Meet the needs of Taxpayers	10%	Eval of app. for compromise settlement	40%	Prompt and timely evaluation of applications for compromise settlement and abatement of penalties	100%	15 cases per month or 90 cases per semester	none inputted			
		Issuance of Delinquency Verification certificate	30%	Accurate and timely issuance of delinquency verification certificate	100%	5 days	none inputted			
		response to queries	30%	Prompt and accurate response to TP queries	100%	within 10 days	none inputted			
Simplify Processes	10%	recording & tracking of accounts receivable cases	50%	Accurate and timely recording and tracking of accounts receivable cases	100%	within 5 days upon receipt	none inputted			
		Submission of regular/periodic management reports	50%	Timely and accurate submission of regular/periodic management reports	100%	8th day of the following month	none inputted			
Enhance employee learning and growth	10%	Improved Organizational Communication	20%	Regularity of Section staff meetings	100%	weekly	none inputted			
		Rewards and Recognition System Institutionalized	40%	Extent to which high performers are rewarded	100%	monthly recognition of top collector/100% attendance and most	none inputted			

3. Define settings for printing. In the Browser menu, click File > Page Setup. This will open the *Page Setup* window.



Make sure the following settings are defined:

- Header - <blank>
- Footer - <blank>

- c. Orientation – Landscape
- d. Left Margin – 0.3
- e. Right Margin – 0.3
- f. Top Margin – 0.3
- g. Bottom Margin – 0.3

Click **OK**.

4. In the browser menu, click File > Print > Print. Print one copy for each employee.

Step 2: Encode Targets - Choose Employee.

1. Click Target Setting > Targets in Menu. Select the **Office**.

**BUREAU OF INTERNAL REVENUE
Performance Management System**

- [Target Setting](#)
 - [Targets](#)
 - [Contracts](#)
 - [Status](#)
- [Monitoring](#)
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- [System](#)
- [Logout](#)

Performance Contract

Office:

Objectives

LTCED Collection Section

[Performance Contract](#)

[View Employee Targets for this office](#)

Objective	Weight
Collection	40 %
Improve Taxpayer Compliance	30 %
Meet the needs of Taxpayers	10 %
Simplify Processes	10 %
Enhance employee learning and growth	10 %
Total Weight:	100 %

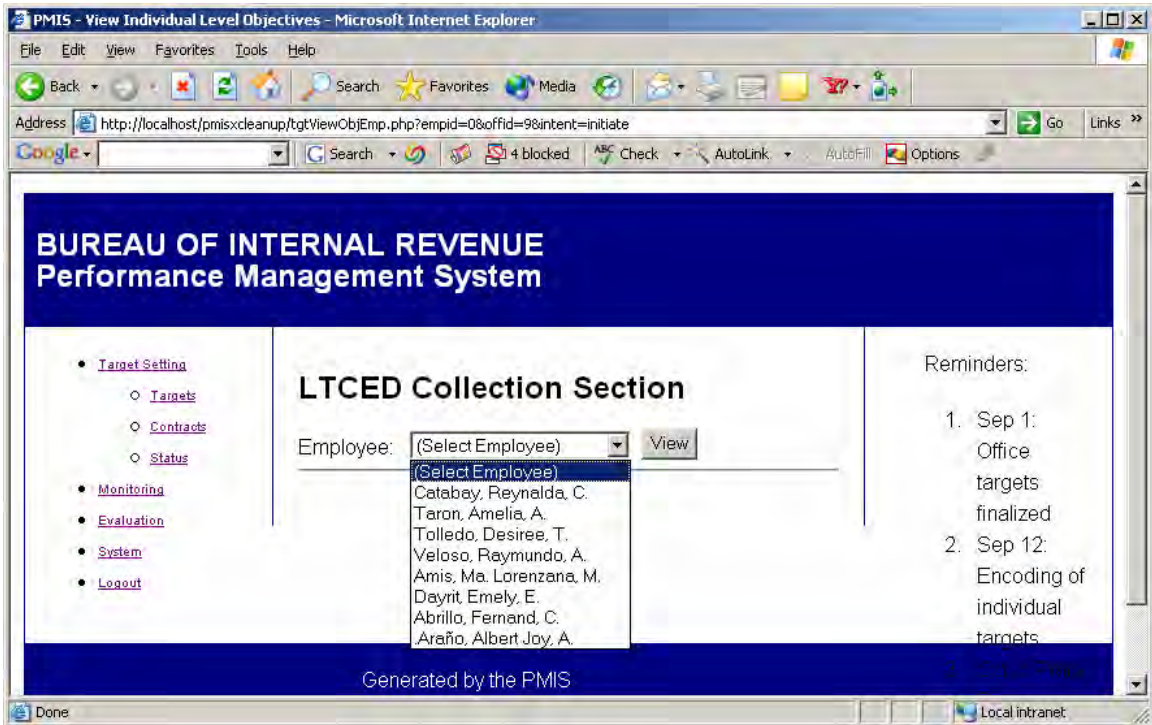
Reminders:

1. Sep 1: Office targets finalized
2. Sep 12: Encoding of
3. Oct 3: PMIS Demo

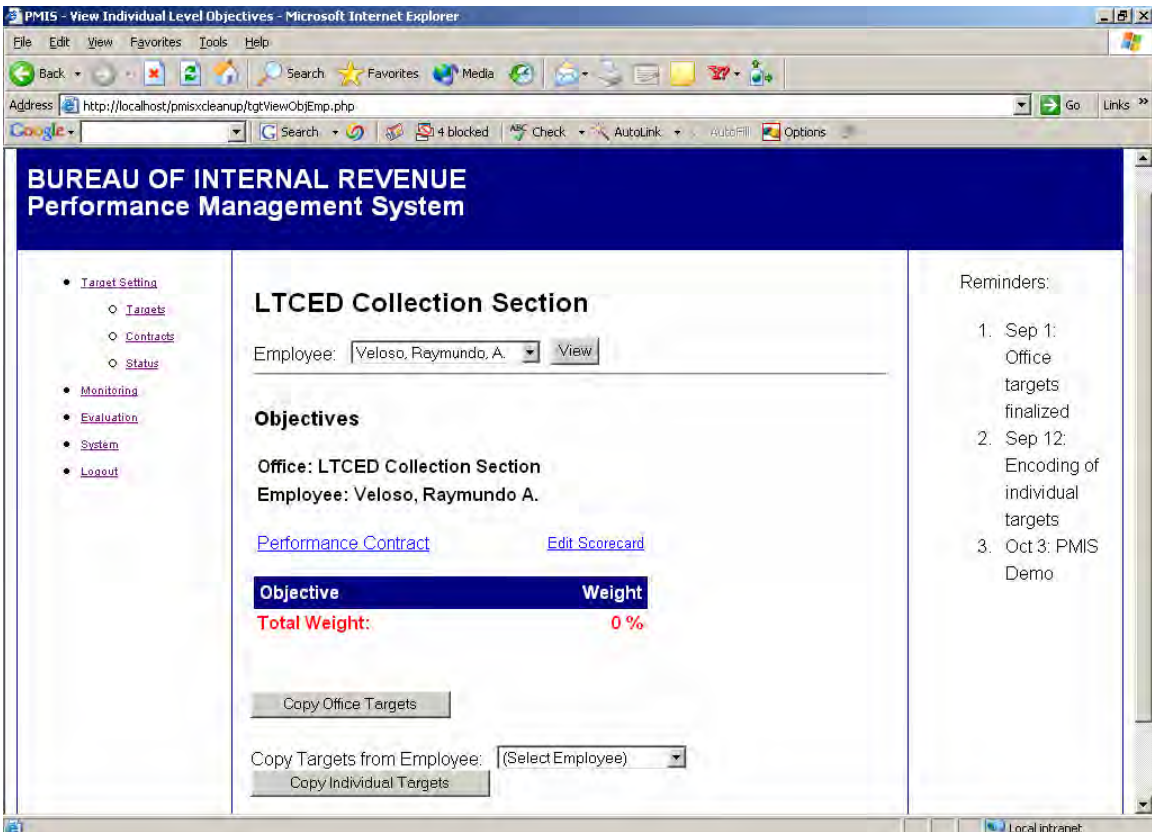
Local intranet

Click **View Employee Targets** for this office.

2. Choose the Employee. Click **View**.



This updates the screen with chosen employee's contract.



Step 3: Copy Office/ Employee Targets.

The office performance contract can be used as a starting point for the employee's own scorecard. There are two options in creating the employee's contract: (1) copy the office's contract; or (2) copy another employee's contract.

1. Click **Copy Office Targets** to copy content of office's performance contract to that of employee's.

The screenshot shows the PMIS web application interface. The main content area displays the following information:

**BUREAU OF INTERNAL REVENUE
Performance Management System**

• [Target Setting](#)
 ◦ [Targets](#)
 ◦ [Contracts](#)
 ◦ [Status](#)
 • [Monitoring](#)
 • [Evaluation](#)
 • [System](#)
 • [Logout](#)

Targets copied.

LTCED Collection Section

Employee:

Objectives

Office: LTCED Collection Section
Employee: Veloso, Raymundo A.

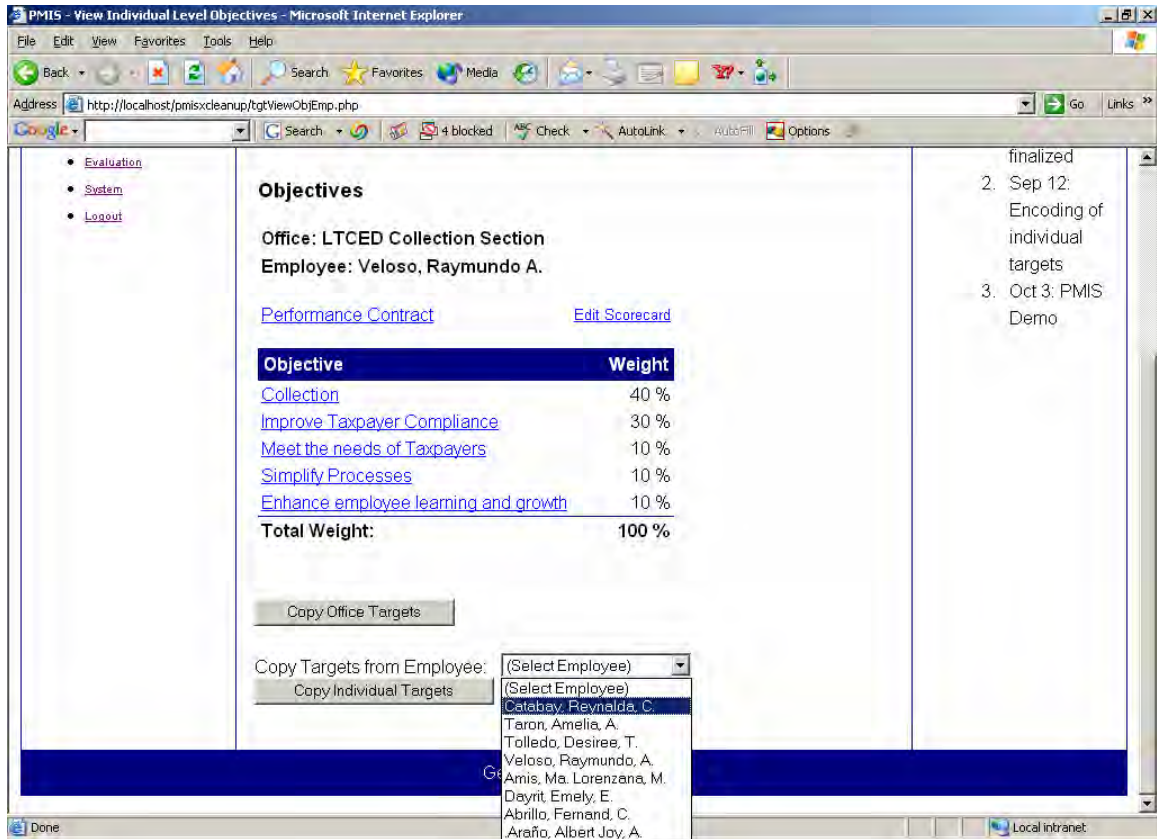
[Performance Contract](#) [Edit Scorecard](#)

Objective	Weight
Collection	40 %
Improve Taxpayer Compliance	30 %
Meet the needs of Taxpayers	10 %
Simplify Processes	10 %
Enhance employee learning and growth	10 %
Total Weight:	100 %

Reminders:

1. Sep 1: Office targets finalized
2. Sep 12: Encoding of individual targets
3. Oct 3: PMIS Demo

- To copy another employee's contract (under the same office), choose from the **Copy Targets** from Employee drop-down list, and click **Copy Individual Targets**.



Step 4: Add and/or Edit objectives.

1. Click **Edit Contract**. This opens the Edit Performance Contract page.

Performance Contract
LTCED Collection Section
User: Veloso, Raymundo A.

Objectives

Finished Apply Cancel

Objective	Weight	Action
Collection	40 %	Delete
Improve Taxpayer Compliance	30 %	Delete
Meet the needs of Taxpayers	10 %	Delete
Simplify Processes	10 %	Delete
Enhance employee learning and growth	10 %	Delete
Total Weight:	100 %	

Objective Name
 Weight %
 Add Objective

Reminders:

1. Sep 1: Office targets finalized
2. Sep 12: Encoding of individual targets
3. Oct 3: PMIS Demo

Generated by the PMIS

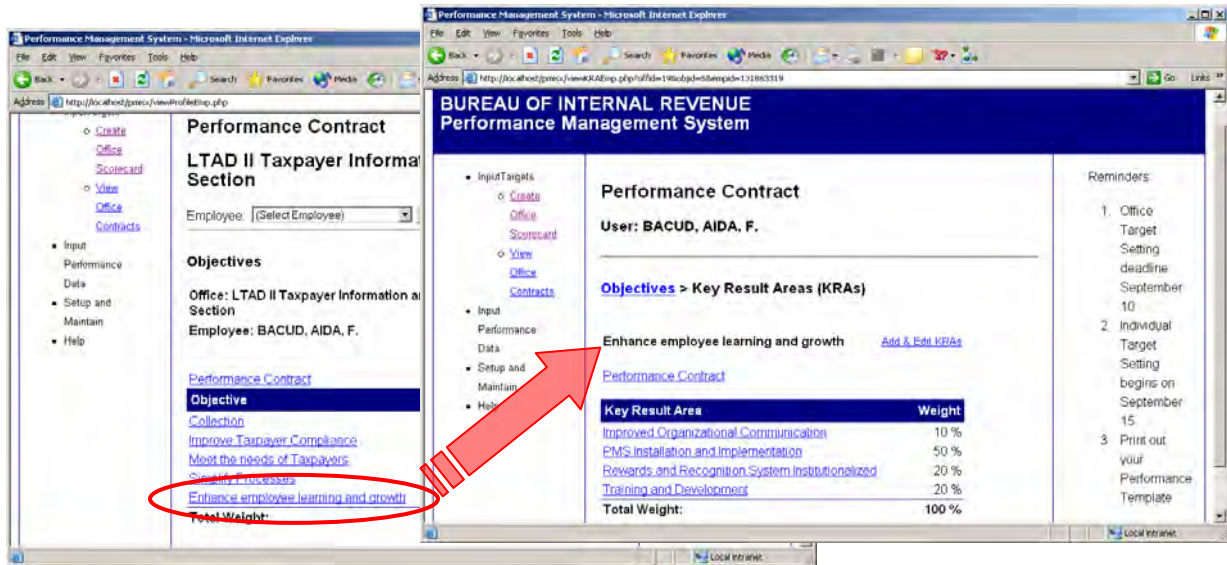
2. To add another objective, select the **Objective Name** from the list. Assign **Weight** to the chosen objective. Click **Add Objective**.
3. To remove an existing objective in the contract, click **Delete**. You will be asked to confirm removal of the chosen objective.
4. Click **Finished** when done. This leads the user back to the *View Performance Contract* page.



Weights of objectives should total 100%. Total weight display will become **red** if it does not total to 100%. You will also be alerted when you exit the edit contract page with weight total not equal to 100%

Step 5: Determine the key result areas (KRA's).

1. From the top-level Performance Contract, click the **Objective** where the key result area to be encoded falls under. This displays the KRA's under the chosen objective.



2. **Add and Edit KRA's.** Click **Add & Edit KRA's**. This opens the *Add & Edit KRA's* page.
 - a. Add a new KRA
 - b. Type the **KRA Name**
 - c. Input the **Weight**. No need to type the percent sign.
 - d. Click **Add KRA**
3. To remove an existing KRA in the contract, click **Delete**. You will be asked to confirm removal of the chosen KRA.
4. Click **Finished** when done. This leads the user back to the View KRA's page.

Step 6: Identify measures and targets.

1. From the **Measure-Level Performance Contract**, click the **KRA** where the measure to be encoded falls under. This opens the *View Measures* page, displaying the list of measures for the chosen KRA.

The screenshot shows the Performance Management System interface. The left sidebar contains navigation options like 'InputTargets', 'Input', 'Performance Data', 'Setup and Maintain', and 'Help'. The main content area is titled 'Performance Contract' and shows the user 'BACUD, AIDA, F.'. Below this, there are tabs for 'Objectives', 'Key Result Areas (KRAs)', and 'Measures'. The 'Key Result Areas (KRAs)' tab is selected, showing a list of KRAs including 'Enhance employee learning and growth' and 'PMS Installation and Implementation'. The 'PMS Installation and Implementation' KRA is highlighted with a red circle. A table of measures is displayed below, with columns for Measure, Level, Type, Means of Verification, Target, and Weight. A red arrow points to the 'Add & Edit Measures' link in the top right corner of the table area.

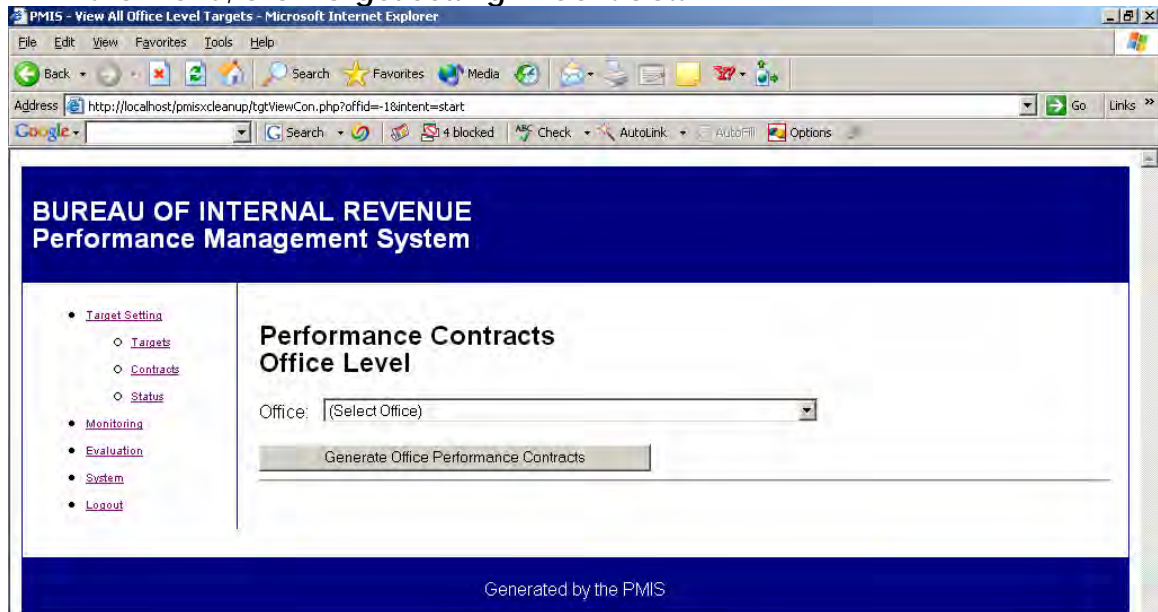
Measure	Level	Type	Means of Verification	Target	Weight
Timely submission of individual performance contracts	Output	Timeliness	none inputted	by September 30, 2005	30 %
Timely submission of office and individual performance evaluation	Output	Timeliness	none inputted	by January 5, 2006	40 %
Timely submission of office performance contract	Output	Timeliness	none inputted	by September 2, 2005	30 %
Total Weight:					100 %

2. Add and Edit Measures

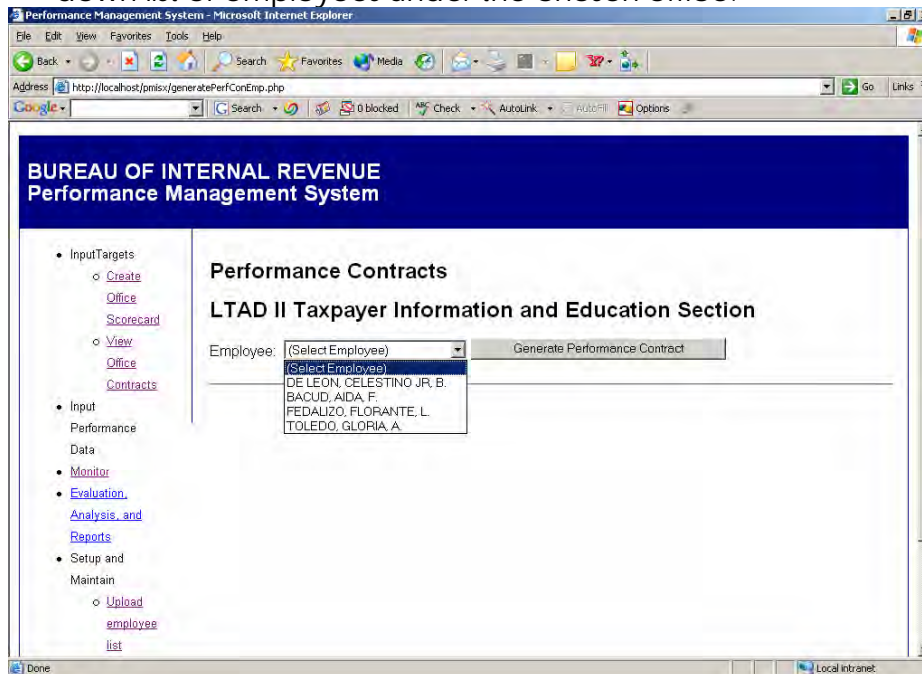
- a. Click **Add & Edit Measures**. This opens the *Add & Edit Measures* page.
 - b. Add a new Measure
 - i. Type the **Measure Name**.
 - ii. Choose the **Level** of this measure (Input, Output, or Outcome).
 - iii. Choose the applicable **Type** of measure (Quantity, Quality, or Timeliness).
 - iv. Define the **Means of Verification**.
 - v. Input the **Target**.
 - vi. Input the **Weight**. No need to type the percent sign.
 - vii. Click **Add Measure**.
3. To **remove an existing measure** in the contract, click **Delete**. You will be asked to confirm removal of the chosen KRA.
 4. Click **Finished** when done. This leads the user back to the *View Measures* page.

Step 7. Print the Performance Contract.

1. In the Menu, click **Target Setting** > *Contracts*.



2. Choose the office where the employee belongs. Click **Generate Employee Performance Contracts**. This updates the screen with a drop-down list of employees under the chosen office.



3. Choose the employee. Click **Generate Performance Contract**. This updates the main screen with the employee's performance contract contents.

BUREAU OF INTERNAL REVENUE
Performance Management System


Performance Contracts
LTAD II Taxpayer Information and Education Section

Employee: (Select Employee)

Performance Contract for BACUD, AIDA, F.
LTAD II Taxpayer Information and Education Section

[Official Contract](#)
[Report Format 2](#)

OBJECTIVE	KEY RESULT AREA	MEASURE	TARGET	MEASURE WEIGHT	KRA WEIGHT	OBJECTIVE WEIGHT
Collection	Collection from voluntary compliance	Amount collected from voluntary compliance	143405B	100 %		15 %
			Measure Total:	100 %		
			KRA Total: 100 %			
Enhance employee learning and growth	Improved Organizational Communication	Regularity of section staff meeting	every other week	100 %	10 %	
			Measure Total:	100 %		
			PMS Installation and Implementation			50 %
		Timely submission of	hv			

 This can also be accessed from the *View Performance Contract* page. Just click the **Performance Contract** link.

4. **View contract preview.** Click **Official Contract**. This will open another window showing how the contract will be printed out.

Objective	Weight	KRA	Weight	Measure	Weight	Target	Remarks
Collection	15%	Collection from voluntary compliance	100%	Amount collected from voluntary compliance	100%	143405B	
Improve Taxpayer Compliance	20%	Identification of non-compliant TPs	50%	Accuracy of identification of non-compliant TPs	30%	No error based on TP Feedback	
				Timeliness of identification and sending of notices to non-compliant TPs	70%	100% of non-compliant TPs notified within 10 days of identification	
		Liquidation of Export Permits	50%	Accuracy of penalties imposed	30%	100% accurate based on TP Feedback	
				Percentage of non-compliant TPs penalized	20%	100%	
				Timeliness of verifying submitted requirements from date of receipt	50%	100% of requirements verified within 5 days	
Meet the needs of Taxpayers	45%	Curriculum of the Need to Know Program	30%	Number of times returned by LTAD II officials for correction	20%	2 times	
				Percentage of the needs of the TPs addressed by the program	60%	80%	
				Submission time for draft curriculum	20%	31 August 2005	
		FAQs	10%	Submission date	100%	31 December 2005	

5. **Define settings for printing.** In the Browser menu, click **File > Page Setup**. This will open the *Page Setup* window.

Make sure the following settings are defined:

- a. Header - <blank>
- b. Footer - <blank>

- c. Orientation – Landscape
 - d. Left Margin – 0.3
 - e. Right Margin – 0.3
 - f. Top Margin – 0.3
 - g. Bottom Margin – 0.3
- Click **OK**.

6. **Print the contract.** Click *File > Print*. In the *Print* window, click **Print**.

Using PMIS in Office Performance Monitoring

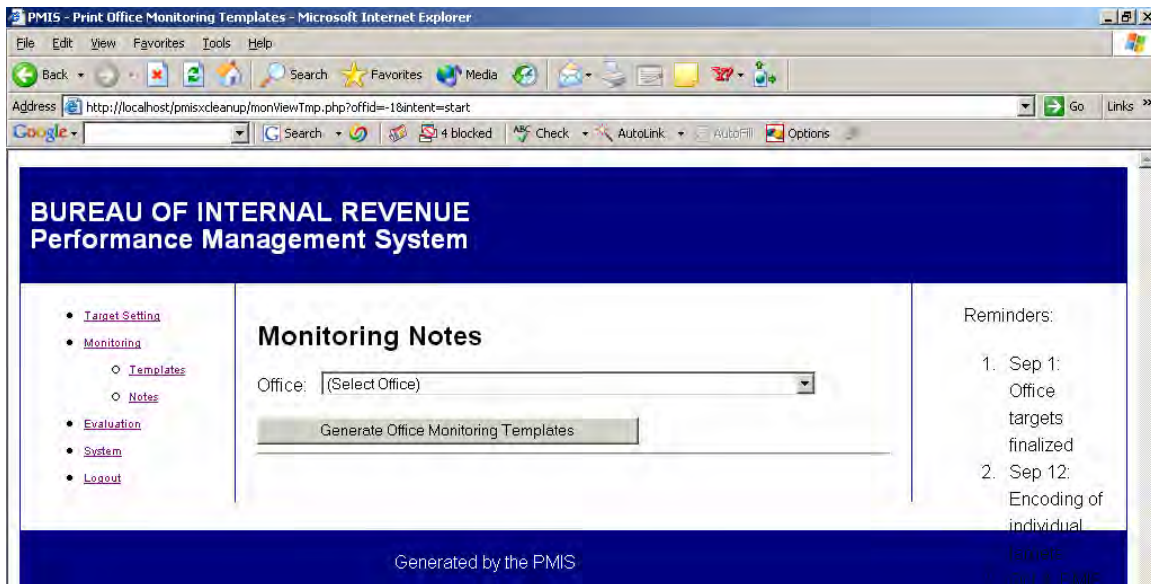
User: Managers

PMIS can be used to record notes that can be used as reference during the Evaluation activity. These notes can only be viewed by the writer. Notes can also be recorded offline using a template that can be generated by PMIS.

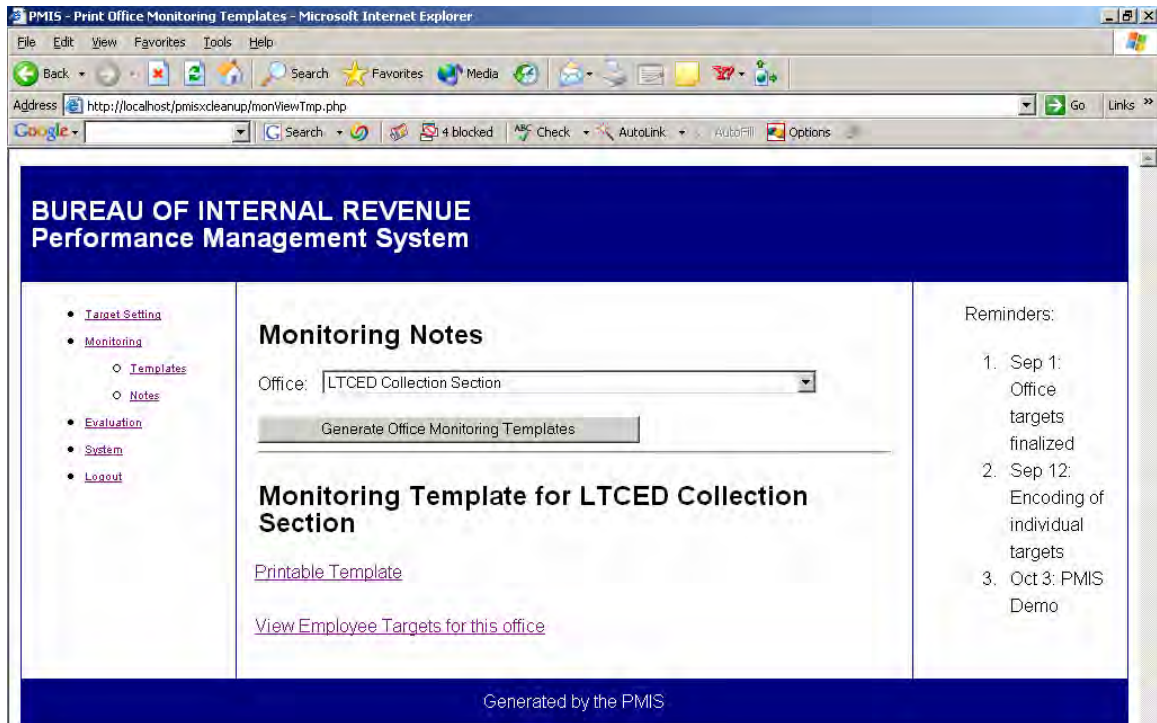
Notes are associated to measures. For this reason, the user has to specify the Objective, then the KRA under which the measure being monitored belong.

Print Templates

1. Click **Monitoring > Templates** on the Menu. This opens the *Performance Monitoring* page in the Main Screen.



2. Choose the **Office**, then click **Generate Office Monitoring Template**. This refreshes the main screen with the options of contracts to print.



3. Click **Printable Template**. This opens another window that previews the monitoring template for the office chosen.

Monitoring Template for Large Taxpayer Collection and Enforcement Division (LTCD) - Microsoft Internet Explorer

Objective	KRA	Measure	Target	Means of Verification	Notes
Collection	Collection from delinquent accounts	% of excess in collection target	77M or 18% more of previous years collection	None inputted	
	LTS Shared Goal	% of excess in collection	143405B	None inputted	
Improve Taxpayer Compliance	Intensify execution of admin & summary remedies	Timely issuance of collection letters, FNE's, WDL and WIG	collection letters issued within 10 days	None inputted	
	Monitoring and reconciliation system	No. of validated and reconciled TP accounts on TES	400 taxpayers validated	None inputted	
		Timely and accurate reconciliation of AAB- EUC's vs CRDC	12 EFTS accredited banks reconciled	None inputted	
		Timely and accurate reconciliation/matching of E filed and E payment of data	unpaid tax dues per return identified within 15 days after the end of the month	None inputted	
	Monitoring of stop/non files	Timely and accurate detection of stopfiles	list endorsed within 3 days after discovery	None inputted	
Meet the needs of Taxpayer	Eval of app. for abatement of penalties	Prompt and timely evaluation of applications for abatement of penalties	applications evaluated within 30 days after receipt	None inputted	
	Evals of app. for compromise settlement & abatement	Prompt and timely evaluation of applications for compromise settlement and abatement of penalties	applications evaluated within 60 days after receipt	None inputted	
	Issuance of Delinquency verification Certificate	Accurate and timely issuance of DVC	Delinquency verification report issued within 15 days after receipt of request	None inputted	
	Issuance of Tax Debit Memo	Timely processing of TDM	TDM processed 15 days after receipt of application	None inputted	

4. Define settings for printing. In the Browser menu, click File > Page Setup. This will open the *Page Setup* window.

The screenshot shows the 'Page Setup' dialog box with the following settings:

- Paper:** Letter
- Source:** Automatically Select
- Headers and Footers:** Header and Footer fields are empty.
- Orientation:** Landscape (selected)
- Margins (inches):** Left: 0.3, Right: 0.5, Top: 0.3, Bottom: 0.3

The background browser window shows a table with columns for Objective, KRA, Measure, and Weight. The 'Improve Taxpayer Compliance' section is visible with a 35% weight.

Make sure the following settings are defined:

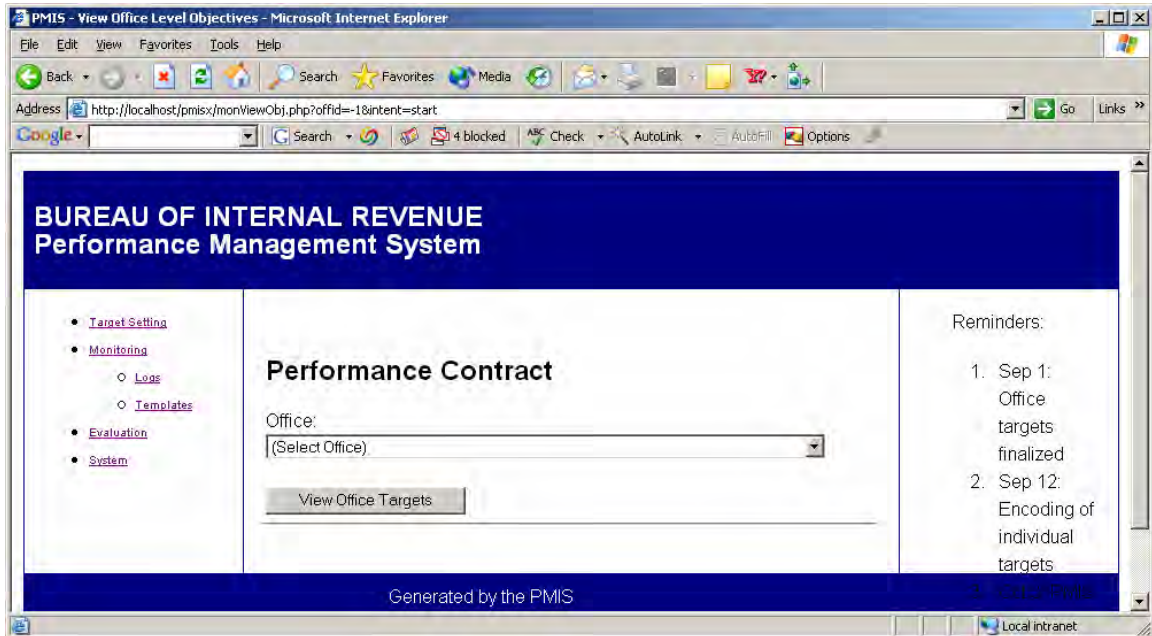
- Header - <blank>
- Footer - <blank>
- Orientation - Landscape
- Left Margin - 0.3
- Right Margin - 0.3

- f. Top Margin – 0.3
 - g. Bottom Margin – 0.3
- Click **OK**.

5. **Print the contract.** Click *File > Print*. In the *Print* window, click **Print**.

Encode Notes

1. Click **Monitoring** > **Notes** on the Menu. This opens the top-level *View Performance Notes* page in the Main Screen.



2. Choose the **Office**, then click **View Notes**. This updates the page with the top-level contract of the chosen office.

**BUREAU OF INTERNAL REVENUE
Performance Management System**

- [Target Setting](#)
- [Monitoring](#)
 - [Templates](#)
 - [Notes](#)
- [Evaluation](#)
- [System](#)
- [Logout](#)

Performance Monitoring

Office:

Objectives

LTCED Collection Section

[Monitoring Template](#)

[View Employee Notes for this office](#)

Objective	Weight
Collection	40%
Improve Taxpayer Compliance	30%
Meet the needs of Taxpayers	10%
Simplify Processes	10%
Enhance employee learning and growth	10%
Total:	100%

Reminders:

1. Sep 1: Office targets finalized
2. Sep 12: Encoding of individual targets
3. Oct 3: PMIS Demo

Local intranet

3. Click the **Objective** to open the *View KRA's* page.

The screenshot shows a web browser window titled "PMIS - View Office Level Key Result Areas - Microsoft Internet Explorer". The address bar shows the URL: `http://localhost/pmisis/cleanup/monViewKra.php?offid=9&objid=5&intent=view`. The page content is as follows:

BUREAU OF INTERNAL REVENUE
Performance Management System

Navigation menu:

- [Target Setting](#)
- [Monitoring](#)
 - [Templates](#)
 - [Notes](#)
- [Evaluation](#)
- [System](#)
- [Logout](#)

Performance Monitoring
Office: LTCED Collection Section

[Objectives](#) > **Key Result Areas (KRAs)**

Enhance employee learning and growth

[Monitoring Template](#)

Key Result Area	Weight
Improved Organizational Communication	20%
Rewards and Recognition System Institutionalized	40%
Training and Development	40%
Total:	100 %

Reminders:

1. Sep 1: Office targets finalized
2. Sep 12: Encoding of individual targets
3. Oct 3: PMIS Demo

Generated by the PMIS

4. Click the **KRA** to open the *View Measures* page. The measures page contains the recorded attributes of each measure. Each has a link to the notes recorded for each.

BUREAU OF INTERNAL REVENUE
Performance Management System

- [Target Setting](#)
- [Monitoring](#)
 - [Templates](#)
 - [Notes](#)
- [Evaluation](#)
- [System](#)
- [Logout](#)

Performance Monitoring

Office: LTCED Collection Section

[Objectives](#) > [Key Result Areas \(KRAs\)](#) > [Measures](#)

Enhance employee learning and growth

Improved Organizational Communication

[Monitoring Template](#)

Measure	Target	Means of Verification	Notes	Action
Regularity of Section staff meetings	weekly		View Notes	Ratings cannot be inputted anymore

Reminders:

- Sep 1: Office targets finalized
- Sep 12: Encoding of individual targets
- Oct 3: PMIS Demo

Generated by the PMIS

5. To view the notes or add a new note, click **View Notes**. This opens the *Notes* page for the chosen measure.

The *Notes* page contains all the recorded notes for a measure. Scroll down the page to add a new note.

6. Encode notes
 - a. Enter **Quantitative** note, if any.
 - b. Type in descriptive information in the **Qualitative** note entry.
7. Click **Add Entry** to save the notes entry. The *View notes* page is updated with the new note entry.

BUREAU OF INTERNAL REVENUE
Performance Management System

- [Target Setting](#)
- [Monitoring](#)
 - [Templates](#)
 - [Notes](#)
- [Evaluation](#)
- [System](#)
- [Logout](#)

Performance Notes

Office: LTCED Collection Section

[Objectives](#) > [Key Result Areas \(KRAs\)](#) > [Measures](#) > [Notes](#)

Enhance employee learning and growth
Improved Organizational Communication
Regularity of Section staff meetings

--- Entry for 2005-10-18: ---

Quantitative: none inputted
Qualitative: weekly meeting regularly held every Monday 9am

Monitoring entry for Tuesday, October 18, 2005

Quantitative Entry:

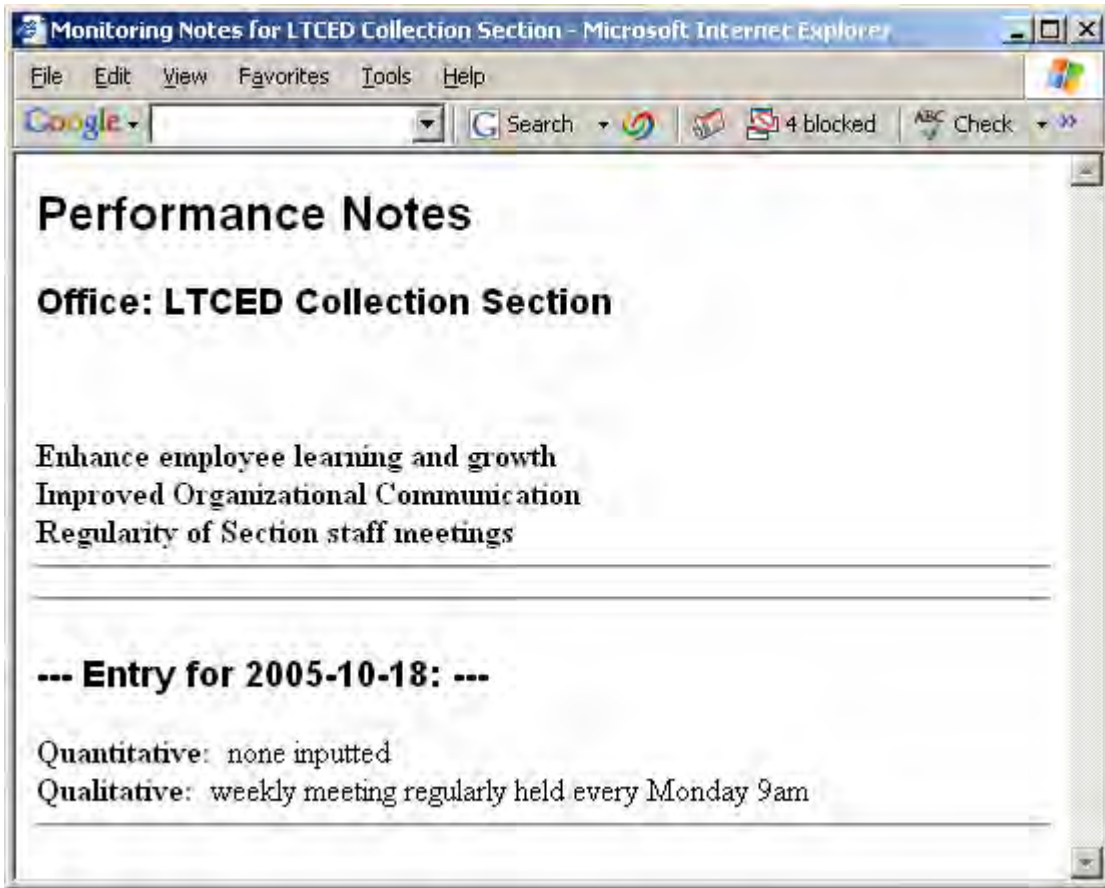
Qualitative Entry:

[Notes \(printed version\)](#)

Reminders:

1. Sep 1: Office targets finalized
2. Sep 12: Encoding of individual targets
3. Oct 3: PMIS Demo

8. Print out notes by clicking **Notes (printed version)**.



Using PMIS for Performance Evaluation

User: Managers, Encoders

The office evaluation process consists of a series of calibration sessions at the section and division levels (*see Chapter 5*). PMIS allows encoding of data and printing of reports that can be used in the different phases of the evaluation process. This includes preparation, section level calibration, division level calibration, and final office calibration phases.

Individual performance evaluation follows after office performance has been rated.

When measure ratings are recorded into the PMIS, the system automatically computes for the KRA, Objective, and Overall Rating of each office.

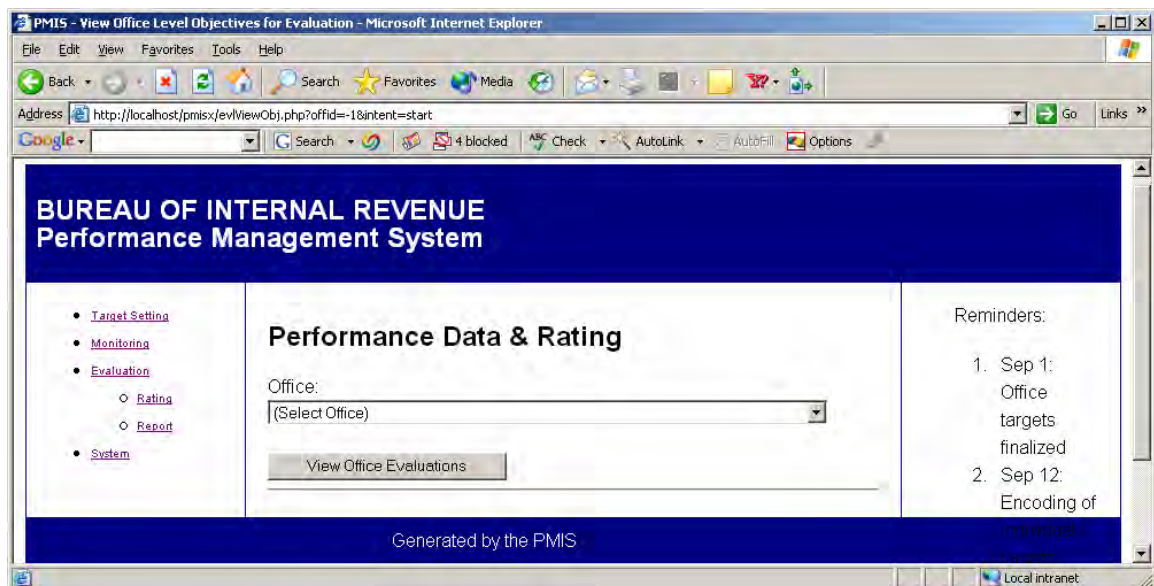
Measure ratings are the ones encoded. For this reason, the user has to specify the Objective, then the KRA under which the measure being monitored belong.

Office Evaluation

Preparation for the Calibration Sessions

Record Self Rating

1. Click **Evaluation > Reports** on the Menu. This opens the top-level *View Performance Ratings* page in the Main Screen.



2. Choose **Office**. Click **View Office Evaluations**. This updates the page with the top-level ratings of the chosen office.

The screenshot shows a web browser window titled "PMIS - View Office Level Objectives for Evaluation - Microsoft Internet Explorer". The address bar shows the URL: `http://localhost/pmisiscleanup/ev/ViewObj.php?offid=1&intent=start`. The page content is as follows:

**BUREAU OF INTERNAL REVENUE
Performance Management System**

Navigation menu:

- [Target Setting](#)
- [Monitoring](#)
- [Evaluation](#)
 - [Rating](#)
 - [Report](#)
 - [Status](#)
- [System](#)
- [Logout](#)

Performance Data & Rating

Office:

Objectives

LTCED Collection Section

[Evaluation Reports](#)

Objective/s	Rating	Weight	Weighted Rate
Collection	7.75	40 %	3.10
Improve Taxpayer Compliance	8	30 %	2.40
Meet the needs of Taxpayers	6.4	10 %	0.64
Simplify Processes	6	10 %	0.60
Enhance employee learning and growth	6.64	10 %	0.66
INDIVIDUAL RATING:		100 %	7.40

NA -- NOT AVAILABLE

Reminders:

1. Sep 1: Office targets finalized
2. Sep 12: Encoding of individual targets
3. Oct 3: PMIS Demo

Local intranet

3. Click the **Objective** to open the *View KRA's* page.

BUREAU OF INTERNAL REVENUE
Performance Management System

- [Target Setting](#)
- [Monitoring](#)
- [Evaluation](#)
 - [Rating](#)
 - [Report](#)
 - [Status](#)
- [System](#)
- [Logout](#)

Performance Data & Rating

LTCED Collection Section

[Objectives](#) > Key Result Areas (KRAs)

Enhance employee learning and growth

[Evaluation Reports](#)

KRAs	Rating	Weight	Weighted Rate
Rewards and Recognition System Institutionalized	6	40 %	2.40
Training and Development	7.6	40 %	3.04
Improved Organizational Communication	6	20 %	1.20
Enhance employee learning and growth		100 %	6.64
RATING:			

Reminders:

1. Sep 1: Office targets finalized
2. Sep 12: Encoding of individual targets
3. Oct 3: PMIS Demo

4. Click the **KRA** to open the *View Measures* page. The measures page contains the recorded attributes of each measure.

**BUREAU OF INTERNAL REVENUE
Performance Management System**

- [Target Setting](#)
- [Monitoring](#)
- [Evaluation](#)
 - [Rating](#)
 - [Report](#)
 - [Status](#)
- [System](#)
- [Logout](#)

Performance Data & Rating

LTCED Collection Section

[Objectives](#) - [Key Result Areas \(KRAs\)](#) - [Measures](#)

Enhance employee learning and growth

Improved Organizational Communication

[Evaluation Reports](#) [Edit Ratings](#)

Measure	Target	Actual	Causes of Variance	Means of Verification	Rating	Weight	Weighted Rate
Regularity of Section staff meetings	weekly	weekly			6	100 %	6.00
Improved Organizational Communication RATING:					100 %		6.00

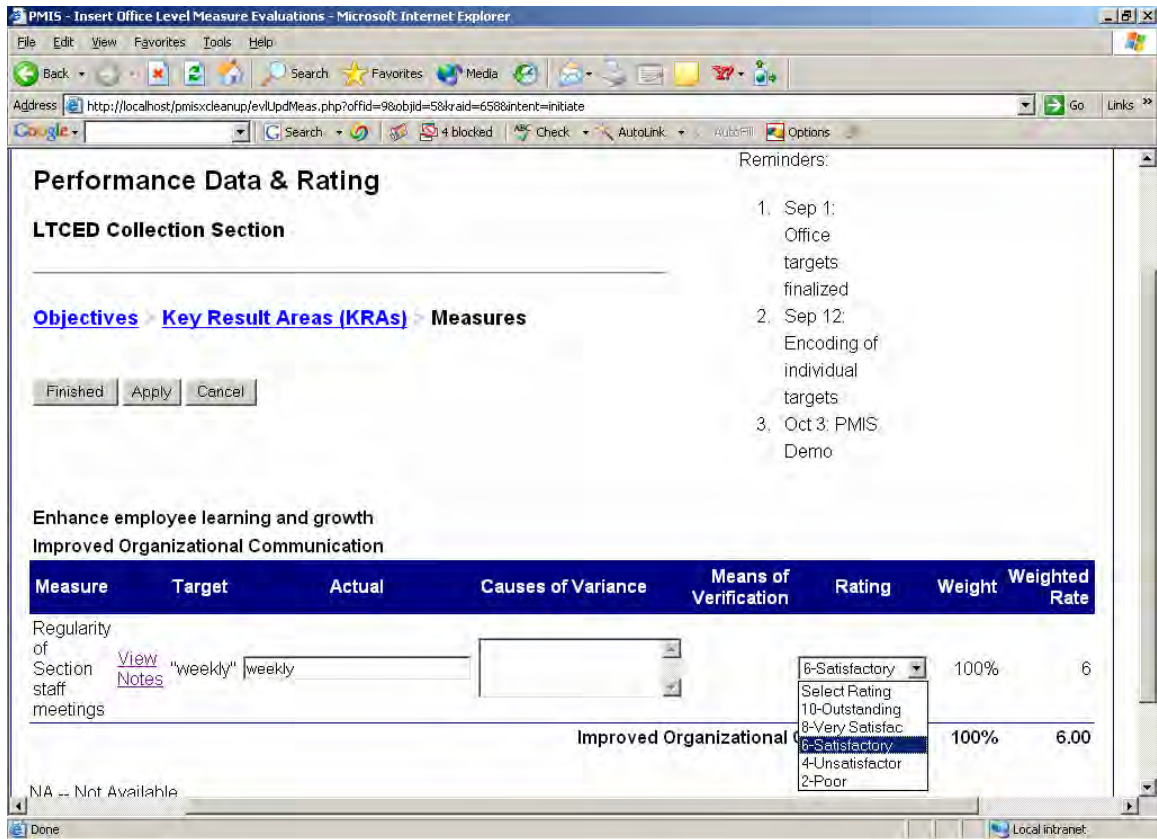
NA -- NOT AVAILABLE

Generated by the PMIS

Reminders:

- Sep 1: Office targets finalized
- Sep 12: Encoding of individual

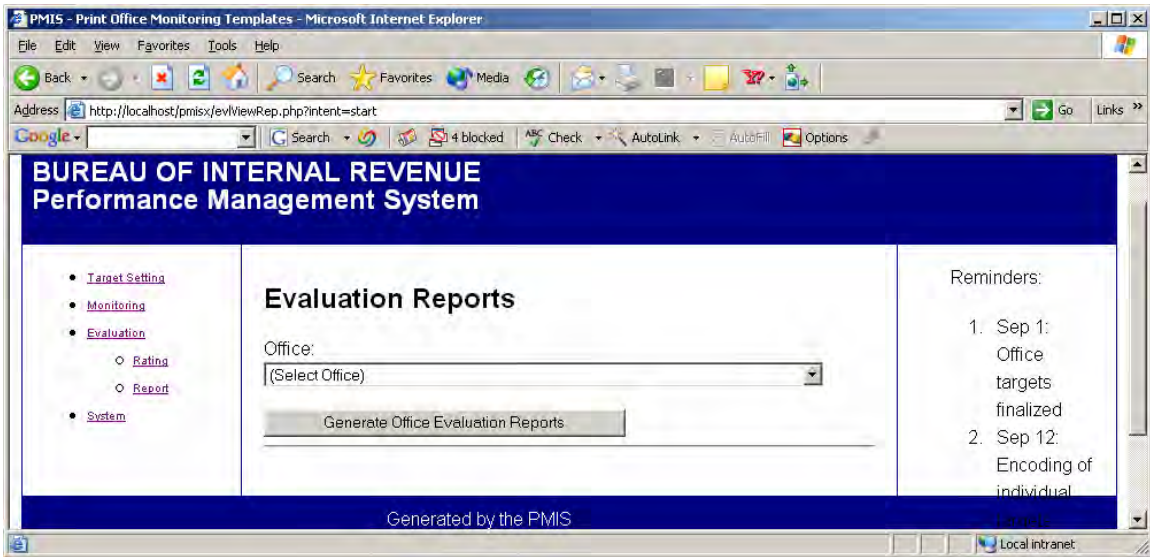
- Click **Edit Ratings** to be able to input or change actual performance data and ratings.




6. Input **Actual** data for each measure.
7. Input **Causes of Variance**, if necessary.
8. Choose the **Rating**.
9. Click **Finished**. This goes back to the View Measures Rating page updated with the evaluation data that have been encoded.

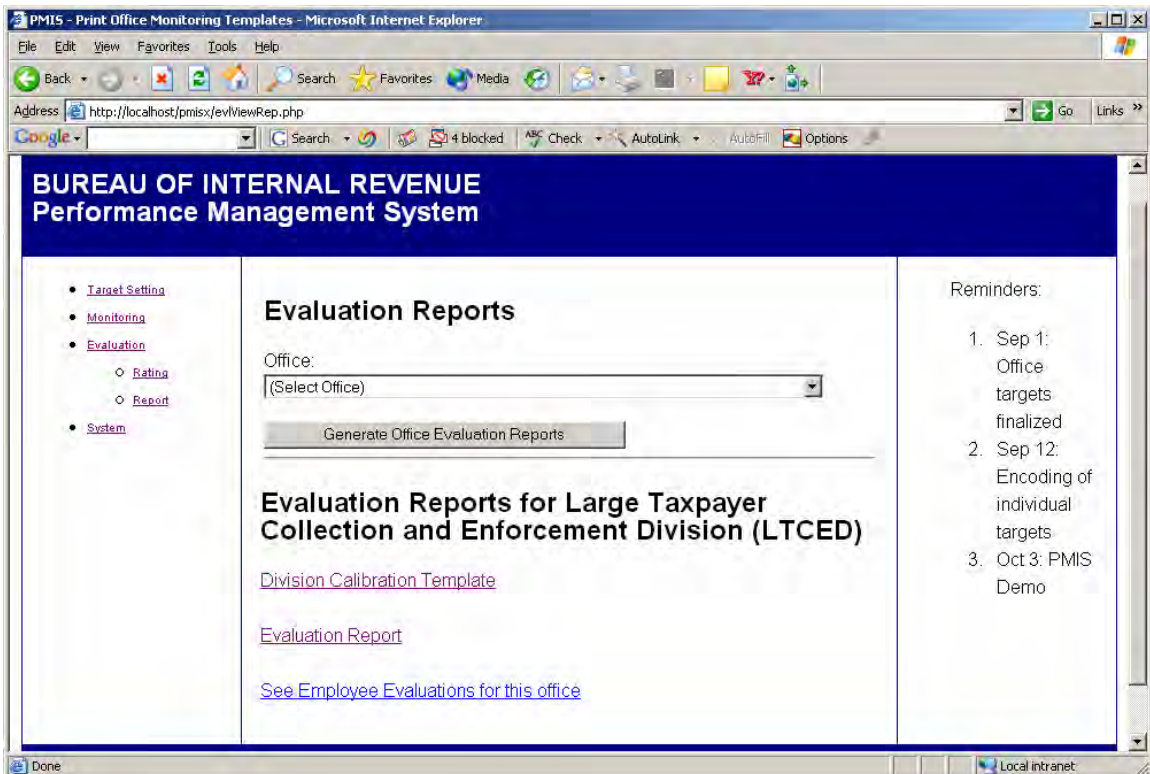
Print Evaluation Template

1. Click **Evaluation > Reports**.



 Users have the option print template with or without ratings.

2. Choose the **Office** from the list. Click **Generate Office Evaluation Reports**. This updates the screen with the possible reports that can be generated for the chosen office.



3. Click <Office> Calibration Template. This opens another window that gives a preview of the template for printing.

Follow steps.

Objective	Weight	KRA	Weight	Measure	Weight	Target	Actual	Measure Rate	KRA Rate	Objective Rate	Res
Collection	40%	LTS Shared Goal	37.5%	% of excess in collection	100%	143405B	142.656B	4	4	7.75	
		Collection from delinquent accounts	62.5%	% of excess in collection target	100%	77M or 18% more of previous years collection	398731413.88 or 60% more of previous years collection	10	10		
Improve Taxpayer Compliance	20%	Monitoring and reconciliation system	25%	No. of validated and reconciled TP accounts on TRS	30%	400 taxpayers validated	450 taxpayers validated	6	6	7	
				Timely and accurate reconciliation of AAB-BCS vs CRDC	30%	12 EFPS accredited banks reconciled	12 EFPS Accredited Banks reconciled	6			
				Timely and accurate reconciliation/matching of E-filing and E-payment of data	40%	unpaid tax dues per return identified within 15 days after the end of the month	Unpaid tax dues per return identified within 15 days after the end of the month	6			
		Monitoring of stop/non filers	25%	Timely and accurate detection of stopfilers	100%	list endorsed within 3 days after discovery	1 day	10	10		
		Intensify execution of admin & summary remedies	50%	Timely issuance of collection letters, FMS, WDL and WG	100%	collection letters issued within 10 days	collection letters issued within 10 days	6	6		
Meet the needs of Taxpayers	20%	Issuance of Tax Debit Memo	25%	Timely processing of TDM	100%	TDM processed 15 days after receipt of application	TDM processed 15 days after receipt of application	8	8	8	
		Issuance of Delinquency verification Certificate	25%	Accurate and timely issuance of DVC	100%	Delinquency verification report issued within 15 days after receipt of request	Delinquency Verification Report issued within 10 days after receipt of request	8	8		
		Evals of app. for compromise settlement & abatement	10%	Prompt and timely evaluation of applications for compromise settlement and abatement of penalties	100%	applications evaluated within 60 days after receipt	Applications evaluated within 60 days after receipt	6	6		
		Processing of DST retirement and transfer	10%	Accurate and timely processing of applications for retirement and transfer of DSEIM	100%	within 3 days after receipt	application for retirement for transfer of DSEIM served within 3 days after receipt	6	6		

4. Define settings for printing. In the Browser menu, click File > Page Setup. This will open the Page Setup window.

Make sure the following settings are defined:

- a. Header - <blank>
- b. Footer - <blank>

- c. Orientation – Landscape
 - d. Left Margin – 0.3
 - e. Right Margin – 0.3
 - f. Top Margin – 0.3
 - g. Bottom Margin – 0.3
- Click **OK**.

5. **Print the contract.** Click *File > Print*. In the *Print* window, click **Print**.

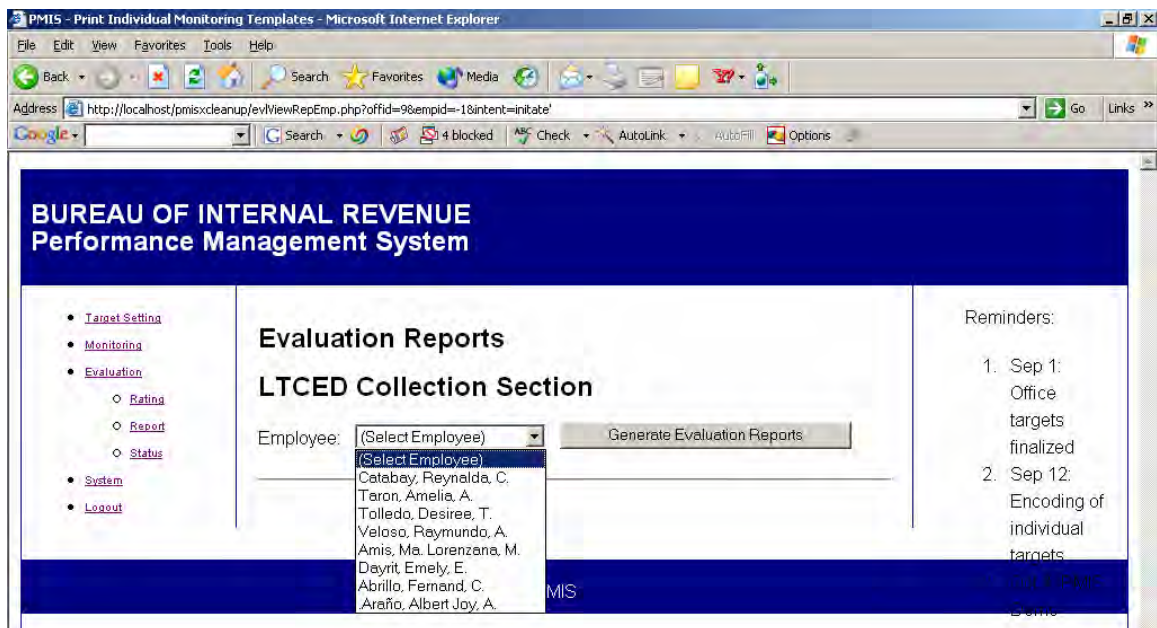
Encode Results of Final Office Calibration

Follow instructions in encoding self-rating

Individual Evaluation

Prepare for Initial Performance Review Session

1. Click **Evaluation > Rating** on the Menu. This opens the top-level *View Performance Ratings* page in the Main Screen.
2. Choose the **Office** from the list. Click **View Office Evaluations**.
3. Click **View Employee Evaluations for this office**. This updates the Main Screen with a drop-down list of employees listed under the chosen office.



4. Click **Generate Evaluation Reports**. Follow steps on Office Self Rating.
5. Follow steps 3 -7 of section on *Self Rating*.

Encode Final Individual Rating

Follow instructions in encoding self-rating.

Managing the Performance Management Process using PMIS

Set-up and Maintenance: Period

User: LTS Admin

1. Click the **System > Period**. This displays the current and the next periods. Period is named using the following convention: "YNNSM" where NN is the year and M is either 1 or 2, the semester. For example, period Y05S1 refers to the first semester of 2005.

The screenshot shows a web browser window titled "PMIS - Activate Period - Microsoft Internet Explorer". The address bar shows "http://localhost/pmisis/cleanup/sysActPeriod.php". The page content is as follows:

**BUREAU OF INTERNAL REVENUE
Performance Management System**

- [Target Setting](#)
- [Monitoring](#)
- [Evaluation](#)
- **System**
 - [Period](#)
 - [Add user](#)
 - [Delete user](#)
 - [Upload employees](#)
 - [Audit page](#)
- [Logout](#)

Performance Management Period

Activate Period

The current period is Y05S1.

Current Period: semester 1, year 2005

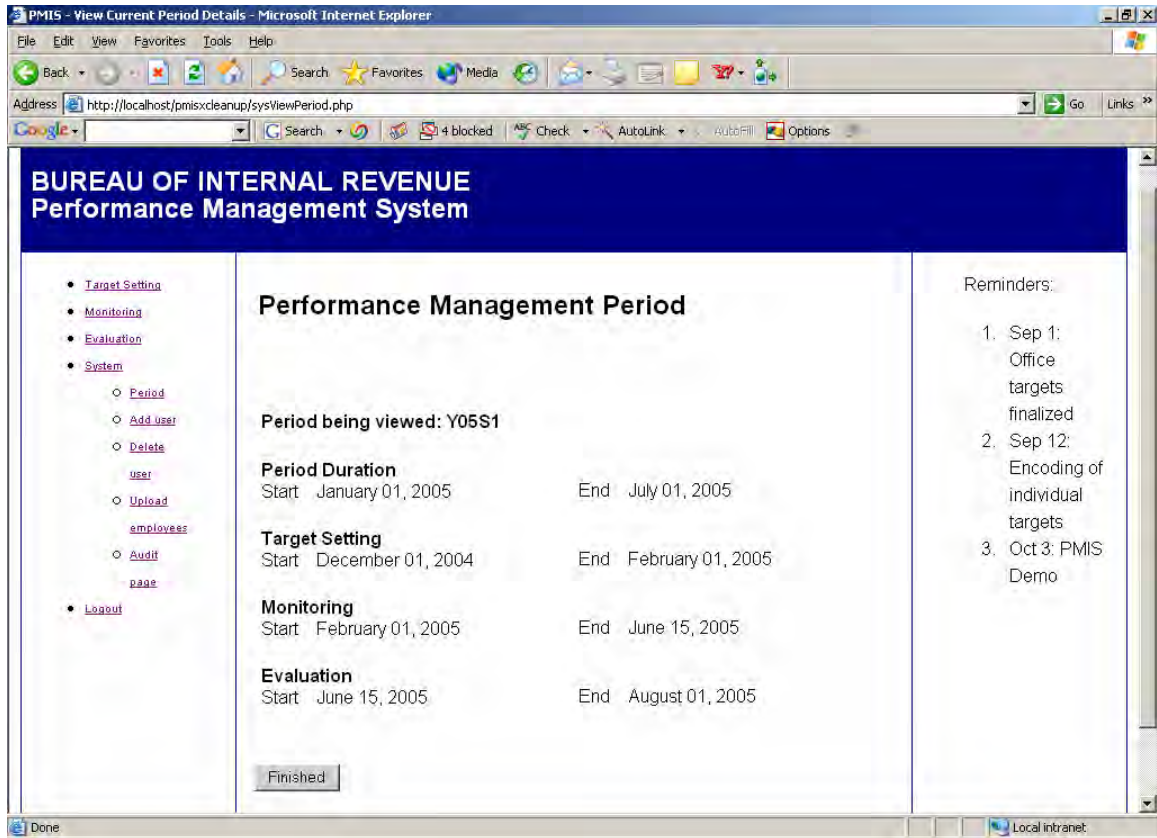
Next Period: semester 2, year 2005

Reminders:

1. Sep 1: Office targets finalized
2. Sep 12: Encoding of individual targets
3. Oct 3: PMIS Demo

Generated by the PMIS

2. Click **View** to look at the details of a certain period.



Click **Finished** to go back to the **Main Period Maintenance** page.

Edit Period

1. Current or next period information can be changed. Click **Edit** of the chosen period.

**BUREAU OF INTERNAL REVENUE
Performance Management System**

- [Target Setting](#)
- [Monitoring](#)
- [Evaluation](#)
- [System](#)
 - [Period](#)
 - [Add user](#)
 - [Delete user](#)
 - [Upload employees](#)
 - [Audit page](#)
- [Logout](#)

Performance Management Period

Period being modified: Y05S2

Period Duration
Start: July 1, 2005 End: December 31, 2005

Target Setting
Start: July 1, 2005 End: August 15, 2005

Monitoring
Start: August 15, 2005 End: December 1, 2005

Evaluation
Start: December 1, 2005 End: January 1, 2006

Finished Apply Cancel

Generated by the PMIS

Reminders:

- Sep 1: Office targets finalized
- Sep 12: Encoding of individual targets
- Oct 3: PMIS Demo

- Period Duration (the entire period)
 - Target Setting
 - Monitoring
 - Evaluation
- Click **Finished** to save the encoded information and return to the **Main Period Maintenance** page.

Add and Activate New Period

- Specify the period to create by indicating the Year and Semester. Click **View**.
- Present period is displayed as 'Active'. The status of a period that has not been created is 'Inactive'. A past period is considered 'Finished'. 'Finished' periods can not be edited.

3. To activate new period, click **Edit Period**.



Clicking **Apply** will also save the encoded information, but will not leave the *Edit Period* page.

Activating a period will automatically copy contracts from previous period.

Set Objectives for a Period

User: LTS Admin

1. Click **System** > Set **Objectives for a Period**.
2. On the **Period Objectives** page, click **Edit Objectives** for period.

BUREAU OF INTERNAL REVENUE
Performance Management System

Period Objectives

Objectives for Y05S2

Finished

Objective	Action
Collection	Delete
Meet the needs of Taxpayers	Delete

Objective Name: Collection

Add Existing Objective

Objective Name: _____

Perspective: Financial

Add New Objective

Reminders:

1. Sep 1: Office targets finalized
2. Sep 12: Encoding of individual targets
3. Oct 3: PMIS Demo

Generated by the PMIS

3. **Add existing Objective**. Choose from list of **Objectives** used in the previous periods. Click **Add existing objective**.

4. **Create New Objective.** Type the **Objective** name of the new entry. Choose the **Perspective** that will classify the objective.

Monitor PMS Evaluation Phases

User: LTS Admin, Manager

Managers can keep track which offices are finished with their performance contracts.

Target Setting

Click **Target Setting > Status**. The screen will be updated with a list of offices whose contracts have not yet been finalized.

Evaluation

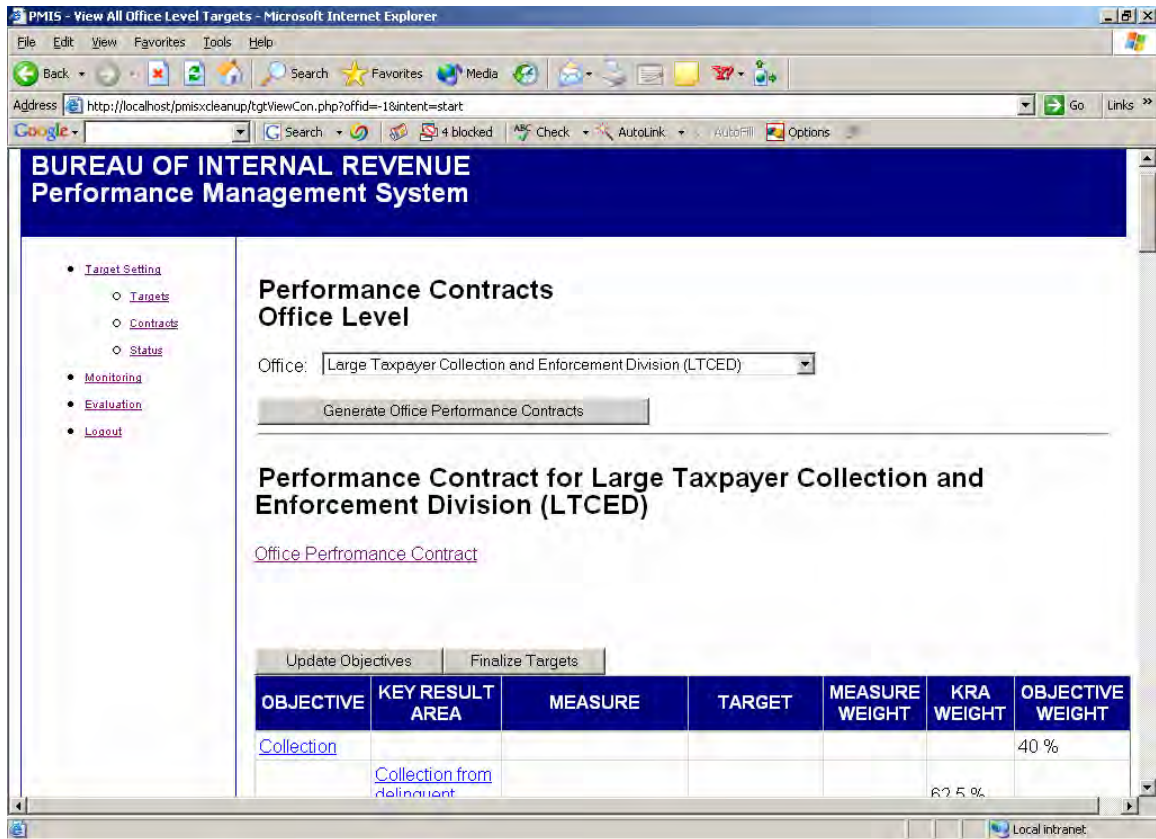
Click **Evaluation > Status**. The screen will be updated with a list of offices whose contracts have not yet been finalized.

Finalize Office Performance Contract

User: LTS Admin, Manager

Once performance contracts are signed, they can be finalized. When contracts are finalized for a certain office, monitoring and evaluation functions are enabled.

1. Click **Target Setting > Contracts**. Choose **Office** then click **Generate Office Performance Contracts**. This updates the screen with the contract of the chosen office.



2. Click **Finalize Targets**. Once finalized, the screen will be updated with the functions that can be performed with the finalized contract.

OBJECTIVE	KEY RESULT AREA	MEASURE	TARGET	MEASURE WEIGHT	KRA WEIGHT	OBJECTIVE WEIGHT
Collection						40 %
	Collection from delinquent				67.5 %	

Finalize Individual Performance Contract

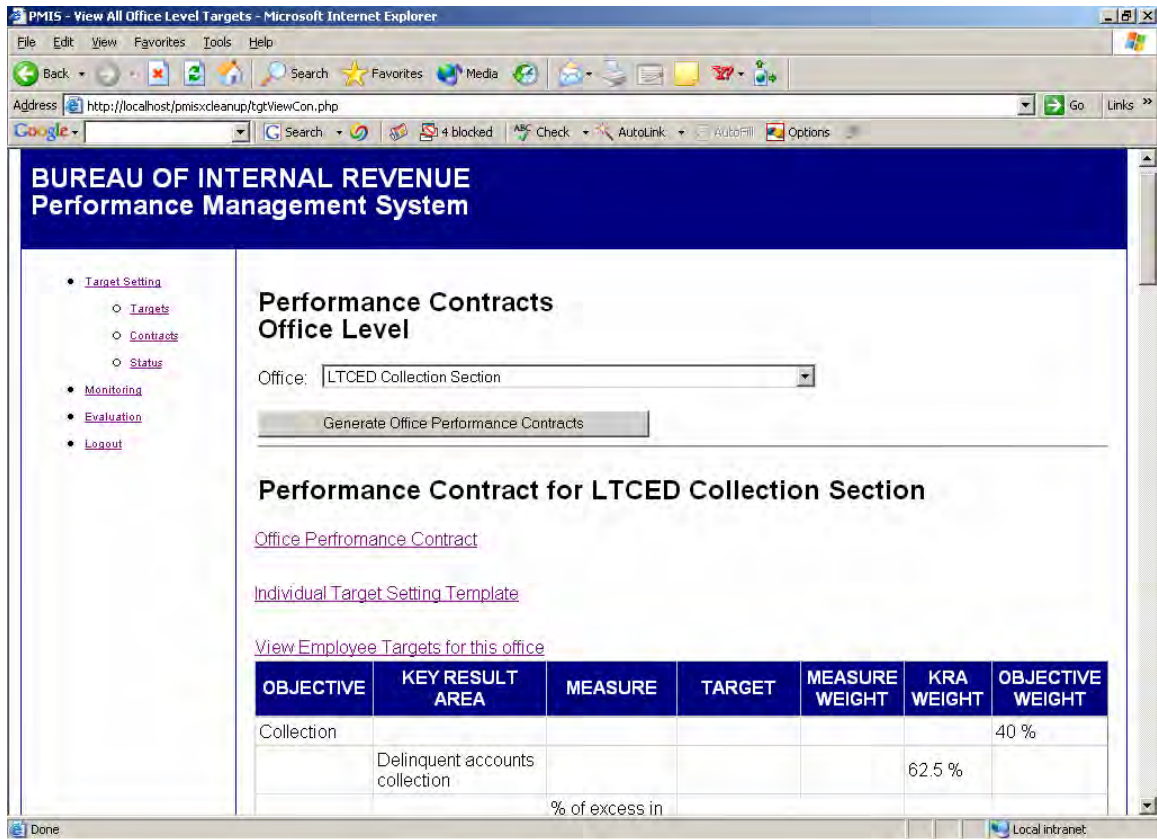
User: TS Admin, Manager

Once performance contracts are signed, they can be finalized. When contracts are finalized for a certain individual, monitoring and evaluation functions are enabled.

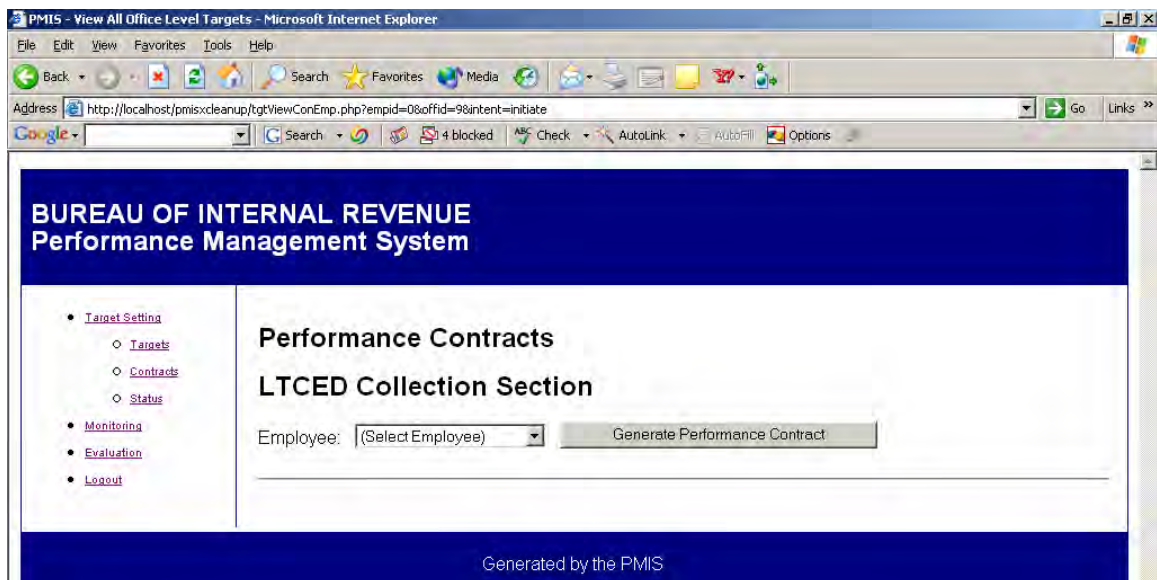


This can only be completed when OFFICE TARGETS have been FINALIZED.

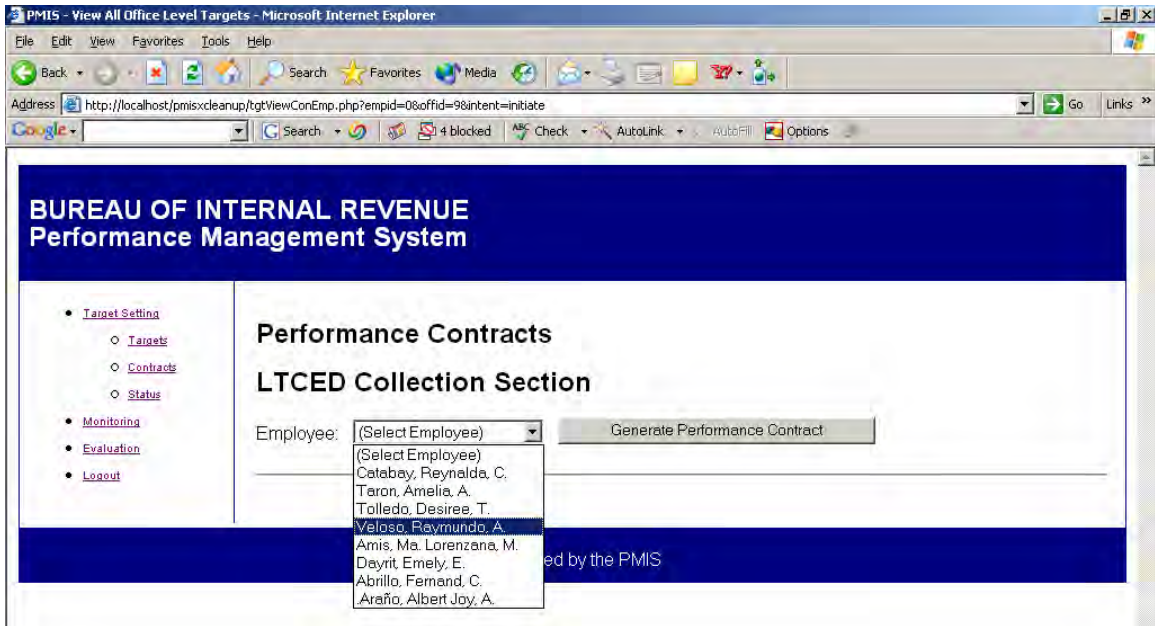
1. Click **Target Setting > Contracts**. Choose **Office** where employee belongs to then click **Generate Office Performance Contracts**. This updates the screen with the contract of the chosen office.



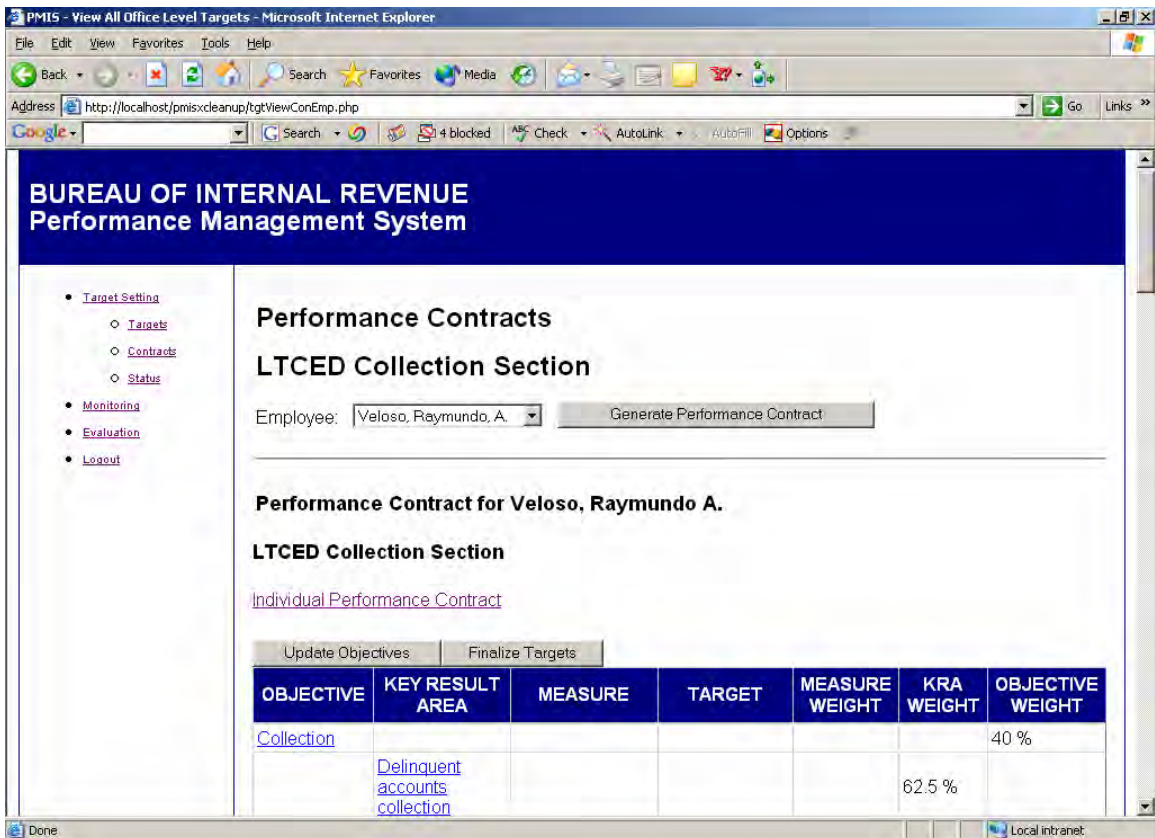
2. Click **View Employee Targets** for this office. This updates the screen with a drop-down list of employees under the chosen office.



3. Choose Employee. Click Generate Performance Contract.



This updates the screen with the contract of the selected employee.



4. Click Finalize Targets.

Finalize Office Rating

User: LTS Admin, Manager

Once performance evaluation reports are signed, they can be finalized. When evaluation reports are finalized for a certain office, ratings can not be changed.

1. Click **Evaluation > Rating**. Choose **Office** then click **View Office Evaluations**. This updates the screen with the top-level contract of the chosen office.

The screenshot shows the PMIS web application interface. The main header reads "BUREAU OF INTERNAL REVENUE Performance Management System". On the left is a navigation menu with options: Target Setting, Monitoring, Evaluation (with sub-options Rating, Report, Status), and Logout. The main content area is titled "Performance Data & Rating" and features a dropdown menu for "Office" set to "Large Taxpayer Collection and Enforcement Division (LTCED)". Below this are buttons for "View Office Evaluations" and "Finalize Evaluations". The section is titled "Objectives" and lists "Large Taxpayer Collection and Enforcement Division (LTCED)". A link for "Evaluation Reports" is present. At the bottom, a table displays objective data:

Objectives	Rating	Weight	Weighted Rate
Collection	7.75	40 %	3.10

On the right side, a "Reminders:" section lists three items: "1. Sep 1: Office targets finalized", "2. Sep 12: Encoding of individual targets", and "3. Oct 3: PMIS Demo".

2. Click **Finalize Evaluations**. Once finalized, the top-level ratings are displayed in a dashboard.

PMIS - View Office Level Objectives for Evaluation - Microsoft Internet Explorer

Address: http://localhost/pmisis/cleanup/ev/ViewObj.php

BUREAU OF INTERNAL REVENUE Performance Management System

- [Target Setting](#)
- [Monitoring](#)
- [Evaluation](#)
 - [Rating](#)
 - [Report](#)
 - [Status](#)
- [Logout](#)

Performance Data & Rating

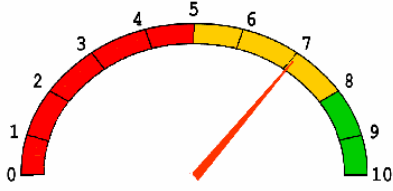
Office:

Objectives

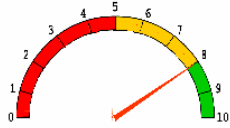
Large Taxpayer Collection and Enforcement Division (LTCED)

[Evaluation Reports](#)

[View Employee Evaluations for this office](#)



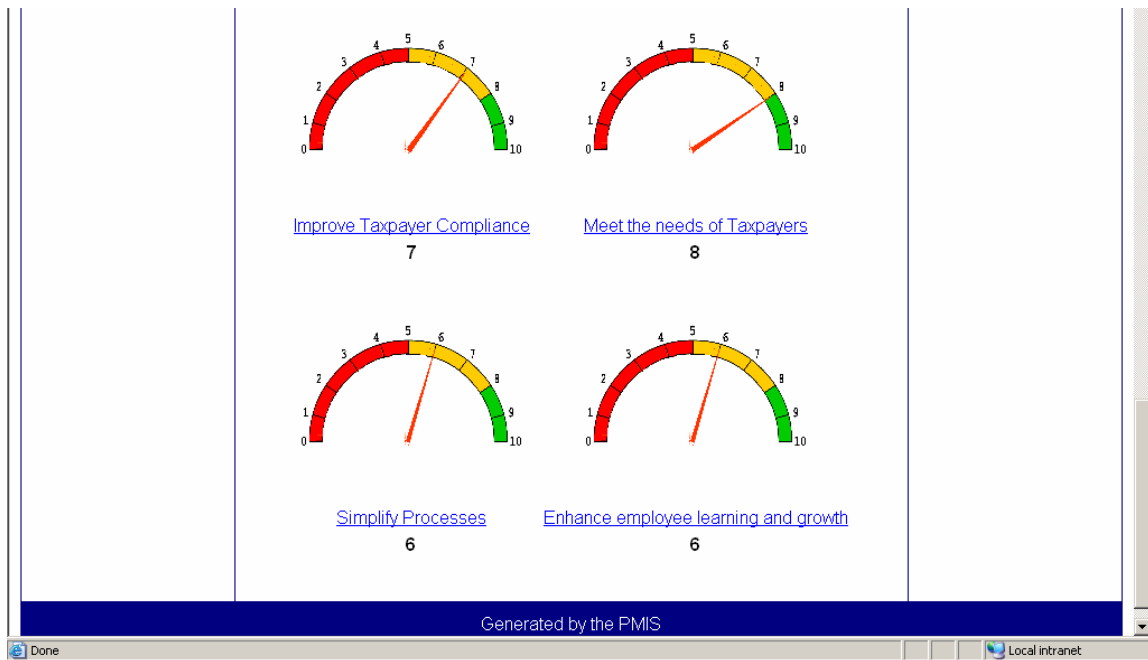
OVERALL RATING
7.3



[Collection](#)
7.75

Reminders:

1. Sep 1: Office targets finalized
2. Sep 12: Encoding of individual targets
3. Oct 3: PMIS Demo



Finalize Individual Rating

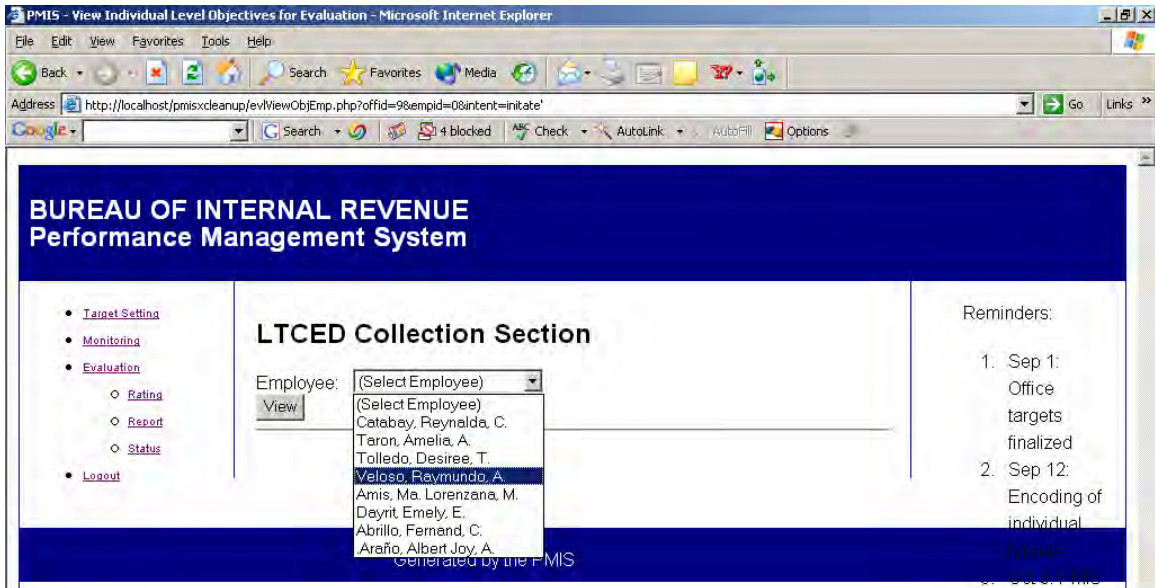
User: LTS Admin, Manager

Once performance evaluation reports are signed, they can be finalized. When evaluation reports are finalized for a certain office, ratings can not be changed.

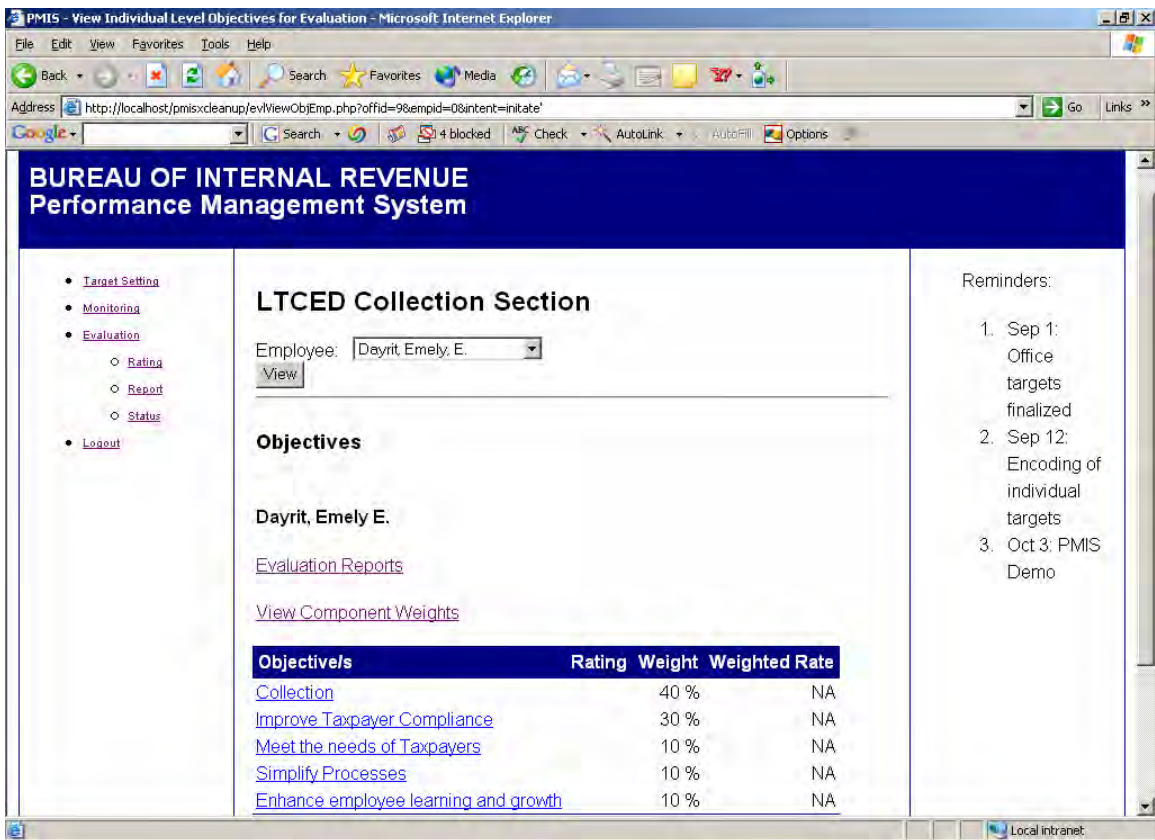


This can only be completed when OFFICE TARGETS have been FINALIZED.

1. Click **Evaluation > Rating**. Choose **Office** then click **View Office Evaluations**. This updates the screen with the top-level contract of the chosen office.
2. Click **View Employee Evaluations for this office**. This updates the screen with a drop-down list of employees under the chosen office.
3. Choose **Employee**. Click **View**.



This updates the screen with the contract of the selected employee.



4. Click **View Component Weights**. This will show all the components of an individual's performance contract.

**BUREAU OF INTERNAL REVENUE
Performance Management System**

- [Target Setting](#)
- [Monitoring](#)
- [Evaluation](#)
 - [Rating](#)
 - [Report](#)
 - [Status](#)
- [Logout](#)

LTCED Collection Section

Components

Office: LTCED Collection Section
Employee: Dayrit, Emely E.

[Evaluation Reports](#) [Edit Ratings](#)

Component	Rating	Weight	Weighted Rate
Office Rating	7.404	0 %	NA
Individual Rating	NA	0 %	NA
Behavioral Rating	0	0 %	NA
OVERALL INDIVIDUAL RATING:		0 %	NA

Reminders:

1. Sep 1: Office targets finalized
2. Sep 12: Encoding of individual targets
3. Oct 3: PMIS Demo

Generated by the PMIS

5. Click **Finalize Targets**.



Chapter 8

Communication Strategies

Table of Contents

Description

To ensure the success of the PMS installation, strategies for communication must be in place. Because transparency was vital to this goal, EMERGE made sure that the stakeholders were constantly informed, consulted, and involved in the conceptualization, design, and implementation of the PMS. This chapter outlines the use of two very powerful communication tools—the weekly newsletter, LIBReToS, and the Change Management Workshops.

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Description

To ensure the success of the PMS installation, strategies for communication must be in place. Because transparency was vital to this goal, EMERGE made sure that the stakeholders were constantly informed, consulted, and involved in the conceptualization, design, and implementation of the PMS. This chapter outlines the use of two very powerful communication tools—the weekly newsletter, LIBReToS, and the Change Management Workshops.

Objectives

This chapter aims to:

- Explain the use of the two communication tools—the weekly newsletter and the change management workshops;
- Present the process involved in the creation of the newsletter; and,
- Present a detailed facilitator guide for the future facilitators of the change management workshop for the roll-out of the PMS.

Outputs

21 issues of the LIBReToS

The Change Management Facilitator Guide

Acronyms

BIR - Bureau of Internal Revenue

CM - Change Management

DCIR - Deputy Commissioner of the Internal Revenue

EMERGE - Economic Modernization through Efficient Reforms and Governance Enhancement

HREA - Head Revenue Executive Assistant

LTS - Large Taxpayers Service

PMS - Performance Management Information System

AA - Attrition Act or R.A. 9335

IRR - Implementing Rules and Regulations of the Attrition Act

WIIFM - What's In It For Me?



Definitions

LIBReToS - weekly newsletter produced by the EMERGE team

Facilitator Guide - a detailed outline of the conduct of the change management workshop

The LIBReToS

Description

Twenty-one issues of the newsletter were published and distributed in the duration of the project. The issues contained updates on the coaching sessions, target setting, monitoring and evaluation, the Performance Management Information System, messages from the executive sponsors, highlights of the project, employees' issues, feedback, and concerns, as well as regular enrichment quotes.

The LIBReToS was an awareness campaign for the Performance Management System. It served as reinforcement to the core messages being discussed during the coaching and training sessions. Employees who wanted to contribute their two-cents' worth regarding the project had written letters to the editor and were published. This newsletter became a venue for surfacing issues, apart from serving as an information drive for the PMS.

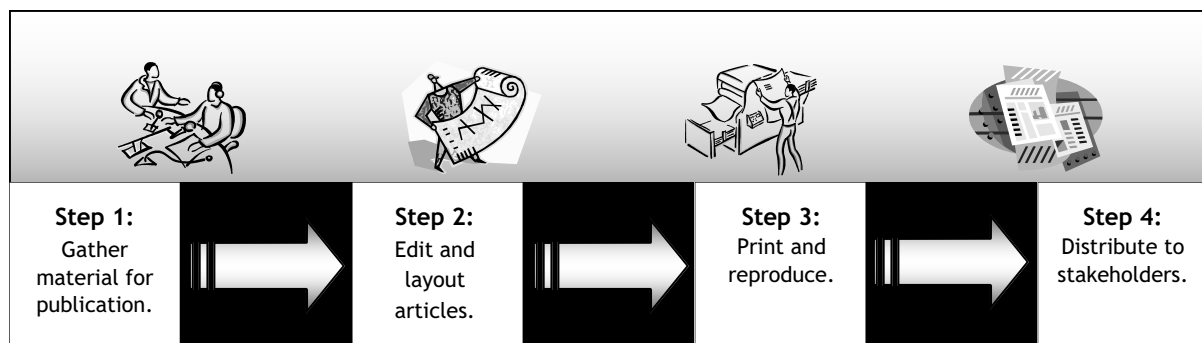
Objectives

The LIBReToS was created and distributed to:

- Inform and update the stakeholders about the PMS and the progress of its installation;
- Reinforce the necessity of a valid PMS; and,
- Involve the major stakeholders in the conceptualization, design, and implementation of the PMS via the written word.

Process

Figure 8.1: Process Used in the Publication of the LIBReToS



Preparation Stage

Before beginning the process of creating the newsletter, it is important to choose the proper layout. Templates are available with the Microsoft Office's Publisher. Other printing software like Print Master Gold also offer interesting and eye-catching templates. The choice for the layout of LIBReToS and its name was a simultaneous process. There were several suggestions for the name—some of them being *LTS Gazette*, *PMS Newsflash*, *The Emergent*, and *BIR-LTS News*. However, none of them were interesting enough. The term "LIBReToS" is an imperfect anagram of "BIR-LTS", born from several minutes of playing around with the acronym. When the name LIBReToS was submitted for approval, DCIR Kim Henares saw the connection in "libreto" being a Spanish term for "passbook" which is a measurement of how much money one has in a bank; and the newsletter for being a similar instrument in measuring how far PMS is going, and the investment of all the stakeholders in its implementation. She gave her go-signal and the first LIBReToS got ready for creation.

It is imperative to identify the reasons as to why a newsletter is going to be created. The identification of the objectives will set the tone for the choice of articles. *(See page 3 for these objectives.)*

Choosing the tone for writing the articles, as well as the articles themselves, hinge upon the fulfillment of the objectives. When the preparation stage is set, the production of the newsletter becomes a weekly cycle with the following steps:

Step 1. Gather material for publication.



Sources for material mainly comes from the project itself. Interviews with the experts, the consultants, and the stakeholders would furnish enough articles for the weekly newsletter. Choosing what to write and how to write it must always be based upon the "what's in it for me?" (WIIFM) of the target readers.

Step 2. Edit and layout articles.



Editing the articles are based upon the standard rules of grammar. Laying them out must make sense. Articles of major importance must occupy the first page. Support articles, calendar of activities, and readers' responses normally occupy the second page.

Step 3. Print and reproduce.



Major stakeholders get the initially printed copies for approval and possible revisions. All the target readers must be considered in the reproduction of the final output. Each one must receive a copy considering the importance of the information that the newsletter contains. In LTS, the deadline for the final LIBReToS is Thursday, and the printing and reproduction normally happens every Friday.

Step 4. *Distribute to stakeholders.*



Distribute the final newsletter to all the stakeholders preferably on the first day of the week to ensure timeliness. In LTS, 550 copies of the LIBReToS are delivered by EMERGE to the office of HREA Coy Pangcog. Her office then forwards the copies to the different divisions where the division secretaries request each employee to sign their receipt of their copy.

Table 8.1. Headlines of LIBReToS

LIBReToS Headliners per Issue Released	
#1	“101%!”- Ma’am Coy
#2	Performance Management System FAQ’s
#3	PMS Defined
#4	Mapping Out the Performance Contract
#5	BIR-LTS Aims for the PQA
#6	PMS, the PQA, and the BIR-LTS
#7	Stakeholders Speak
#8	Production and Production Capability
#9	Taking Advantage of Creative Brainpower
#10	The Law of the Harvest
#11	Performance Results: That’s What Teams are All About
#12	Everyone Has a Stake in Collection
#13	Change Catalysts
#14	Emerging Good Practices at the Office Level
#15	Setting the Motion for Change
#16	I Like to MOV it! MOV it!
#17	Performance! Performance! Performance!
#18	LTS Gets Ready for the 2nd Semester!
#19	Aim High LTS!
#20	Understanding the Rewards Framework of the LTS
#21	PMS Goes Portable!

Areas for Improvement

The LIBReToS served its purpose well in terms of being a rich source of information and being a venue for the readers to air their concerns or to get answers to their questions. However, according to some of the feedback of the readers, they never really gave the newsletter much attention until after the change management workshops where they found out that (1) it was published and distributed by EMERGE for the BIR-LTS and not the other way around; (2) that it contained relevant information that affected them directly; and (3) that for them to cease being in the dark, they had to read it.

Despite its attainment of the objectives, the LIBReToS was not perfect. Because the PMS was a work in progress, the articles were written in response to the need of the times. On hindsight, it was the best that could be produced during the period of the project. But should a newsletter be released in the future to reinforce the installation of the PMS in a different location, it must have articles and headlines that not only strongly capture attention to ensure readability, relevance, and impact but also based upon the actual experience of the installation of the PMS in the LTS. The entire volume must have planned headlines and articles before the onset of the installation of the project in that location; and they must be articles that would build the desire among the stakeholders to accept the project with almost nil resistance.



It is recommended that the communications specialist look at the entire Guidebook to prepare the appropriate articles that would inform the readers about the PMS, convince them to buy into it, and rally them into championing it to others.

Change Management Workshops

Description

Installing the Performance Management System in the BIR-LTS was not an easy task. Although there was strong sponsorship from the management, it was necessary to handle the resistance coming from the rank and file. The change management workshop was attended by the HREA's, division chiefs, their assistants, and the section chiefs. It was originally intended that they would be the ones responsible for cascading it to the rank and file, but they strongly requested that the EMERGE consultants be the ones to conduct it for the entire service. This move turned out to be a very good decision for EMERGE because the workshops greatly helped in answering the questions, clarifying the issues, and con-



fronting the fears of the rank and file regarding the Attrition Act, the PMS, and how these things would affect them. Majority of the participants turned from being apathetic or antagonistic towards the PMS to being strong champions and proponents of the system due to the workshops.

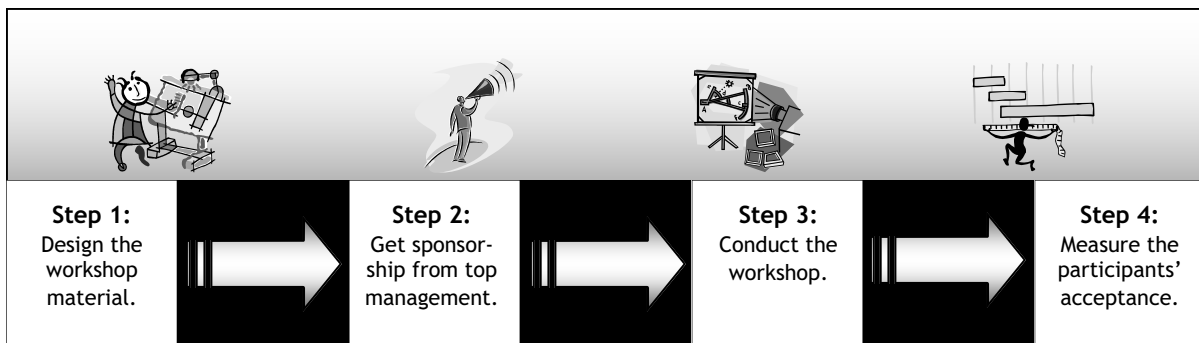
Objectives

The change management workshops were conducted to:

- To reinforce the necessity of a valid PMS;
- To clarify the involvement of the rank and file in the implementation of the PMS; and,
- To manage resistance to PMS holistically.

Process

Figure 8.2: Process Used for the Change Management



Step 1. *Design the workshop material.*



Design the workshop material based upon clear objectives, anticipation of audience type (favorable, neutral, and unfavorable), and time allotment. The design of the change management workshop for the rank and file considered all these things. It was very clear that objective was to get them to accept the PMS with minimum resistance. How to do this in one day when majority of the participants were an unfavorable or neutral audience was the challenge. Conducting the change management workshop for the management provided insight into the general temperament of the rank and file. Feedback from the section chiefs that the resistance was great among the employees helped in ensuring that the workshop must be a safe venue for the participants to air their concerns.

Step 2. *Get sponsorship from top management.*



Once the design is completed, schedule the workshops. Sponsorship from top management in the form of directives and physical presence during the workshop reinforces the importance of the PMS.

In the LTS, HREA Coy Pangcog was very visible during the workshops. She would sit in and she would take time to listen to the concerns of the participants, as well as answer their questions the best way she could. She stood to represent the entire management of the LTS in the solid sponsorship of the program. This was a critical success factor in the installation of the PMS in the LTS. *(See page 31 of Chapter 2.)*

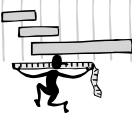
Step 3. Conduct the workshop.



Sufficient preparation, of materials and of self, helps in the conduct of the workshop itself. Confidence, humility, and strength are necessary for a facilitator to succeed in the task.

In the LTS, conducting the change management (CM) workshop was stressful at best. All 20 sessions were similar in that majority of participants could not care less for the PMS or were downright antagonistic. However, at the end of every session, most of the participants showed ownership of the project and were enthusiastic about getting involved in the PMS. *(See the appendix for a complete Facilitator Guide (FC) on how to accomplish this feat.)*

Step 4. Measure the participants' acceptance.



At the beginning of the workshop, it is best to measure the level of awareness, desire, knowledge, and ability of the participants regarding the PMS as a pre-test. The objective would be to raise the first three—awareness, desire, and knowledge, during the CM Workshop itself. At the end of the workshop, conduct a post-test to see if there was a significant change in their paradigms. This is a quick way to measure if a facilitator is successful in meeting the objectives of the workshop. *(See Chapter 9, Consultants' Scorecard for a graphical rendition of the participants' acceptance of the PMS.)*

Areas for Improvement

The CM workshop for the HREA's, division chiefs, their assistants, and the section chiefs were conducted during the first phase of the design and conceptualization of the Performance Management System. Because of this, not all questions were answered.

The IRR of the Attrition Act was not yet in place at the time—causing anxiety for the leaders—more because they themselves could not answer the queries of the rank and file.

The leaders were not confident enough to conduct the change management workshop for the rank and file even after the training that is why they strongly pushed for the EMERGE team to conduct it for them.

By the time the workshops commenced for the rank and file, there was more information regarding the PMS that could be communicated, and the change management workshop was at the same time a briefing regarding the PMS.

The levels of the participants' awareness, desire, knowledge, ability, and reinforcement regarding the PMS was measured only at the end during the first half of the workshops—but by the second half, it was measured at the beginning and then at the ending to show that there was an increase in the acceptance of the PMS.

Activity logsheets, S/TAR's and critical incidents (see Chapter 4 on Monitoring for a more detailed discussion of these) were only discussed briefly in the first half, and more during the second half, but the participants were not sufficiently skilled-up in the use.



It is recommended that the basic definition of terms in PMS, the Strategy Map of the LTS, and how the participants are expected to be involved in the project must be given emphasis. Clarifying the implications of the Attrition Act in the work lives of the rank and file will also help lessen resistance to the PMS.

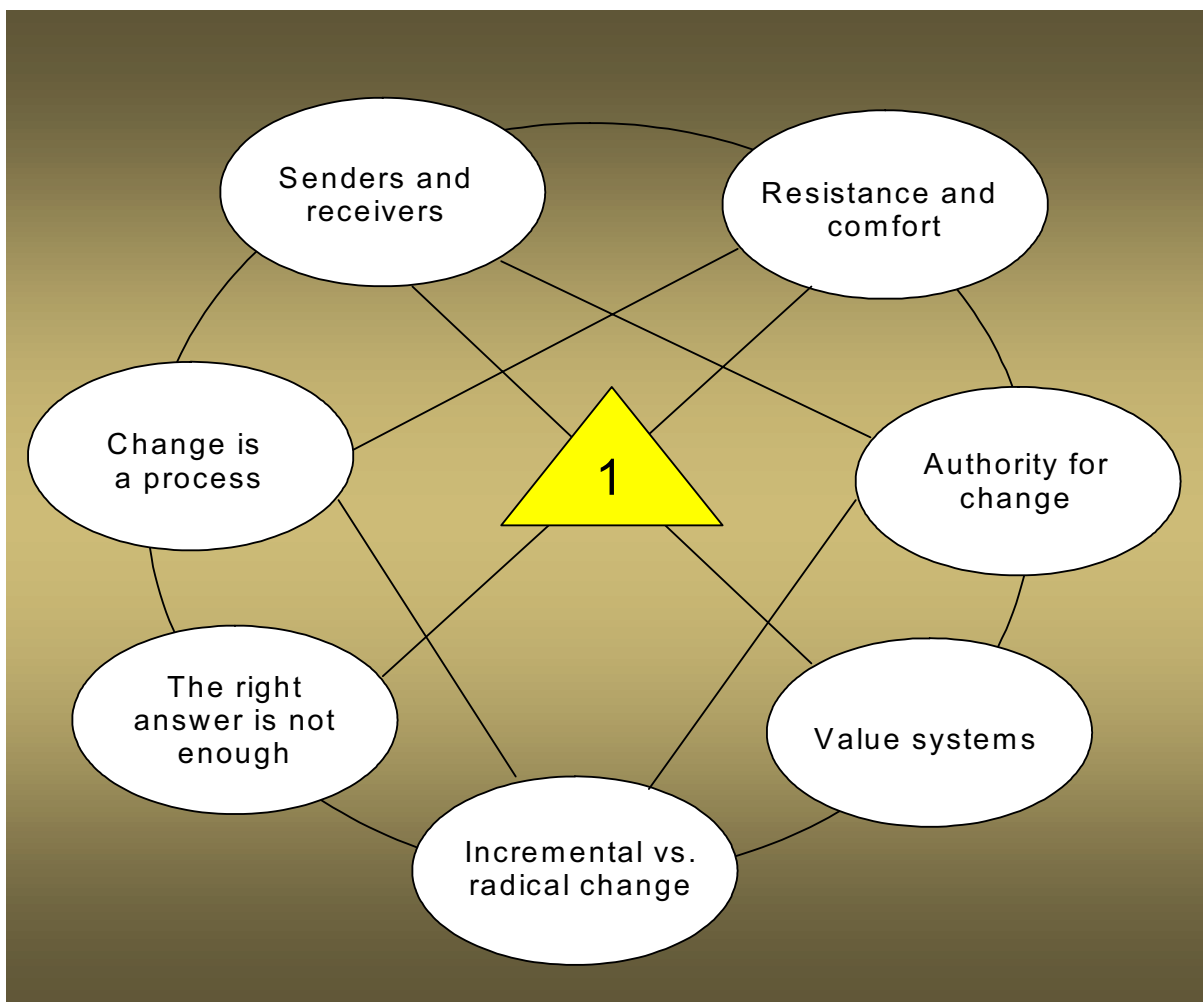
Appendices

1. Complete Issues of the LIBReToS (The LIBReTos pdf files are too large for this publication.)
2. Change Management Workshop Facilitator Guide

Appendix 2: The Change Management Workshop Facilitator Guide

Installing the Performance Management System in the BIR-LTS is not an easy task. It is necessary to understand that this is a big change for most people. The Change Management Workshop aims to equip the participants with empowering paradigms that take off from the 7 Theories of Change. These Theories will help the sponsor of a change project to gain perspective on how to help those who shall be mostly affected by knowing how to communicate the change; by identifying a clear sponsor; by managing the resistance to change; by anchoring the need on the value systems; by identifying if the change is incremental or radical; by knowing that the right answer is not enough; and by understanding that change is a process and that it is different for every individual.

Figure 8.3: The 7 Theories of Change



Conducting a CM workshop helps leaders manage the people side of change. To ensure the successful implementation of the Performance Management System, communication strategies must be based upon these Seven Theories of Change.

Module 1: ADKAR



It is assumed that at the beginning of the workshop, the participants know very little about the Performance Management System except for what they have heard through the grapevine. It is also assumed that when they are asked questions, they shall be answering the truth at all times.

Start off by distributing metastrips. Ask the participants to write their names, divisions, and date.

Ask them to copy the table below.

Table 8.2: ADKAR

	Awareness A	Desire D	Knowledge K	Ability A	Reinforcement R
A.M.					
P.M.					

On a scale of 1-5, 5=yes, 4-maybe yes, 3-maybe, 2-maybe no, and 1-no; ask the participants to answer the questions and indicate their ratings on the table they drew. *(You will use this table again in the afternoon to measure if there had been an improvement in their perception in the course of the workshop.)*


A. Are you **AWARE** of the need for Performance Management System?

D. Do you **DESIRE** to participate in and support the PMS?

K. Do you **KNOW** how to be involved in the PMS?

A. Do you have the **ABILITY** to implement the PMS

R. Do you receive the necessary **REINFORCEMENT** to sustain the PMS?



The objective is to raise their awareness, desire, and knowledge. Their ability to implement the PMS shall be an objective for the leaders and will be developed through practice;

and **reinforcement** covers many aspects such as information campaigns, focus group discussions (FGD's), forums, newsletters (LIBReToS), memos, and general assemblies (GA's).

It is safe to expect that the ratings shall be generally low in the morning if the participants answered truthfully.




Module 2: Setting the Learning Climate

Let the participants introduce themselves:

Name/nickname	
Division	
Length of Service	
Expectations from the workshop	
What is your shape?	

1.

What's Your Shape?

-  Intellectual, rational, good decision maker
-  Steady, dependable, and persevering
-  Risk-taker, no-nonsense, dissatisfied with the status quo
-  Strongly pre-occupied with sex and booze

This first slide serves as an ice breaker for the workshop. It is also a tool for identifying the more likely behavior of the participants during the workshop—i.e., those who chose hexagon usually have the most number of questions and issues.

Proceed to setting the norms for the entire day.

These suggestions are not

2.

Suggestions

- Be H.O.T.
- Be here now.
- Be 100%.
- Avoid prejudice.
- Have fun!

rules, but these are very powerful. The first one, “Be H.O.T.” stands for “Be honest, open, and trusting.” This usually sets the tone for the entire workshop. Most participants heed this suggestion when they start speaking about their issues and concerns.

Set the rules and make sure that everyone agrees to

3.

Rules/Agreements

- Time Rule
- Cellphone Rule
- Mouth Rule

them. The sanction for the violation of any of these can be agreed upon by you and the participants. The mouth rule means only one mouth should speak at a time. When people get excited and start speaking all at the same time, referring to this agreement helps. As soon as the module on setting the learning climate is done, you may proceed to formally introducing the workshop.

Module 4: General Objective and Definitions

4.

Develop a results-oriented culture in BIR through the Performance Management System (PMS)

General Objective

The general objective is the main point of the entire workshop, and it reflects the long term vision of the project. Conducting the change management workshop in itself aims to help the participants go through a cultural change—the effects of which will manifest at a later date. If all the theories of change are understood, then the process of implementing the Performance Management System becomes easier.

Define the Performance Management System in the simplest way possible for the participants to understand how important this is; what its stages are; where this comes in their daily routines; and its relationship with the Attrition Act. Comparing the PMS with the Performance Evaluation System and its cycle helps clarify why the PMS is a better system, albeit labor intensive. The metaphor that the PES is like a tape measure means that it is a good enough means of measurement; but the PMS is like a caliper (a precision measurement tool); therefore it is more specific, and has less room for errors. This is a good segue for the next slide which answers the question “Why is PMS Important?”

5.

What is Performance Management System?

- The PMS is a management tool that helps offices and individuals achieve better results through
 - Performance planning
 - Performance monitoring
 - Performance evaluating
 - Performance rewarding



6.

Why is PMS Important?

- Get results - What you measure is what you get
- Gauge LTS performance both at the office and individual levels
- Identify strengths and areas for improvement
- Basis for rewards and recognition

You may elicit answers to the question before revealing the answers on this slide. Doing so would help you gauge their understanding of the importance of the system. Despite their level of knowledge though, it is safer to assume that the participants still resist it because of comfort issues or emotional concerns, thus a step-by-step guidance would go far in ensuring their acceptance of the PMS.

Comparing the PMS to a basketball scoreboard usually helps the participants understand the concept of a scorecard. However, emphasis on the scorecard being balanced—meaning, it does not only measure performance in terms of collection, but also from the non-financial perspectives.

7.

The PMS is a Balanced LTS Scorecard

- It is a strategic management system (not only a measurement system).
- It enables organizations to clarify their mission/vision and strategy and translate them into action.
- It views organizational performance from multiple perspectives.

The PMS as the Balanced LTS Scorecard is a Strategic Management System that has the Following Objectives:

- Increase tax collection
- Improve taxpayer compliance
- Meet the needs of taxpayers
- Simplify processes
- Enhance organizational learning and growth

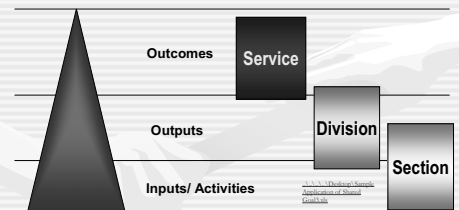


8.

It is true that the organization exists for the purpose of collecting taxes, however, the other four objectives on the slide—enhancing organizational learning and growth, simplifying processes, meeting the needs of the taxpayers, and improving taxpayer compliance must also be met to ensure the attainment of the objective of increasing tax collection. Everyone in the organization must be engaged in all the objectives and must therefore be measured against them.

Every individual in the organization will have clear activities stated in their performance contracts that must translate into the outputs of their respective divisions which collectively must translate into the outcome for the entire service. At this point you could show a sample PMS excel sheet that shows the computation of scores based upon the activities that contribute to the attainment of the objectives. (See *Appendix 1-3 of Chapter 3, Target Setting.*) Discussing the weights of the objectives also help the participants understand that the divisions within the organization have different functions and responsibilities and are therefore measured differently using weights. It is also helpful to stress again that the PMS has taken into consideration the uniqueness of the different divisions which means that it is not just any run-of-the-mill performance measurement system. It is custom-fit to the organization. This customization is a result of a succession of coaching sessions among the division chiefs and their assistants, and the section chiefs up to the level of the HREA's and the Deputy Commissioner as well. It is not merely a system in a box that forces the people to conform; rather, it is tailor-fit to the actual objectives of the organization.

9. The Inputs/Activities that you do contribute to the Outputs of the Division, which in turn determine the Outcomes of the Strategies of the Large Taxpayers Service.



What are the gains of having PMS at the BIR?

- The strategic direction of BIR (vision, mission) can be translated into specific, measurable, attainable, challenging objectives.
- These objectives can be cascaded down to the individual levels nationwide.
- Performance level at the office and individual levels are evaluated using clear measures and targets.

10.

Discussing the benefits of having a PMS at the BIR becomes easier at this point. One of the more peculiar aspects of the system that differentiates it from other performance measurement systems is that it measures the performance of the office first before measuring the performance of the individuals within that office. Thus an office that gets a rating of 6 or satisfactory indicates an average rating of 6 among the people within it. (As opposed to the previous system where all individuals get a rating of 8 and above and yet the office did not meet its goals.)

What are the gains of having PMS at the BIR?

- With clear targets, BIR management can have a tool for discriminating the high- from the low-performers.
- With cascaded targets, accountability for results can be clearly assigned and well-understood at different levels.
- By measuring performance at different levels of the organization, we establish a results-oriented culture.

11. At this point, ask the participants to get

the metastrips where they wrote their ADKAR's and to write their WIIFM's at the back. Give them 10 minutes to compose their thoughts, and if they have questions or clarifications, you may answer them within this time. After the 10 minutes, ask every participant to say their answers aloud. This exercise reinforces the value of the system to them. It is very important that they do this—for everyone to hear their each other's answers translates to a commitment to what they wrote.

The PMS clearly defines accountabilities within the offices with appropriate weights and measures. Individuals, as well as offices, are responsible for the attainment of the objectives of the organization. Having a clear sight of the destination will help everyone work with a focus.

WIIFM?

- Write at the back of the metastrip the answer to the question, "What's In It For Me?" or "How will the PMS benefit me personally?"

12.

What is the status of PMS installation at the LTS?

- [PMS phases.ppt](#)

13.

make the individuals sign a receive-copy.

Should there be any more clarificatory questions regarding the PMS, you may answer at this point. More often than not, the questions will revolve around the Attrition Act. There are prepared slides about this (which are included in the CD that comes with this Guidebook) and you may use a hyperlink to explain it further. It would be a good time to take a lunch break after this.

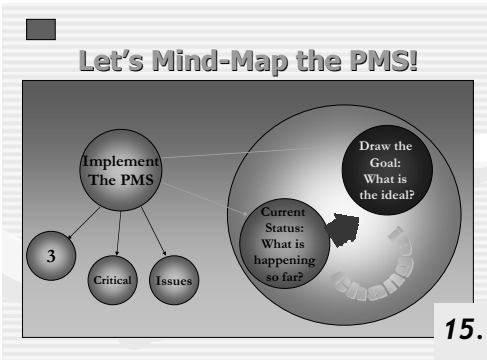
Let them know where the PMS is already within the context of the entire organization. What is being done; what is the progress so far; etc. You can remind them that they are receiving progress reports through the newsletter that they are all entitled to read. Some participants may say that they are not receiving any, and you may direct them to the office responsible for the distribution of the copies. In the BIR-LTS, the administration office makes sure all divisions receive their copies, and all secretaries must

Questions?



14.

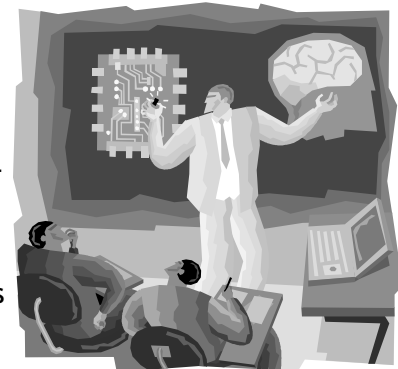
Module 5: Issues and Solutions



The module on Mind Mapping is best introduced with a game called Word Associations. Everyone must participate in this game. All they have to do is to come up with a new word after hearing the word spoken by the person to their left. You will start with a word, then you will be followed by the person you appoint, and he/she will be followed by the person on his/her right. The object is to come up with an “associated” word in 3 seconds. Example: you start with “yellow”

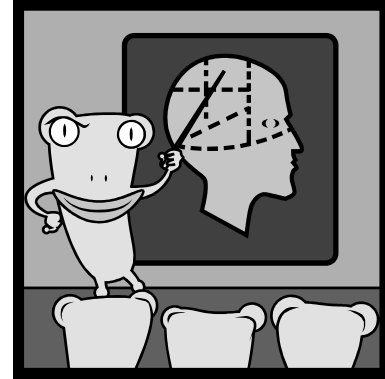
and the person you appoint says “color” and the next person says “blue” and the next says “sad”. The point to the activity is that every person thinks differently, and his/her response is based upon many factors including background, education, upbringing, focus, or specialization, immediate concern, etc. Mind mapping the PMS will reveal how the participants perceive it. Despite their clear WIIFM’s before lunch, there will still be underlying issues and concerns they have that must be addressed.

The entire class must be broken down into groupings according to section. They then must be given flipchart, markers, and crayons to do the activity (20 minutes). They must Mind Map the PMS by first giving 3 critical issues that they associate with it (as a group). Some of the answers might be: Attrition Act, Limited Resources, Workload, etc. The purpose of the Mind Map is to clarify where the issues stand. Employees usually resist the PMS lumped together with other issues. It is like rejecting an entire basket of fruits when they find just one bruised apple. Mind Mapping will show the relationships



of their issues and concerns with one another, and it will give them the opportunity to make suggestions on how to handle the issues. As soon as they have written down their 3 critical issues, they can start assigning arrows to establish the said the relationship. Example: their first critical issue is the Attrition Act. To be able to assign the arrow, they must ask, is the Attrition Act a result of the PMS? If it is, then the arrow must originate from the PMS circle and point towards the AA. However, if the answer is that, a credible PMS is required by the AA, then the arrow must originate from the AA and point towards the PMS. The same way with Limited Resources—if their performance is hindered by limited resources, then the arrow originates from Limited Resources and pointing towards the PMS. Establishing these relationships will clarify in the minds of the participants what the real problems are. They will start to realize that it is easy to blame something like the PMS when their real issues and concerns are not with it, but rather on things that have been

there long before. After they write the 3 critical issues and assign the arrows, they may proceed to writing down the Current Situation in their section—example: everyone in the section gets VS under the PES. This statement will also show that they are concerned with the difference between the PES and the PMS. You may want to stress the benefits of the PMS again should this surface. Finally, ask them to illustrate their Ideal Situation, or what they want to happen. This must be drawn with the crayons. The reason for using a symbol to visualize the goal is that the creative mind always finds the mechanism to achieve what it “envisions”. When they are done with this, they must come up with their solutions—what they can do to make sure the Current Situation and the Ideal Situation become one and the same. The groups must assign a reporter to explain the Mind Map. Debrief their answers with them; help them understand where all these issues and concern stand in relations to the PMS, and what they can do to make things better at their level.



Authority for Change

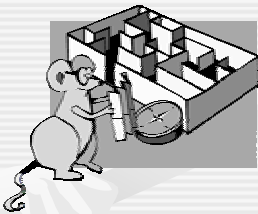


16.

In the BIR-LTS, we invited the Executive Sponsor (HREA Coy Pangcog to represent DCIR Kim Henares) to sit in during the reporting and to answer the issues from the perspective of the management. She then would talk about how important the PMS is without disregarding the personal feelings of resistance of the participants. She would emphasize how it will affect the individuals within the organization; how it will affect their day-to-day activities; and how it will affect their jobs. This is the opportunity for the man-

agement to explain the benefits of the PMS to the organization but to the individuals themselves, especially with regard to the rewards system incorporated within the PMS.

Resistance and Comfort



17.

When the Executive Sponsor leaves, you may proceed to discussing Resistance and Comfort. You have to understand that individuals and organizations have a different threshold for change depending upon their backgrounds and exposure to changes; and that some individuals will resist the change no matter what. With this in mind, prepare to tell the story “Who Moved My Cheese?” by Spencer Johnson. Make sure that you champion the lessons and insights within the story. Ask them which character they can identify

with the most—Hem, Haw, Sniff, or Scurry, and let them anchor their responses to the PMS. This module is usually the tipping point for most of the participants. It is after hearing this

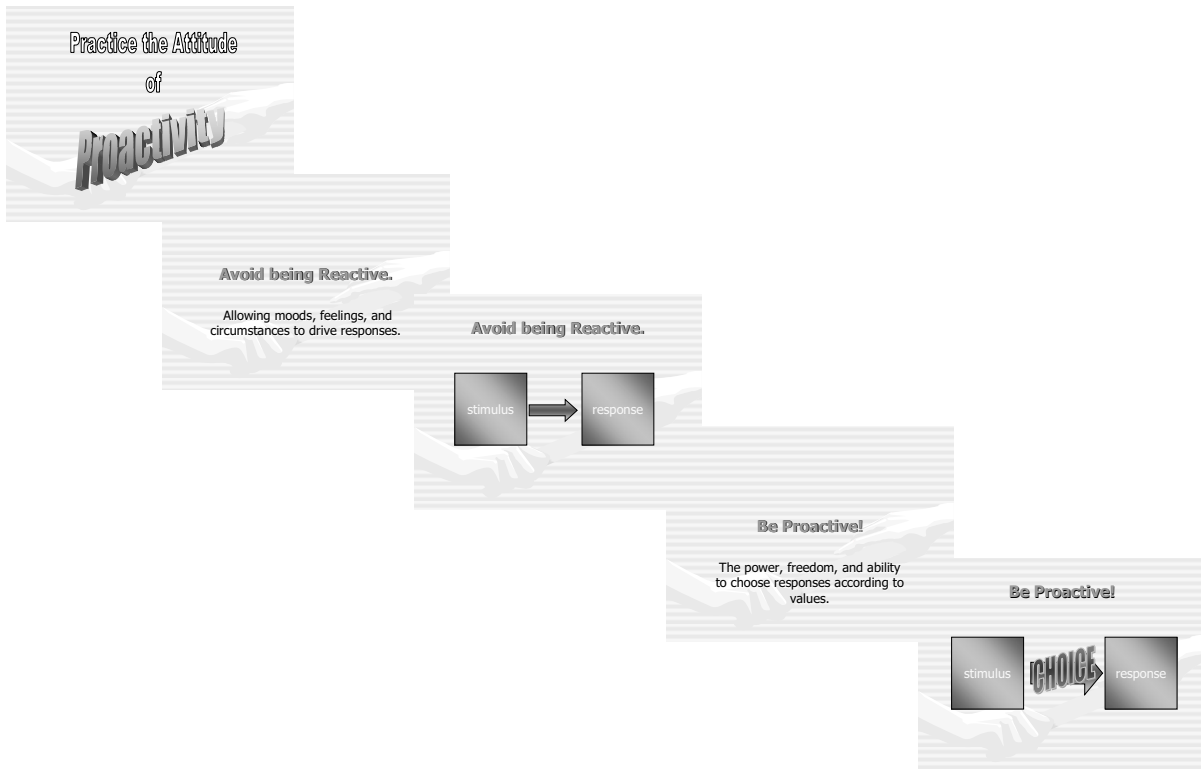
that they make a decision as to whether they will continue resisting or they will be open to the PMS. As the facilitator, you need to help them feel positive about the future, that everyday is a chance to become better; that acceptance makes moving forward easier; and that remaining stuck just makes us feel old and bitter. This will be a good segue for the next topic which is Value Systems.



18. The Value Systems of the individual greatly helps in his/her acceptance of a change in his/her life. Values are different for every person—since this is subjective and based upon his/her uniqueness. How one values work may be different from how another does. What is important is that whatever people value, their actions or decisions are influenced by these things and therefore they are responsible for their choices. Knowing the theory of Reactivity and Proactivity by Dr. Stephen Covey (7 Habits of Highly Effective People)

will make the discussion about Value Systems more powerful. This module usually serves to validate those who do what is “right” despite the consequences; and it serves as an eye-opener for those who would prefer to blame their “inability” to perform well on external forces.

These are the slides under the topic of Value Systems.



Incremental vs Radical Change

Incremental Improvement
(Process Improvements i.e., Automation of Processes)

Radical Improvement
Restructuring
(Change in Strategy)

19.

You can emphasize that the PMS is a tool of measurement. Someone who can maximize a tool, like a hammer or a knife can produce so many things. A person untrained in the use of tools won't be as efficient. So, whether they perceive the PMS as an Incremental Change or a Radical Change in their work lives does not matter as much as knowing they can make use of it proactively to be more effective and efficient at work.

Module 6: Final ADKAR's

Summarize all the lessons they have learned so far. You can ask them if they know how to become more involved in the implementation of the PMS. If they do not know the answer, it would be best to teach them about Activity Log Sheets and S/TAR's. *(Please refer to Chapter 4, Monitoring for a more detailed explanation of Activity Log Sheets or S/TAR's.)* Activity Log Sheets are records of the employees' activities on an hourly basis from day to day. This will serve as proof of their performance with regard to their

STAR's

- Situation/Task
- Action
- Result

20.

KRA's, and this would satisfy the requirement for a rating of 6. Should the employee desire to get a higher rating, he/she must furnish at least 3 statements of Critical Incidents or S/TAR's that indicate the Situation/Task, the Action of the employee, and the Result. For it to be a Critical Incident, it should be a situation not covered in the performance contract; it should produce clear and important outcomes; and it must be beyond the call of duty. *(This does not cover personal requests from bosses who require employees to example—fetch their son from school, etc.)* Recording the activities and critical incidents are not required, but are rather proactive involvement in the PMS on the part of the individual.

The Change Process is Different for Every Individual.

	Awareness	Desire	Knowledge	Ability	Reinforcement
Person A	A	D	K	A	R
Person B	A	D	K	A	R

21.

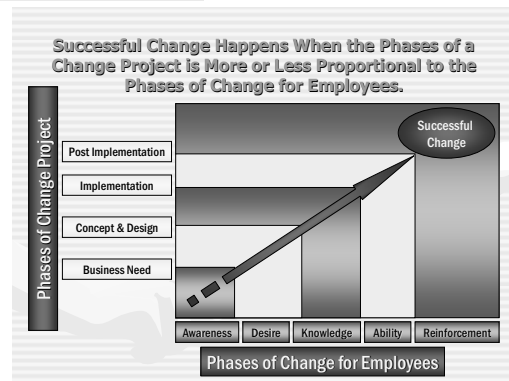
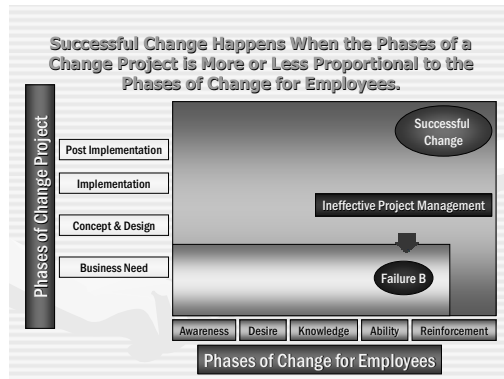
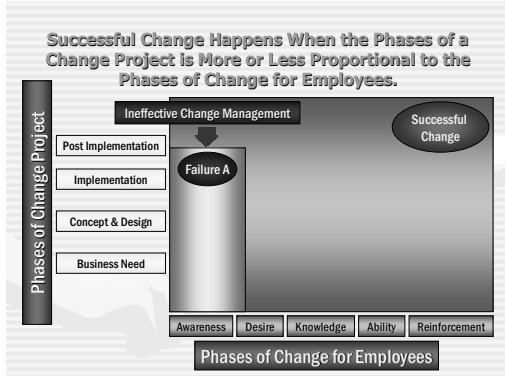
When you show this slide, let the participants compare Person A to Person B, and let them state what makes Person A more adaptable to change. Tie this up with the characters in "Who Moved My Cheese?" to reinforce acceptance of the change. Once they have satisfactorily given their insight, ask them to bring out their metastrips again and fill up the rating on their ADKAR's for the P.M. section. You might want to verify with them if there had been a change from the scores they gave during the morning or if there was-

n't. Should there be any more issues left, handle them at this time.

Table 8.3: Final ADKAR

	Awareness A	Desire D	Knowledge K	Ability A	Reinforcement R
A.M.					
P.M.					

22.



To end the session, show the last three slides on the Process of Change. For the PMS to succeed, there must be a direct proportion in the phases of the project to the phases of learning for the employees. During the identification of the need for the PMS, exploratory talks

should already be undertaken to raise the level of awareness of the employees. During the conceptualization and design (where customization falls), the level of desire of the stakeholders must be increasing. The implementation should be simultaneous with training sessions. After the PMS has been implemented, continuous reinforcement by the sponsors must be done through meetings, newsletters, or general assemblies.

**Delivering Results Through
Continuous Learning and
Improvement**

This Chapter presents the evaluation results of various workshops and coaching sessions conducted by EMERGE.

It includes the quantitative results that reflect the assessment of the participants toward the interventions in the course of project implementation. The qualitative results on the other hand reveal the reactions, opinions and feelings of the attendees concerning the interventions.

Chapter 9: The Consultants' Scorecard

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Description

This chapter presents the evaluation given by LTS managers, supervisors and employees on the various technical assistance provided by the EMERGE Team. The Consultants' Scorecard is an attempt to measure at the onset the initial impact of the technical assistance along the four components of: (1) office and individual target setting; (2) performance management and documentation; (3) performance evaluation; and (4) rewards allocation.

Objectives

The chapter aims to present:

- The overall evaluation framework;
- A summary of the outputs produced and competencies demonstrated after the conduct of the training and workshops; and
- The reactions and opinions of the participants to the training and workshops in the form of quantitative and qualitative assessment.

Acronyms

- BIR-PMS (Bureau of Internal Revenue-Performance Management System)
- EMERGE (Economic Modernization through Efficient Reforms and Governance Enhancement)
- LTS (Large Taxpayers Service)
- HREA (Head Revenue Executive Assistant)
- DCIR (Deputy Commissioner of Internal Revenue)
- AQS (Audit Quality Scorecard)
- AA (Attrition Act)
- R and F (Rank and File)
- MOVs (Means of Verification)
- CMW (Change Management Workshop)
- LTDO (Large Taxpayers District Office)
- AFIs (Areas for Improvement)
- ADKAR (Ability, Desire, Knowledge, Awareness, Reinforcement)
- S/TAR (Situation/Action, Task, Activity, Result)

- KRA (Key Result Area)
- LTFOD (Large Taxpayers Field Operations Division)
- LTAID (Large Taxpayers Audit and Investigation Division)
- LTPD (Large Taxpayers Programs Division)
- LTAD (Large Taxpayers Assistance Division)
- LTCED (Large Taxpayers Collection and Enforcement Division)
- LTDPOAD (Large Taxpayers Document Processing and Quality Assurance Division)

The Importance of the Consultants' Scorecard

Basis for taking action. In almost all the training and coaching sessions, the EMERGE team saw to it that real time feedback was gathered from the participants. This was the basis for gauging the areas of strength and development of the undertaking and taking the required courses of action. To cite, the EMERGE team provided immediate feedback to the LTS management on the results of the change management workshops and PMS coaching sessions. LTS Management addressed these issues as they saw fit. In many instances they solved the heart of the problem by issuing the necessary policies, talking to the people concerned, holding dialogues, and introducing changes in some processes.

Outputs as indicators of skill transfer. The key outputs of the PMS reflect the level of skill transfer as a result of the interventions taken. The level of competency of the participants in the PMS process is critical to observe. This data can be used as basis for continuous learning and improvement in the managers' and supervisors' skills in target setting, performance monitoring, evaluating and rewarding.

Gauging the proper implementation and utilization of learning upon return to the workplace as indicators of outcome. The participants to the workshops and coaching sessions had the chance to directly apply the concepts learned. This was especially true in the case of the office and individual target setting coaching sessions and the PMIS. One good example in terms of utilizing the learning gained is the preparation and institutionalization of the LTPD office monitoring tool (or means of verification, MOV). LTPD Division Chief Magdalena Ancheta designed her own office MOV as a result of the coaching sessions on Office Evaluation, influenced her Section

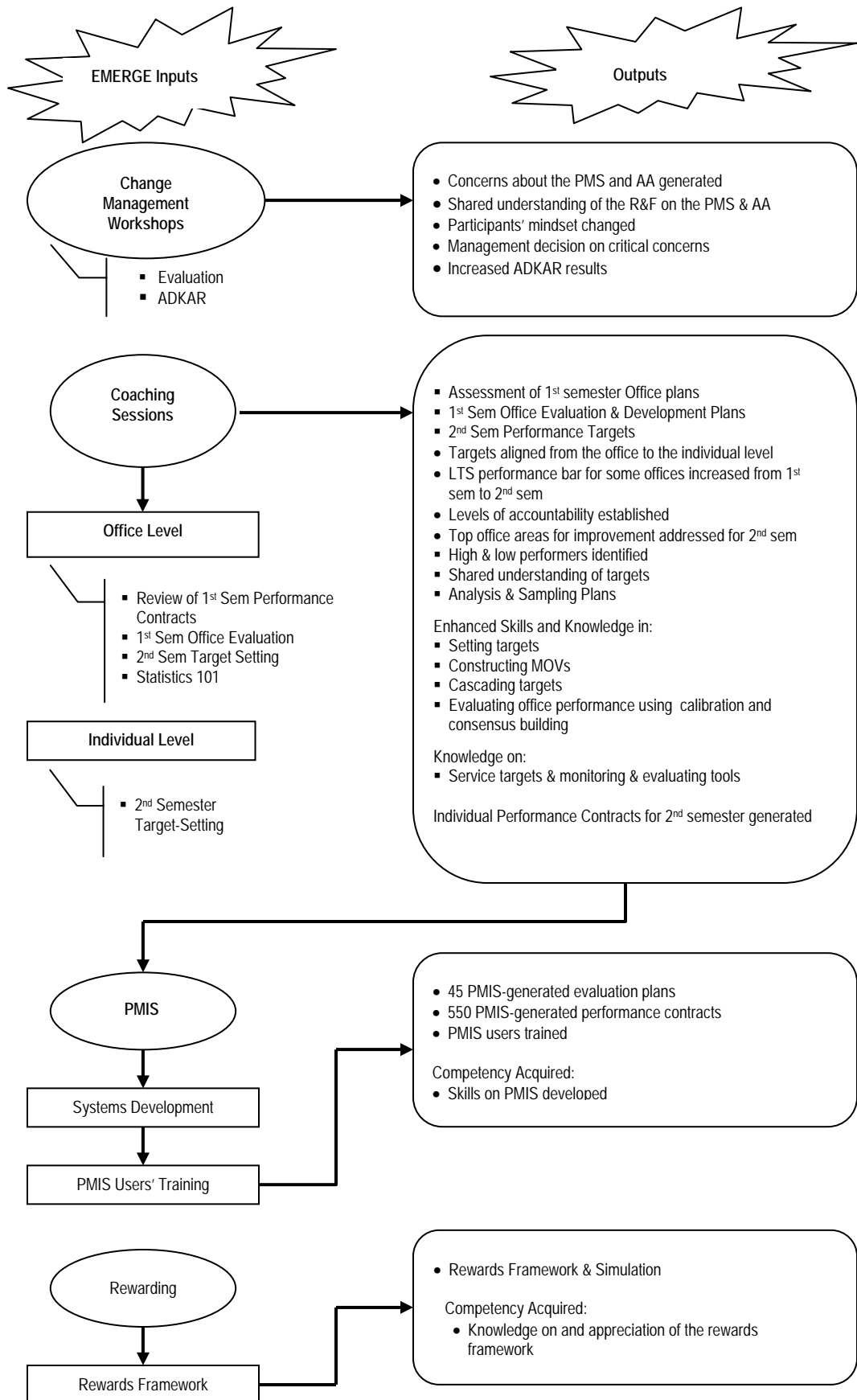
Chiefs to adopt it. As a result, there was marked improvement in the quality of work of the Large Taxpayers Programs Division (LTPD) staffs owing to the immediate written feedback and ratings given to the outputs as indicated in the Division's MOV.

Satisfaction level of the participants on the orientation sessions as basis for refining training and coaching sessions. The assessment of the attendees as to the content and methodology of the sessions were elicited after the conduct of each training, orientation and coaching session. This afforded the EMERGE team to adjust the design to the requirements of the participants.

The Scorecard Framework

The Consultant's Scorecard framework sets out the breadth or spread of the intervention at the input and output levels: Inputs of the EMERGE team in the form of learning concepts and models, which are in turn translated into tangible outputs through the application of learning or transformed into improvement of skills and knowledge or mindset. The framework represents the various interventions of the EMERGE team to ensure buy-in of the PMS at all levels of the LTS. It draws the link among the inputs at level one to the corresponding tangible outputs produced during the conduct of the sessions and finally the desired outcome or immediate results of the intervention that could be measured within the period of project implementation.

A more vivid illustration of the framework follows:



Assessment on the various EMERGE Technical Assistance

The Change Management Workshops (CMW). Vital to the successful implementation and institutionalization of any intervention apart from strong executive sponsorship is managing the change process. At the onset, the EMERGE team saw to the shared understanding and acceptance of the PMS by the LTS management and employees. Three sessions of the Change Management Workshop were initially conducted for the LTS management. The EMERGE team made sure the strategies and objectives of the PMS came across very clear to the change sponsors. An average rating of **3.82** reveals a positive reception towards the PMS at this early stage of the project. The following table summarizes the assessment of the LTS management across several evaluation areas of the Change Management Workshop:

Change Management Workshop for LTS Management

Evaluation Summary
(4 = Highest and 1 = Lowest)

<i>A. Workshop Design</i>	Average Rating (N=49)
1. Achievement of workshop objectives	3.80
2. Time allotment	3.77
3. Helpfulness of sessions	3.82
<i>B. Methodology</i>	
1. Appropriateness of methods used	3.83
2. Adequacy of hand-outs	3.81
3. Time Allotment	3.81
<i>C. Resource Person (Cristina Gallardo)</i>	
1. Knowledge of the subject matter	3.96
2. Organization of topic	3.89
3. Use of visual aids	3.93
4. Rapport with the participants	3.96
5. Ability to handle questions	3.90
<i>D. Training Management by BIR-PMS Team</i>	3.64
<i>E. Participants - Satisfaction in terms of:</i>	
1. Participation in the training	3.60
2. Level of learning	3.76
3. Workshop's relevance to work	3.81
Overall Average	3.82

The HREA for Regular recognized the need for the conduct of the workshop to the rank and file employees of the LTS. Thus, a series of 18 runs was carried out to a total of 469 employees. The Change Management session surfaced the personal insights of the rank and file employees towards the PMS and the Attrition Act. Numerous pressing concerns were also ventilated during the sessions, which the EMERGE team immediately brought to the attention of the LTS management. A summary of the assessment of the rank and file employees is presented below:

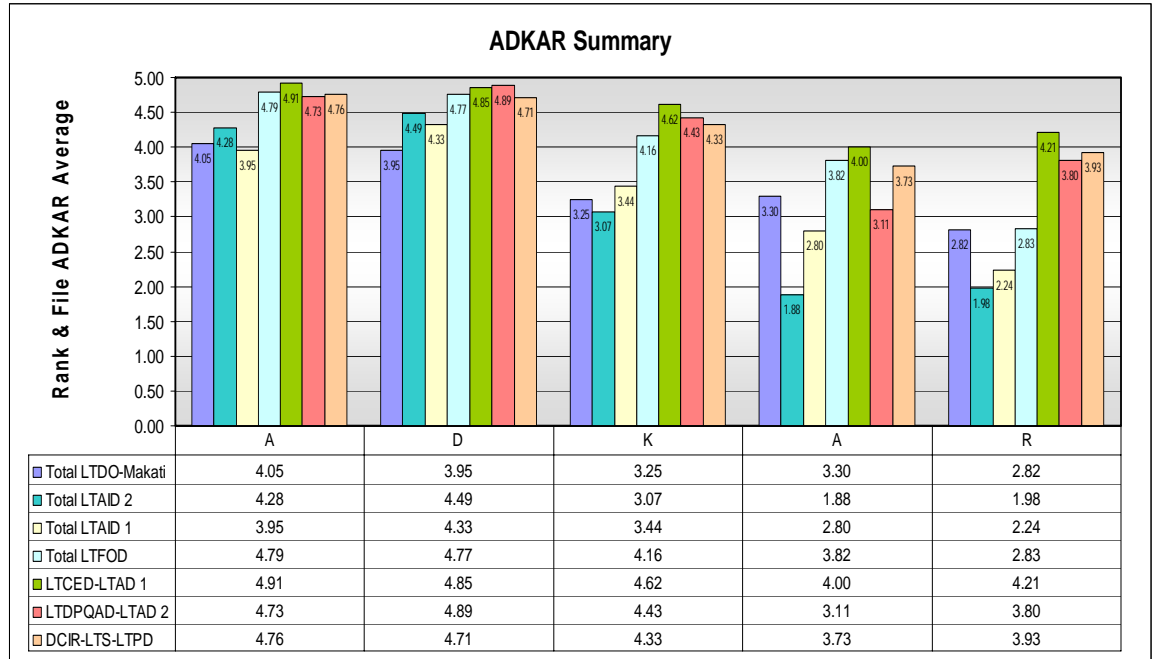
Change Management Workshop for the Rank and File

Evaluation Summary
(4 = Highest and 1 = Lowest)

<i>A. Workshop Design</i>	Average Rating (N=469)
1. Achievement of workshop objectives	3.75
2. Time allotment	3.66
3. Helpfulness of sessions	3.79
<i>B. Methodology</i>	
1. Appropriateness of methods used	3.76
2. Adequacy of hand-outs	3.76
3. Time Allotment	3.66
<i>C. Resource Person (Cristina Gallardo)</i>	
1. Knowledge of the subject matter	3.94
2. Organization of topic	3.87
3. Use of visual aids	3.90
4. Rapport with the participants	3.88
5. Ability to handle questions	3.85
<i>D. Training Management by BIR-PMS Team</i>	3.75
<i>E. Participants - Satisfaction in terms of:</i>	
1. Participation in the training	3.68
2. Level of learning	3.65
3. Workshop's relevance to work	3.77
Overall Average	3.78

Coupled with the high rating of **3.78** as indicated in the evaluation summary, a further manifestation of the initial change in mindset could be deduced from the **ADKAR** results of the participants that attended the workshop. The process guides the participants through the concept of having a deeper understanding of the individual change process through the **ADKAR** model: **A**wareness of

the need to change; **D**esire to participate and support change; **K**nowledge of how to change; **A**bility to implement the change on a day to day basis; and **R**einforcement to keep the change in place. The summary of results is as follows:



Outputs of the Change Management Workshops. The series of sessions surfaced the concerns of the rank and file about the PMS and the Attrition Act. Majority of the participants voiced out their apprehensions regarding the possibility of being attrited initially, viewing the PMS as the vehicle towards this.

Continuous assurance by the EMERGE team helped abate their misgivings towards the PMS. HREA Pangcog on her part reinforced this assurance, too, through her closing remarks in some of the sessions: "The LTS is the pilot to have the PMS professionalized in the BIR and the others will follow suit. With this, LTS services are categorized at a higher level. Be proud to be part of the LTS family. Think of rewards and incentives rather than attrition. Remove all doubts about the PMS, do not lose your enthusiasm as it is still in the initial stages of implementation" ... *part of HREA Pangcog's closing remarks during the LTDO-Makati CMW, May 31, 2005.* Thus, the workshop brought about a shared understanding of the rank and file employees between the PMS and the Attrition Act at the end of the day.

Understanding the change management concepts increased the rank and file employees' awareness of the need for change and helped in shifting their mindsets toward a more positive point of view. As a result of the change management workshops the rank and file employees felt positive about the PMS and the benefits they could derive from it. Some of the changes in the mindsets and attitudes were expressed during the workshops:

As a basis for objectively measuring performance. "The PMS will foster good working relationship and the staff will work harder because of it. The PMS is fair, with a clear set of goals and you will know what to work on. PMS is a welcome challenge and it spells objectivity. At end of the day we get a justified recognition and reward." *LTD0-Makati participants, May 31, 2005 CMW.*

"It will serve as a yardstick for my personal and professional development. It heightened my desire to apply the lessons learned in the workshop. It will protect me against attrition. It is like the North Star – giving me better direction because it is results oriented. PMS should not be confined only to government agencies with collection efforts but to the whole bureaucracy. I have no qualms with PMS. I think it is designed to improve the image of the BIR as a whole starting from the pilot LTS." *LTFOD participants, June 22 and 28, 2005, CMWs.*

Helps in enhancing staff productivity. "It will trigger my capacity to work faster than usual; it will make me aware of the consequences of my actions; and will give me opportunity for improvement. PMS will put in proper perspective my job in the division and how I fare with my peers, subordinates and superiors." *LTAID 1 participants, June 15, 2005 CMW.*

Helps professionalize work, discourage non performance and encourage hard work, recognize employee efforts. Employees will not be demoralized. *LTAID 2 participants, June 7, 2005 CMW.*

Coaching Sessions at the Office Level. There were several coaching sessions at the office level shown by the actual number of sessions recorded by the team as reflected in the table below:

Table 9-1

LTS Office	# of Sessions
LTAD 1	10
LTAD 2	16
LTAID 1	11
LTAID 2	9
LTPD	11
LTFOD	9
LTDO-Makati	11
LTDO-Cebu	4 (4-day workshop)
LTCED	6
LTD PQAD	13

These coaching sessions produced the following outputs:

- Completed 45 Office Evaluations based on first semester actual performance, employing an iterative, participative, consensus-based process
- Analyses on Office areas of strength and improvement presented to and validated by LTS Management. These were captured as "Management reports".
- Analyses on Office Strengths and Areas for improvement used as bases for mapping out Performance Contracts for the second semester ; solutions were generated and translated into "key result areas for the second semester."
- Generated 45 Office contracts for the second semester that are aligned with the LTS Strategy Map.
- Office targets stretched as a result of the office evaluations.
- Office targets cascaded and translated into 550 individual performance contracts.

These outputs reflect acquisition of knowledge and skills gained from the coaching sessions. To demonstrate this, the pre-PMS 2005 conditions are compared with the outputs produced during the PMS implementation stage. From these comparisons, the competencies demonstrated are listed in the table below:

Table 9-2

PMS Process	Pre-PMS 2005	PMS 2005 Implementation : Outputs and Competencies acquired
Target setting	LTS Mission and Vision statements visibly posted at the LTS Office.	<p>Outputs: Refinement of the LTS Vision and Mission Statements</p> <p>Competency demonstrated: Strategic Direction Setting</p>
	Strategy Map had 13 objectives.	<p>Output: LTS Strategy map focused on five objectives.</p> <p>Competencies demonstrated: Strategy formulation and prioritization of objectives</p>
	<p>Performance contracts at the Office and individual levels mapped out.</p> <p>Strengths</p> <ul style="list-style-type: none"> ▪ Offices and individuals were aligned with the objectives of the Strategy Map ▪ Individuals have committed themselves to some financial targets <p>Areas for improvement</p> <ul style="list-style-type: none"> ▪ Some alignments have to be firmed up. Division and section chiefs have exactly the same performance contracts. There is a need to clarify whether performance is an aggregate ▪ While there are measures at the Output level, some offices have to push these measures to the Outcome level ▪ While there are measures of quality and timeliness, there is a need to establish the means of verifying these measures 	<p>45 Office performance contracts are aligned and cascaded to the Individual levels; 550 Individual performance contracts are encoded into the PMIS.</p> <p>Competencies demonstrated:</p> <p><i>Prioritization of objectives, key result areas and measures through an assignment of weights. The process of assigning weights helped establish alignment and communicate priorities to the rank and file.</i></p> <p>Adoption of shared goal concept manifested teamwork orientation.</p> <p><i>Adoption of output and outcome measures demonstrated results orientation. In 2004, LTS</i></p>

PMS Process	Pre-PMS 2005	PMS 2005 Implementation : Outputs and Competencies acquired
		<p>managers and supervisors were more comfortable setting targets and monitoring activities at the activity level.</p> <p><i>Appreciation of outcome metrics.</i> LTS Managers and Division chiefs are more appreciative of the need to measure performance at the outcome level; They are also more conversant of the formulas, equations to be used.</p> <p><i>Cascading targets from the Office to the Individual levels.</i> Section Chiefs explained the Office performance contracts to their staff by themselves.</p>
Monitoring	Collections and disaggregate compliance measure were monitored at the Service Level.	<p>Output: A more balanced set of outcome performance measures are proposed.</p> <p>Competency demonstrated: Appreciation of outcome metrics</p>
	Some office MOVs were in place but these were not assessed for reliability and accuracy.	<p>Outputs: Some offices like LTAID 1 and 2, LTFOD and LTPD changed their office means of verification tools to make them more accurate and reliable.</p> <p>Competencies demonstrated: Capacity to assess present Office MOVs;</p>

PMS Process	Pre-PMS 2005	PMS 2005 Implementation : Outputs and Competencies acquired
		<p>Capacity to construct own office MOVs;</p> <p>Ability to influence staff to adopt a new MOV;</p> <p>Ability to institutionalize changes at the Office level.</p>
	<p>Individual behavioral dimensions are not really monitored and tracked.</p>	<p>Output: Individual critical incident forms proposed as a tool for measuring behavioral competencies.</p> <p>Competency demonstrated: Capacity to assess effective / ineffective behaviors at work.</p>
<p>Evaluating</p>	<p>Office evaluation was not institutionalized.</p>	<p>Output: 45 Office evaluations conducted</p> <p>Competencies demonstrated:</p> <p>Ability to rate and support one's office objectively;</p> <p>Ability to defend one's rating using appropriate evidence;</p> <p>Ability to calibrate and reach consensus on office rating;</p> <p>Ability to analyze office strengths and areas for improvement;</p> <p>Ability to analyze office</p>

PMS Process	Pre-PMS 2005	PMS 2005 Implementation : Outputs and Competencies acquired
		causes of variance; Ability to generate solutions to office areas for improvement.
Rewarding	Some informal/formal office evaluations are in place No mechanism or framework for deploying financial rewards.	Outputs: Rewards framework and simulations proposed Competency demonstrated: Appreciation of rewards framework

A series of coaching sessions were held to finalize the targets for the second semester, which were attended by the division chiefs and their assistants. Technology transfer with a 'personal touch' best characterizes the coaching process employed by the target setting teams. With the end in mind of enhancing the knowledge and skills of the division/assistant chiefs and section/assistant chiefs, the process was painstakingly imparted in not just one sitting but several meetings. The evaluation summary that follows captures how the participants perceive the process:

Finalizing 2nd Semester Targets for Divisions and Sections

Evaluation Summary of Coaching Sessions for Division/Assistant Chiefs
(4 = Highest and 1= Lowest)

A. Areas of Evaluation	Average Rating (N=2)
1. To what extent have the objectives of the coaching session Finalizing 2 nd Semester Targets been achieved?	4.00
2. To what extent has the coaching session clarified the 2nd semester Division targets based on the policy directions?	4.00
3. How do you rate yourself in terms of formulating clear and achievable targets for the Division?	4.00
4. To what extent has the coaching session	4.00

facilitated or assisted you in cascading the targets to the Section level?	
5. To what extent can you provide guidance to your staff in setting achievable targets for your division/section given the skills and knowledge gained from the coaching session?	3.50
6. To what extent can you come up with clear, achievable and well-aligned performance contracts (from division/section to individual level)?	3.50
7. To what extent can you take the lead role in individual target-setting for your own Division?	4.00
8. To what extent do you find the 'preparatory work' facilitative for the individual target setting session for the rank and file in helping them come up with clear and achievable performance contracts?	4.00
9. How do you rate yourself in terms of preparing the initial template (performance contract with development actions) for each of your staff?	3.50
10. To what extent are you able to document critical incidents for behavioral dimensions using the S/TAR method for each of your staff?	3.50
Overall Average	3.80

The participants to the coaching sessions exhibited positive responses to most of the activities as evidenced by the high ratings. Some of the more pronounced manifestations based on anecdotal data of the outcomes at this level are:

- Target setting skills were enhanced one way or the other, which the division and section chiefs were able to apply in cascading the targets to the office and individual levels
- The participants were able to formulate means of verification (MOVs) for the measures identified
- There was an exercise of two-way communication during the calibration sessions where the parties involved agreed to the targets set

- The division and section chiefs were able to improve their consensus building and negotiating skills when agreements were arrived at satisfactorily
- They were able to enhance their skill in conducting an office evaluation
- The resulting Office Evaluation and Development Plans at the division and section levels were clearly aligned

The Planning and Teambuilding Workshop. The teambuilding workshop afforded the LTS management to make the final calibration of office level evaluation ratings, identify courses of action and identify service level targets for the second semester. A cursory look at the assessment results of the workshop reveal a rather high rating (3.55) of the various sessions, which the participants found valuable in terms of clarifying and agreeing on the division level targets.

LTS Evaluation, Target Setting and Teambuilding Workshop

Evaluation Summary
(4 = Highest and 1 = Lowest)

<i>A. Workshop Design</i>	Average Rating (N=11)
1. To what extent has the session on evaluating the Office Evaluation and Development Plan helped enhance and clarify office targets?	3.73
2. To what extent has the Division Target Setting Session (2 nd semester) helped in formulating achievable, clear and aligned targets for your Division?	3.64
3. How do you think the session on service level target setting helped in formulating achievable, clear and aligned targets?	3.73
4. To what extent has the Visioning and Missioning exercise helped in clarifying your LTS mandate and targets?	3.82
5. To what extent has the presentation of service level targets enhanced your understanding of the component?	3.64
6. To what extent has the presentation of the PMIS enhanced your appreciation of the system?	3.27
7. To what extent has the presentation of the IRR help you understand better the operationalization of the Attrition Act?	3.18
8. To what extent has the teambuilding objectives been achieved in	

creating cohesiveness and commitment among the LTS officers?	
• <i>Teambuilding Session 1 (straw game)</i>	3.55
• <i>Teambuilding Session 2 (trust game)</i>	3.82
9. Time allotted to the activities, sessions and presentations	3.64
<i>B. Logistics Rating</i>	
1. Bedroom comfort and facilities	3.27
2. Training facilities	3.55
3. Food quality	3.00
4. Training materials	3.64
<i>C. Overall Training Management</i>	
Overall Rating	3.55

Coaching Sessions at the Individual Level. Following the office level sessions, the section chiefs cascaded the second semester office level targets to their respective staffs, which may be taken as an immediate application of learning. The quantitative rating obtained from the section chiefs' evaluation shows a positive response to the new concepts shared with them during the coaching sessions. Similarly, it shows they are able to effectively impart to their staffs the appropriate ideas needed to complete the individual performance contracts.

Target Setting for the Rank and File

Evaluation Summary of Coaching Sessions for the Section Chiefs
(4 = Highest and 1= Lowest)

Areas for Evaluation	Average Rating (N=10)
1. To what extent have the objectives of the Target Setting session for the Rank and File been achieved?	3.80
2. How familiar are you with the PMS process?	3.80
3. How familiar are you with the parts of the PMS form like KRAs, measures, targets, weights, etc.?	3.80
4. To what extent do you think you can steer the discussion in completing the S/TAR form?	3.60
5. To what extent can you provide guidance to your	3.90

staff in leading them to complete their Individual Performance Contract (IPC)?	
6. To what extent did the coaching session help in acquainting you with the behavioral dimensions of the PMS?	3.80
7. To what extent did the coaching session help in guiding you and your staff to document critical incidents using the S/TAR method?	3.80
8. To what extent can you provide guidance/assistance to your staff in completing the S/TAR?	3.50
Overall Average	3.75

Outputs of the Coaching Session at the Individual Level. This process yielded 550 Individual Performance Contracts (IPCs) of the LTS staff. The IPCs contain the second semester targets.

Insights and opinions were elicited from the LTS managers and supervisors after the conduct of the coaching sessions, some of which are:

It provided the LTS managers and supervisors a picture of the Division. "Everyone was involved, there was communication and consultation, a plan was drawn out which took into account the target date for completion. Very helpful in the sense that the staffs will be aware of their responsibility. It helped me identify the detailed functions of my staff and for me to have guidelines in monitoring their accomplished tasks. Functions of the rank and file were aligned. It gives credit to performing individuals and boosts their morale to function very well." *Statements quoted from seven managers/supervisors*

It made them aware of the PMS process. "The staffs' awareness of the PMS will help them perform the assigned tasks better since they know they are graded. There will be fair rating of performance. It will lessen the complaints among employees because performance is measured against the target and with basis. Awareness of the target and the consequence if the target is not achieved." *Statements quoted from five managers/supervisors*

It provided a basis for the LTS managers/supervisors to exercise their control function. "We will sustain the PMS by constantly monitoring the means of verification (MOVs), the objectives and targets and closely coordinating with the division chiefs. Maintain control using regular checks and monitoring of progress." *Statements quoted from five managers/supervisors*

It opened their minds to the process of preparing the performance contract. "Honestly it was hard at the start but it was made easier with the guidance of the EMERGE team. It was difficult at the start but the discussion helped because everybody participated. The process enabled us to discuss matters without interruption." *Statements quoted from three managers/supervisors*

Although they found the coaching session helpful, there were still apprehensions, like: "It is quite bothering because the first semester actual performance became the target for the second semester, which for the others is the 'maximum'. If the PMS targets for the next rating period will always be the actual performance, I am scared time will come we will not be able to achieve a rating higher than 'satisfactory'. Some of the staffs are afraid they cannot meet the goal." *Statements quoted from five managers/supervisors*

As a result of the cascade of the second semester targets of the section chiefs to their respective staffs, the rank and file employees gave their assessment of the coaching session with the following results:

Target Setting for the Rank and File

Evaluation Summary of Coaching Sessions for the Rank and File
(4 = Highest and 1= Lowest)

Areas for Evaluation	Average Rating (N=160)
1. To what extent have the objectives of the Target Setting Session for the Rank and File been achieved?	3.38
2. How familiar are you with the PMS process?	3.18
3. How familiar are you with the parts of the Individual Performance Contract (IPC) like KRAs, measures, targets, weights, etc.	3.13
4. To what extent was the discussion in completing the IPC helpful in clarifying your individual targets?	3.30
5. To what extent did the coaching session help in	3.42

acquainting you with the behavioral dimensions of the PMS?	
6. To what extent did the coaching session help in documenting critical incidents using the S/TAR method?	3.39
7. To what extent is the usefulness of the S/TAR in helping you capture critical incidents relating to your performance?	3.26
Overall Average	3.29

The rank and file employees' experience in completing the IPCs brought about several realizations in the process. They exhibited positive reactions to the coaching sessions with their section chiefs as evidenced by the good reviews in their qualitative assessment:

The target setting coaching session helped the rank and file understand their role. "The coaching session helped to clear some questions as well as clarify our role and contribution to our Section to be able to reach the goal. It helped me understand and clarify my performance targets/expectations at the office and individual levels. The discussion was very helpful because it gave us a better picture of our role in the office and the impact of our work in achieving the organization's objectives. It helped me identify the areas where I could best perform and thus contribute most to the attainment of the section's targets."

The process made the rank and file feel empowered. "It is OK because I was the one who set my targets and assigned weights. I had a one-on-one discussion with my section chief before encoding my targets. It is good because the individual is given the opportunity to set a straight target agreed upon with his/her superiors. Not everyone is given the opportunity to have a say in setting their own work targets. I have a clearer picture now so it is easy to provide inputs, implement and work for the section's targets."

The coaching session stirred-up motivation within the employees. "It was quite encouraging since there is a rewards system that would help motivate each individual. I gained confidence and am inspired to work hard. It will shift the paradigm of an individual as a government employee. It made me realize that all efforts and contributions are graded or rewarded. Good work is duly recognized and rewarded."

It provided a venue for consultation, consensus building and participatory planning. "It was interesting because each of us was able to air our views and the process was fully explained. You can say what's in your mind. For as long as we keep the PMS transparent and fair and see to it that every detail is agreed upon by the parties involved, the PMS will remain to be an acceptable and useful tool. "

Overall, the positive insights outweigh the negative reactions of the rank and file employees. There are however, a few negative insights that stemmed from the individual target setting coaching sessions:

Some of the rank and file employees believe the process of completing the IPC is difficult to apply. "It was difficult because it gave me a vision of my future in the Bureau and that of the country. It is difficult because the goal is a bit high as well as the number of days to complete a task. It would be difficult to complete the IPC in terms of policy directions since the actual performance for the 1st semester becomes the target for the 2nd semester. With several aspects to be rated completing the IPC is difficult. It is very complicated. It is a new system and we have to take time to understand the process. We need to study it more."

The PMIS Orientation and Coaching Session. The PMIS is a web-based database system designed to support and enables the different stages of performance management both at the office and individual levels for each evaluation period. It facilitates the encoding and processing of measurement data to arrive at performance ratings for offices and individuals in the LTS.

At the end of the office and individual level coaching sessions, the Office Evaluation and Development Plans as well as the IPCs are encoded into the PMIS. The encoders for each division take charge of entering the data from the office development plans and IPCs into the system.

Outputs of the PMIS Orientation and Coaching Sessions. As the system supports performance management both at the office and individual levels, it generates the office evaluation plans and the IPCs. Trained PMIS-users are likewise a major output of the component.

The encoders welcomed the PMIS orientation as it gave them a chance to learn something new. The assessment that follows is proof of this:

Evaluation Summary of the PMIS Orientation for Encoders

(4 = Highest and 1= Lowest)

Areas for Evaluation	Average Rating (N=11)
1. To what extent have the objectives of the PMIS coaching session been achieved?	3.64
2. To what extent have the coaching session helped to enhance your appreciation and understanding of the PMIS?	3.64
3. How do you rate yourself in terms of applying the skills and knowledge gained from the coaching session?	3.55
4. To what extent can you provide guidance to or coach the other employees in your Division in using the PMIS?	3.64
5. To what extent did the coaching session increase or improve your computer literacy skills?	3.82
6. To what extent did you find the system easy to use or follow?	3.64
Overall Average	3.65

The encoders viewed the PMIS as a 'user-friendly system, fast in accepting data. They also liked the practical side of 'encoding'. They however, find that the field length of the parameters like key result areas (KRAs), measures, and targets is limited, thus truncating certain sentences.

STAT 101 Orientation for Technical Staff. The orientation on basic statistics was conducted upon the request of LTPD Division Chief Magdalena Ancheta to instill in the minds of the staff an appreciation of service level measures. It was attended by selected employees of the LTPD, LTCED, LTAID 1 and 2, and LTFOD. The participants had the chance to apply the simple techniques imparted to them through the small group workshops and plenary

discussions. They likewise had the chance to show their presentation skills during the presentation of their workshop outputs.

Outputs of the STAT 101 Orientation for Technical Staff. To enable the participants to work as a team and apply the concepts, they worked within their small groups. Major outputs were the analysis and sampling plans. The attendees gained knowledge on the concepts of service level targets and the various monitoring and evaluating tools.

Majority of the participants felt the one day session was not enough to learn and internalize the concepts. They asked for actual work application of the statistical concepts. The following evaluation indicates the feelings and views of the attendees:

STAT 101 Orientation Evaluation Summary

1 = Very Poor 2 = Poor 3 = Fair 4 = Good 5 = Very Good

Content of the Course	Average Rating (N=17)
<i>A. How would you rate the Trainer/lecturer on the following areas:</i>	
• Mastery of the subject matter	1.53
• Clarity of delivery	1.65
• Rapport with the participants	1.65
<i>B. How would you rate the training materials in terms of:</i>	
• Clarity	1.65
• Relevance	1.59
• Volume	1.88
<i>C. How would you rate the level of improvement in your knowledge on the following after the training:</i>	
• Basic Statistics	2.18
• Sampling techniques	2.35
• Statistical data analysis	2.18
• Data interpretation	2.06
• Data presentation	1.88
<i>D. On the overall, to what extent were the training objectives achieved?</i>	2.24
Overall Average	1.90

The technical staff shared the following comments regarding the process and content of the orientation conducted last September 30, 2005:

"Training materials are not readable because the letters are too small"

"Owing to time constraints the speakers were not able to explain further especially the more technical topics leaving behind some of us not very familiar with Statistics"

"One day is not enough for the training"

"Please ask the participants if they have some questions about the topic after discussion for clarifications"

"Please give more samples that are really relevant to LTS analysis and statistical work"

Rewarding. The framework is founded on the assumptions that a certain amount has been rewarded to the LTS consistent with the provisions of the Attrition Act, ratings at the office and individual levels have been determined through a PMS and employees have been categorized according to their accountability.

The orientation session on the rewards framework familiarized the attendees (HREA's, division/assistant chiefs, and section/assistant chiefs) with the guiding principles, the assumptions in granting the rewards and the process of determining the rewards. It was a well-attended session, which provided answers to concerns such as the mode of distribution of the rewards and the basis of giving such. The session helped a lot in managing the apprehensions of the participants in terms of lessening the negative impact of the attrition. The participants to the session shared their optimism of the rewards allocation through the ratings obtained from the evaluation:

Presentation of the Rewards Framework

Evaluation Summary
(4=Highest and 1=Lowest)

<i>A. Workshop Design</i>	Average Rating (N=16)
• Achievement of workshop objectives	3.71
• Time allotment	3.76
• Helpfulness of sessions/activities	3.69
<i>B. Methodology</i>	
• Appropriateness of methods used	3.76
• Adequacy of hand-outs	3.38
• Time allotment	3.69
<i>C. Resource Person (Dr. John Paul Vergara)</i>	
• Knowledge of the subject matter	3.84
• Organization of the topic	3.84
• Use of visual aids	3.89
• Rapport with the participants	3.80
• Ability to handle questions	3.45
<i>D. Training Management by the BIR-PMS Team</i>	3.36
<i>E. Participants</i>	
• Your participation in this session	3.55
• Your level of learning	3.63
• The session's relevance to your work	3.63
Overall Average	3.67

Output of the Rewards Component. On the basis of the Attrition Act a simulation was formulated trying to establish the hypothetical allocation of rewards.

A roadshow on the rewards framework was conducted to about 550 rank and file employees. The primary objective is to familiarize the employees on the process of determining rewards and the manner of allocation.

The rank and file employees' assessment of the roadshow presentation follows:

Roadshow Presentation of the Rewards Framework to the Rank & File
 Evaluation Summary
 (4=Highest and 1=Lowest)

<i>A. Workshop Design & Methodology</i>	Average Rating (N=115)¹		
• Achievement of workshop objectives	3.29		
• Time allotment	3.29		
• Helpfulness of sessions/activities	3.31		
• Appropriateness of Methods Used	3.15		
<i>B. Resource Persons</i>	<i>Dr. Vergara</i>	<i>Ms. Lovenia</i>	<i>Mr. Agloro</i>
• Knowledge of the subject matter	3.36	3.46	2.48
• Organization of the topic	3.24	3.38	2.51
• Use of visual aids	3.34	3.35	2.51
• Rapport with the participants	3.28	3.24	2.37
• Ability to handle questions	3.26	3.28	2.53
<i>C. Participants</i>			
• Your participation in this session	3.34		
• Your level of learning	3.22		
• The session's relevance to your work	3.40		
Overall Average	3.12		

*Number of participants from the October 19-20 sessions.

The rank and file employees were satisfied with the presentation of the rewards framework. They however, emphasized that the framework give importance to the role of the support staff in the allocation of rewards.

¹ Total number of attendees based on four sessions (October 19-20, A.M. and P.M.)