

PHILIPPINE AMUSEMENT AND GAMING CORPORATION (PAGCOR)
2017 Performance Scorecard Evaluation

	Objective/Measure	Component		Rating Scale	Target	PAGCOR Submission		GCG Validation		Supporting Documents	GCG Remarks
		Formula	Weight			Actual	Rating	Actual	Rating		
SOCIAL IMPACT	SO 1 Increase Contribution to National Government Coffers and Nation Building Efforts										
	SM 1	Total Contributions to National Government (including Mandatory Contributions, Dividends, Subsidies and Donations - under MOOE)	Absolute Amount	25%	<p>₱45 Billion = 25%</p> <p>₱40 Billion = 20%</p> <p>₱35 Billion = 15%</p> <p>₱30 Billion = 10%</p> <p>₱25 Billion - 5%</p> <p>Below ₱20 Billion = 0%</p>	₱35 Billion	₱42.542 Billion	20%	₱42.17 Billion	20%	<ul style="list-style-type: none">Details of Contributions to Nation-BuildingRandom Sampling of the following: <p>Official Receipt</p> <p>Check Voucher</p> <p>Accounts Payable Voucher</p> <p>Checks Issued</p> <p>Reported actual was validated using the Official Receipts and Checks issued. Reported accomplishment without corresponding validating documents were excluded, hence the difference between the reported actual and the validated actual.</p> <p>Breakdown of the revised score as follows:</p> <p>50% NG Share: ₱27.17 Billion</p> <p>Dangerous Drugs Board: ₱0.060 Billion</p> <p>5% PSC Share: ₱1.361 Billion</p> <p>Host Cities' Share: ₱0.440 Billion</p> <p>1% Board of Claim's Share: ₱0.050 Billion</p> <p>NCCA: ₱0.100 Billion</p>

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												<p>Early Childhood Care & Dev't.: ₱0.250 Billion</p> <p>Mandated Contribution to NG – Others: ₱0.005 Billion</p> <p>Socio-Civic Projects: ₱8.678 Billion</p> <p>Dividends: ₱1.182 Billion</p> <p>5% Franchise Tax: ₱2.87 Billion</p> <p>Reported Corporate Tax is not included as NG contribution as provided under the measure.</p> <p>Financial assistance granted to individuals were also excluded, consistent with previous years' validation.</p>

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	SO 2 Increase in GGR of the Industry											
	SM 2	Total industry GGR (PAGCOR + Licensee GGR)	Absolute Amount	25%	₱170 Billion = 25% ₱160 Billion = 20% ₱155 Billion = 15% ₱150 Billion = 10% ₱149 Billion - ₱130 Billion = 5% Below ₱130 Billion = 0%	₱155 Billion	₱170.396 Billion	25%	₱170.396 Billion	25%	• Summary of Table Games and Slot Machine Winnings • Random sampling of the following: Billing Statement Check payment corresponding to proponent's share Official Receipt	Acceptable.
	Sub-total			50%				45%		45%		
FINANCIAL	SO 3 Increase PAGCOR Revenues											
	SM 3	Net Operating Income Margin	Net Operating Income/ Gross Revenue	10%	(Actual / Target) x Weight If less than 67% = 0%	70%	77%	10%	72.22%	10%	2017 COA-Audited and Unaudited Financial Statements	Revision on the reported score was made using the COA Audited Financial Statements of PAGCOR. Franchise Tax was now included as part of the MOOE based on the Revised Chart of Accounts which was implemented by PAGCOR in 2017. Franchise Tax was previously treated as a separate expense

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												<p>account and not part of the MOOE. Moreover, the Gain/Loss on Foreign Exchange is now treated not as a paper gain/loss but under the realized income/loss. The reported Personal Services Cost was also revised caused by the new accounting treatment of the expenses on room accommodation on official travel and other personnel benefits-per diem.</p> <p>Following the COA Audited FS, the PAGCOR only accomplished 72.22% net operating income margin for 2017 instead of its reported 77.36%.</p> <p>In the PAGCOR's letter dated 12 November 2018, it attached its letter to the COA dated 05 October 2018 providing its comments on the RCA as well as seeking clarifications on some of the matters in the RCA. However, as of 26 November 2018, the COA has still no reply to PAGCOR regarding the</p>

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												latter's issues on the RCA.
												Considering the development in COA's accounting rules as reflected in its circular to adopt the Revised Chart of Accounts, GCG revised the rating scale to "(Actual/Target) x Weight" but with a minimum requirement of 67% based on PAGCOR's request for reconsideration per its letter dated 08 September 2017 ¹ . In view of the revised rating scale, PAGCOR garnered a score of 10%.
Sub-total				10%				10%		10%		
STAKEHOLDERS	SO 4 Customer Satisfaction											
	SM 4	Total Amount Increase in Licensing Investment Commitment	Absolute Amount	10%	(Actual/Target) x Weight	\$500 Million (\$200 Million - Clark Integration Resort; \$300 Million - Mactan)	\$1.1 Billion	10%	\$1.1 Billion	10%	Copy of the Contracts on Provisional License bearing the investment commitments	Acceptable.

¹ Officially received by the Governance Commission on 11 September 2017.

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SM 5	Compliance of Investors to the Regulatory Framework	-	5%	All or Nothing	Integration Resort)						of the licensees	Acceptable.
					Implementation of EC (4 EC Licensees) and Clark Licensees Scorecard (Widus, Royce, and Midori)	EC and Clark Licensee Scorecards posted in the Transparency Seal Section of the PAGCOR website	5%	EC (4 EC Licensees) and Clark Licensees Scorecard (Widus, Royce, and Midori) Implemented	5%	Quarterly Monitoring Reports for Entertainment City and Clark Licensees		
			5%		Development of Scorecard for Thunderbird Casinos (Poro Point and Eastbay)	Submitted to GCG	5%	Scorecard for Thunderbird Casinos Developed	5%	PAGCOR letter to the GCG dated 21 December 2017		
	Sub-total			20%				20%		20%		

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INTERNAL PROCESS	SO 5 Improve Products, Services and Operation Efficiency											
	SM 6	Marketing Expense to Win Ratio	Marketing Expense / Total Winnings	10%	Greater than 10% = 0% 6% to 10% = Weighted Less than 6% = 0%	≤ 10%	6.39%	10%	6.39%	10%	2017 COA-Audited Financial Statements	Acceptable. The Marketing Expense and the Total Winnings for 2017 amounted to ₱1.45 Billion and ₱22.62 Billion, respectively, resulting to a 6.39% ratio. The winning accounts used are from table operations, slot machines and in-house bingo since these are the only income from winnings incurring marketing expense. Moreover, upon further evaluation, the GCG corrected the rating scale to better reflect the objective of the measure which is to maintain an acceptable range of ratio which would ensure that the same is neither too high nor too low.
	Sub-total			10%				10%		10%		

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LEARNING AND GROWTH	SO 6 Enhance Employee Competency and Motivation										
	SM 7	Develop Competency Framework	-	2.5%	(Actual/Target) x Weight	Submission of 50% Position Profiles Establishing Competency Baseline	50% Position Profiles submitted	2.5%	50% Position Profiles submitted with no Competency Baseline Established	0%	<ul style="list-style-type: none">• Position Profiles for the 1,315 positions• Certification for the activities undertaken for the period 23 October – 22 November 2016• Project Timeline for Competency-Based Project - Phase II (Duration: January 2016- November 2016)• PAGCOR Competency Development Project (Accomplishment Report for the period 23 October to 22 November 2016) <p>PAGCOR was able to complete the position profile for 1,324 unique positions of the corporation. However, PAGCOR was not able to provide documentation that competency assessment was done to 50% of the position profiles in order to establish the competency baseline.</p> <p>In a letter dated 12 November 2018², PAGCOR asked for clarification on this matter. It reiterated that its 2017 commitment is the “Submission of the 50% Position Profiles for Establishing Competency Baseline and Procurement of Consultant for the balance of the Position profiles and Assessment”. It further stated that the establishment of Competency Baseline is its commitment for 2019.</p>

² Officially received by the Governance Commission on 13 November 2018.

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											<ul style="list-style-type: none"> • Certification from PAGCOR HRDD providing for the corrected 1,324 total number of positions as of 31 December 2016 	<p>PAGCOR also indicated that its commitments are reasonable and realistic given that it is composed of more than 11,000 employees.</p> <p>It should be noted that during the Technical Panel Meeting (TPM) dated 14 February 2017 where targets for the 2017 performance scorecard were set, the fact that PAGCOR has a large number of employees has already been considered. With this, the target for PAGCOR were made on a per milestone basis unlike in other GOCCs whose target for 2017 is already closing or addressing the competency gaps. The GCG even repeated many times during the said TPM that by 2017, PAGCOR should have already been done with its baseline assessment. Hence, the target "Submission of 50% Position Profiles Establishing Competency Baseline" clearly reflects</p>

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												the discussions during the TPM.
				2.5%	All or Nothing	Procurement of Consultant for the Balance of Position Profiles and Assessment	HRDD completed the balance of (50%) of Position Profiles	2.5%	No consultant procured HRDD completed the balance of 50%of Position Profile	0%	Position Profiles	No procurement undertaken
	SM 8	ISO 9001 Certification (Note: ISO-certified by 2016)	-	5%	All or Nothing	Pre-Assessment Audit Report by SGS	ISO 9001:2015 Certified	5%	ISO 9001:2015 Certified	5%	ISO 9001:2015 Certification	Acceptable.
	Sub-total			10%				10%		5%		
	TOTAL			100%				95%		90%		