

GOVERNMENT SERVICE INSURANCE SYSTEM
Revalidation of 2018 Performance Scorecard

	Component				GSIS Submission		GCG Validation		Supporting Documents	GCG Remarks		
	Objective / Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Score			Rating	
	SO 1	Improve Quality of Life of Members/Pensioners and their Families										
SOCIAL IMPACT / STAKEHOLDER	SM 1	Improvement/ Enhancement of Benefits and Privileges without Impairing Actuarial Life	Number of DepEd members who availed the GFAL / Number of DepEd members who attended the GSIS Financial Literacy Program	15%	80% and above = 15% 79% to 60% = 7.5% Below 60% = 0%	80%	94.85%	8%	94.85%	15%	<ul style="list-style-type: none"> • Summary table showing the accomplishment per area coverage • GFAL process flow as attached on the application forms • Excel database containing data on GFAL avilment extracted from GSIS Transaction Monitoring System (TMS) and number of financial seminar attendees per branch office • Copies of attendance sheets and certificates per branch office 	Acceptable. Request to revise weight is <u>DENIED.</u>

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Objective / Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Score	Rating		
Sub-total		15%				8%		15%		
SO 2	Provide Excellent and Responsive Service and Products to Members, Pensioners, Government Bodies, and Other Constituencies									
SM 2	Percentage of Claims and Benefits Processed within the Applicable Time	Number of claims and benefits processed within TAT / Number of received applications due for processing	15%	90% or higher = 15% 89% to 85% = 7.5% 84% and below = 0%	90%	91.78%	12%	89.53%	14.92%	<ul style="list-style-type: none"> Summary computations of claims processing efficiency Transaction Monitoring System (TMS)-generated data for Retirement, Separation, Life Insurance and Motor Vehicle Claims Database of the MV Claims Processing for 2018 <p>Validated accomplishment based on the submitted database which covers 113,429 claims processed within the applicable processing time out of the total 126,695 claims received. Request to revise weight and target is DENIED. Decentralization of MV claims aims at improving efficiency and to fast track processing time of claims; thus, decentralization as a reason runs counter to the request of GSIS to reduce the target and weight of this measure.</p>
SM 3	Percentage of Satisfied Customers	Actual rating provided by 3 rd party social research institution	10%	(Actual / Target) x Weight Below 80% = 0%	93.7%	93.35% (Based on GSIS instrument)	7.97%	<u>93.35%</u>	<u>10%</u>	<ul style="list-style-type: none"> Final Report on GSIS Satisfaction Measurement Survey (2018) Sample accomplished questionnaires Copy of supplemental report on the results of the pilot test <p><u>Request for reconsideration is ACCEPTED.</u></p>

Objective / Measure	Component		Rating Scale		GSIS Submission		GCG Validation		Supporting Documents	GCG Remarks	
	Formula	Wt.	Target	Actual	Rating	Score	Rating				
									<ul style="list-style-type: none"> List of names of respondents that were back-checked and those that were spot-checked 		
		Sub-total	25%				19.97%		24.92%		
FINANCE											
SO 3	Deliver Unparalleled Returns and Stakeholder Value										
SM 4	Minimize Consolidated Loan (CNL) Default Rate	$\text{CNL Default Rate} = \frac{(\text{Total outstanding principal balance of due and demandable CNL accounts} - \text{Allowance for Impairment})}{(\text{Total outstanding principal balance of all CNL accounts} - \text{Allowance for impairment})}$	8%	$\frac{(1 - ((\text{Actual} - \text{Target}) / \text{Target})) \times \text{Weight}}$ Above 29% = 0%	20%	7.97%	8%	7.98%	8%	<ul style="list-style-type: none"> GSIS submitted the computation of Default Rate on Consolidated Loans as of 31 December 2018 List of Consolidated Loan Accounts COA 2018 Annual Audit Report 	Validated accomplishment based on the 2018 COA AAR.
SO 4	Create and Implement a Dynamic Asset Allocation and Investment Framework										
SM 5	Increase in total assets	$\text{Five (5) year average increase in total assets} = \frac{\text{sum of percentage increases}}{5}$	8%	$\frac{(\text{Actual} / \text{Target}) \times \text{Weight}}$ Below 6% = 0%	9.23%	7.73%	8%	7.6%	6.59%	<ul style="list-style-type: none"> COA 2018 Annual Audit Report Computed Average Total Assets for 2014-2018 based on Unaudited 	Validated accomplishment based on the 2018 COA AAR. Request to revise target and rating scale is DENIED . The justifications provided were already considered during the initial recommendation.

Objective / Measure		Component			GSIS Submission		GCG Validation		Supporting Documents	GCG Remarks
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		2014 to 2018 / five (5) ¹							Financial Statements	<u>See Annex A-1 for details.</u>
SM 6	Generate Return on Investment (ROI) on Investible Funds	Five (5) year average increase in total assets = sum of ROI from 2014 to 2018 / five (5) ²	8%	(Actual / Target) x Weight Below 8% = 0%	9.03%	9.01%	8%	8.60%	7.62%	<ul style="list-style-type: none"> Schedule of Investments <p>Request to revise target and rating scale is DENIED WITH FINALITY. The justifications provided were already considered during the initial recommendation. Moreover, GSIS was able to exceed its proposed target of 6% which renders the request to lower down the target unacceptable. Further, target and rating scale were determined based on the historical performance of GSIS to provide due recognition to performance of the company and motivate improvement of its achievements. <u>See Annex A-1 for details.</u></p>

¹ Where: Annual percentage increase in total assets = [(Total assets at yearend of the CURRENT year – Total assets at yearend of PREVIOUS year) / Total asset at yearend of the previous year] x 100

² Where: Annual ROI = Net Investment Income / Average Investment Asset. Average Investment Asset = (Total Investment Assets at yearend CURRENT year + Total Investment Assets at yearend previous year) / 2

	Objective / Measure	Component		Wt.	Rating Scale	Target	GSIS Submission		GCG Validation		Supporting Documents	GCG Remarks
		Formula					Actual	Rating	Score	Rating		
	SM 7	Increase the Fund Ratio of the Social Insurance Fund	Assets / Reserves of the GSIS Social Insurance Fund	8%	<p><u>74% or higher = 8%</u></p> <p><u>55% to below 74% = 4%</u></p> <p><u>Below 55% = 0%</u></p>	74%	69.17%	4%	69.12%	4%	<ul style="list-style-type: none"> Fund ratio computation based on Unaudited Financial Statements 	<p>Validated accomplishment based on the supporting document submitted through email last 17 July 2019 which is also aligned with the aligned with the 2018 COA AAR.</p> <p>Considering that the Fund Ratio considers assets and liabilities which goes on an opposite market movement and is highly affected by the market trend, the GSIS' request to revert the rating scale to its original proposal is hereby APPROVED. The rating is hereby increased to 4%.</p>
		Sub-total		32%				28%		26.21%		
	SO 5	Implement a Robust, Enterprise-Wide Risk Management System										
INTERNAL PROCESS	SM 8	ERM Risk Maturity Rating	Rating from the risk assessment report	8%	<p>2.6 or higher = 8%</p> <p>2.54 to below 2.6 = 4%</p> <p>Below 2.54 = 0%</p>	Risk Maturity Level 2.6	3.28	8%	3.28	8%	<ul style="list-style-type: none"> Risk Management Office Memorandum on the result of the ERM Risk Maturity Survey Database of responses 	Acceptable.

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Objective / Measure		Formula	Wt.	Rating Scale	Target	Actual	Rating	Score	Rating			
LEARNING AND GROWTH	SO 6	Excel in Knowledge and Information Management										
	SM 9	Maintain / Upgrade QMS Certification	Number of Core Processed ISO Certified	10%	All or Nothing	Certification under ISO 9001:2015 for Data Center Facilities Management: Pass the Surveillance Audit of Maintain Certification for the following processes: 1. Loans Processing 2. Membership Administration 3. Maturity Claims Processing 4. Motor Vehicle Claims Processing	ISO 9001:2015 Recertified for: 1. Loans Processing 2. Membership Administration 3. Maturity Claims Processing 4. Motor Vehicle Claims Processing	8%	ISO 9001:2015 Recertified for: 1. Loans Processing 2. Membership Administration 3. Maturity Claims Processing 4. Motor Vehicle Claims Processing Note: Including Related Critical Support Processes (Data Center)	10%	<ul style="list-style-type: none"> • Certificate issued by Third Party • Audit Plan • Audit Report 	Acceptable. GSIS was able to substantiate their statement that the Data Center Facilities Management was included in the Related Critical Support Processes identified in the certification of the four (4) core processes of GSIS However, the request to revise weight is DENIED .
			Sub-total	18%				16%		18%		
	SO 7	Recruit, Develop and Retain a Competent Workforce										
SM 10	Improve Average Competency	Number of employees with high rating for core	10%	(Actual / Target) x Weight	Average competency level 3.75 for	3.77	8%	3.77	10%	<ul style="list-style-type: none"> • Certification from Assessment Analytics, Inc. on 	Acceptable.	

Objective / Measure		Component				GSIS Submission		GCG Validation		Supporting Documents	GCG Remarks
		Formula	Wt.	Rating Scale	Target	Actual	Rating	Score	Rating		
	Level of the Organization	and organizational competencies / Number of employees assessed		Below 3.51 = 0%	core and organizational competencies					the Result of the Online Competency Assessment <ul style="list-style-type: none"> Database on the assessment conducted 	Request to revise rating scale and weight is DENIED .
Sub-total			10%				8%		10%		
TOTAL			100%				79.97%		94.13%		

SM 5: Increase in Total Assets; and

SM 6: Generate Return on Investment (ROI) on Investible Funds

It should be recalled that these measures show the 5-year moving average instead of the annual level of assets and ROI. Such adoption was based on the representation of GSIS to consider market volatility which may affect its asset and ROI levels. Thus, to level-off spikes and surges, annual total asset and ROI levels will be presented based on its 5-year average.

GSIS explained that the proposed target for the 5-year average total asset and ROI of 6% and 7%, respectively, is based on risk and actuarial study of GSIS vis-à-vis market volatility. Looking at the historical data of GSIS for these measures, it implies that with the proposed target, GSIS is projecting a 7.20% decrease in its total assets by 2018 (from ₱1.12 Trillion in 2017 to ₱1.043 Trillion in 2018) and 3.1% decrease in ROI. Targeting a decrease in total assets was deemed unacceptable by the Governance Commission, hence the modified target. We also like to take this opportunity to inform GSIS that the Commission has noted that same justification of market volatility was used by GSIS during previous years' negotiations. However, GSIS have been consistently exceeding the said targets. Thus, the modification of the target to a higher level is not an imposition but a recognition on the ability of GSIS to exert efforts resulting to an extraordinary performance.

In its submission of annual actual accomplishment, GSIS requested to revert the target to its proposed level which was denied. GSIS' actual 5-year average total asset stands at 7.6% while 5-year average ROI is at 8.60%, which are higher compared to the 5-year average of 6% total asset and 7% ROI it proposed. Proposing to revert the target to its proposed level which GSIS was able to actually exceed is counterintuitive and is a perverse form of incentive. It is within these tenets that the first request for reconsideration was denied. Considering GSIS did not present new evidence or position on the matter, the request for reconsideration is **DENIED WITH FINALITY**.