



Office of the President of the Philippines  
**GOVERNANCE COMMISSION**  
 FOR GOVERNMENT OWNED OR CONTROLLED CORPORATIONS  
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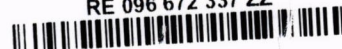
19 July 2019

**RECEIVING COPY****MR. SILVESTRE C. AFABLE, JR.***Chairperson***MR. ALLAN R. GARCIA***President and CEO (PCEO)***JOHN HAY MANAGEMENT CORPORATION (JHMC)**

John Hay Special Economic Zone

Camp John Hay, Baguio City

RE 096 672 337 ZZ



**RE: APPEAL FOR RECONSIDERATION OF THE VALIDATION  
 RESULT OF 2017 PERFORMANCE SCORECARD**

Dear Chairperson Afable and PCEO Garcia,

This refers to the letter of JHMC dated 14 December 2018<sup>1</sup>, requesting for reconsideration of eight (8) Strategic Measures (SMs) under the JHMC's GCG-validated 2017 Performance Scorecard<sup>2</sup>. The items requested for reconsideration and their corresponding weights are as follows:

1. **SM1:** Number of New Locators or Projects Signed (10%)
2. **SM2:** Number of Jobs Generated in the JHSEZ (10%)
3. **SM3:** Gross Sales of Business Enterprises Within the JHSEZ (5%)
4. **SM6:** Increase Internally Generated Revenue of JHMC (10%)
5. **SM7:** Zone Revenue Collection Efficiency (Includes Business Center for CUSA Collection) (10%)
6. **SM9:** Percentage of Permits to Operate (PTO) for Business Enterprises in the JHSEZ from the Date of Receipt of Complete Requirements Within the Applicable Processing Period (10%)
7. **SM11:** Number of Processes Automated (5%)
8. **SM12:** Alignment of HR Policies with the Established Competency Model (7.5%)

Under the said Scorecard, JHMC garnered a score of **29.17%**. To recall, most of the measures were given a 0% rating due to non-submission of acceptable supporting documents. This is pursuant to Section 2.1.1 of GCG Memorandum Circular No. 2017-01<sup>3</sup>, which provides that accomplishments in measures which cannot be objectively verified by GCG on the account of inadequate or incomplete documentation by the GOCC on how such accomplishments were determined may be given an automatic zero score. The request for reconsideration is discussed below:

**ON STRATEGIC MEASURE 1**

JHMC reported to have met the target with three (3) new locators/projects signed in 2017. However, only two (2) new locators/projects were properly supported with documentation.

<sup>1</sup> Officially received by the Governance Commission on 08 February 2019.

<sup>2</sup> Letter of the Governance Commission dated 12 November 2018, officially received on 14 November 2018.

<sup>3</sup> Interim Performance Based-Bonus dated 09 June 2017.

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In its appeal for reconsideration, JHMC submitted the following:

- a) JHMC letter to Cushman and Wakefield, Inc. dated 18 October 2017 informing that the JHMC Board of Directors approved the extension of the lease agreement with SC Reservations (Philippines), Inc. (SCRPI) until 31 December 2017 pending the finalization of the renegotiated lease agreement;
- b) *Secretary's Certificate for JHMC Board Resolution No. 2017-0424-058 dated 16 June 2017 and Secretary's Certificate for Bases Conversion and Development Authority (BCDA) Board Resolution No. 2018-04-041 dated 16 April 2018*, which both approved the renewal of the contract of lease between BCDA, JHMC, and SC Reservations (Philippines) Inc. (SCRPI) for the IHG Leased Area at Camp John Hay;
- c) *Lease Agreement* with SCRPI dated 16 April 2019, renewable for two (2) terms of five (5) years per renewable period for a monthly rental fee of ₱2,008,168.65; and,
- d) Screenshot of an electronic mail dated 24 April 2017 transmitting several board materials to BCDA and an attendance sheet for a Board meeting held last 22 May 2017.

The lease agreement with the SCRPI was belatedly submitted since, according to JHMC, it was only approved by the BCDA Board on 06 April 2018, which was after its submission of supporting documents for the 2017 accomplishments to the Governance Commission. Consequent to its submission, JHMC now appeals to reconsider its score from 6.67% to 10.00%.

Upon careful review by the Governance Commission, it was identified that the contract was only perfected on the approval date of the BCDA Board of Directors of the contract, on 06 April 2018. The agreement specified that the lease has a term of five (5) years from 16 June 2017 to 15 June 2022. While the Governance Commission recognizes the retroactive effectivity of the lease agreement, JHMC was not able to prove that the belated approval of the lease agreement was beyond its control. Moreover, the screenshots of the electronic mail to BCDA and the attendance sheet are considered insufficient since the said documents do not explicitly provide any information relative to the renewal of SCRPI's lease.

In view of the foregoing, the Governance Commission is constrained to **DENY** the request for reconsideration for this measure. Therefore, the rating is retained at **6.67%**.

#### **ON STRATEGIC MEASURES 2, 3, 6, 7, 11, AND 12**

These SMs were granted with 0% score due to the submission of insufficient supporting documents. Initially, JHMC was able to submit internally generated reports but was not substantiated with the source documents which is crucial in the determination of the accuracy of the internally prepared reports.

In its appeal for reconsideration, JHMC submitted additional supporting documents to substantiate its previously reported performance. The supporting documents submitted were deemed acceptable by the Governance Commission as these were the source documents of the internally generated report which were used to validate the initially submitted documents. Below is the table providing the documents submitted and the corresponding revisions on the scores of the measures, as follows:

*N*



**Appeal for Reconsideration of the Validation Result of 2017 Performance Scorecard**

| SM | Supporting Document   | Remarks  | Revised Rating |
|----|---|--|----------------|
| 2  | 2017 Monthly/Quarterly Employment Reports prepared and signed by representatives from locators  | The reports showed the inventory of employees at the end of the month, indicating therein the origin of the respective employees, nature of their work, and status of employment. The reports also specified whether an employee was newly hired, terminated, or transferred place of assignment | 10.00%         |
| 3  | 2017 Monthly Locators' Sales Report (January to December), as signed by representatives from the locators and submitted to JHMC not later than every 5 <sup>th</sup> of the succeeding month    | Verified with Note 1(G) of the 2017 COA-Audited Financial Statements   | 5.00%          |
| 6  | 2017 Monthly Report of Collections and Deposits - Generated Funds (January to December), which itemized details on all collections and deposits during the year                                 | Verified with Note 1(J) of the 2017 COA-Audited Financial Statements   | 10.00%         |
| 7  | Quarterly Estate Performance Revenue/Expense Report, as reported to BCDA  | Supplement to the Breakdown of Zone Revenue Collection report  | 10.00%         |
| 11 | ICT Roadmap with the corresponding signed and approved Minutes of the Board meeting held last August 29, 2017   | Supplement to the initially submitted Secretary's Certificate  | 5.00%          |
| 12 | Approved Competency Model and Baseline of JHMC with corresponding approved and signed Minutes of the Board meeting held last 20 November 2017.<br><br>Copies of the competency assessment forms | Supplement to the initially submitted Secretary's Certificate  | 7.50%          |

**ON STRATEGIC MEASURE 9**

JHMC garnered a 0% score for this measure as only a copy of its logbook of issued Permits to Operate (PTO) with the signatures of the locators' representatives was submitted as supporting documents.

In its appeal for reconsideration, JHMC explained that the initially submitted logbook was already the best evidence available to substantiate its performance. As represented, the *"date indicated in column 5 of the PTO report submitted to the GCG is the date of submission of the complete documents. [Since,] [i]t is the policy of the JHMC not to accept incomplete PTO application, when found incomplete."*


*Appeal for Reconsideration of the Validation Result of 2017 Performance Scorecard*

Upon re-evaluation of the submitted logbook, it was confirmed that the reported ninety-four (94) applications for renewal of PTO were processed within the applicable processing time of fifteen (15) minutes. In line with this, the request for reconsideration is hereby **ACCEPTED** and a rating of **10%** is given for this measure. However, the Governance Commission recommends JHMC to undertake a review of its processes to ensure the traceability of documents and permits and licenses being issued.

Based on the foregoing, the 2017 Performance Scorecard rating is hereby modified to **86.67%** from the previous rating of 29.17% (see attached **Annex A**).

**FOR YOUR INFORMATION AND GUIDANCE.**

Very truly yours,

  
**SAMUEL G. DAGPIN, JR.**  
*Chairman*

  
**MICHAEL P. CLORIBEL**  
*Commissioner*

  
**MARITES C. DORAL**  
*Commissioner*



**JOHN HAY MANAGEMENT CORPORATION (JHMC)**  
**Validation Result of 2017 Performance Scorecard**

| Component           |      |   |                                    |              | Target                   | Submission     |                     | GCG Validation |                                       | Supporting Documents | GCG Remarks  |
|---------------------|------|---|------------------------------------|--------------|--------------------------|----------------|---------------------|----------------|---------------------------------------|----------------------|--|
| Objective / Measure |      | Formula   | Wt.                                | Rating Scale | 2017                     | Actual         | Rating              | Score          | Rating                                |                      |  |
| SOCIAL IMPACT       | SO 1 | Develop Camp John Hay as a Premier Tourist and Investment Destination |                                    |              |                          |                |                     |                |                                       |                      |  |
|                     | SM 1 | Number of New Locators or Projects Signed                             | Number of new locators of projects | 10%          | Actual / Target x Weight | 3 New Projects | 3 (IHG, EO, MyJOBS) | 10%            | 3 (IHG, Spouses Reyes, and M.Y.J.O.B) | 6.67%                | <ul style="list-style-type: none"><li>Contract of Lease with Spouses Reyes</li><li>Addendums to Contract of Lease with Spouses Reyes</li><li>Contract of Lease with M.Y.J.O.B Events and Exhibits</li><li>Lease Agreement between JHMC, BCDA, and SC Reservations (Philippines), Inc.</li><li>Secretary's Certificate for JHMC Board Resolution No. 2017-0424-058 dated 16 June 2017</li><li>Secretary's Certificate for BCDA Board Resolution No. 2018-01-041 dated 16 April 2018</li></ul> |

## Request for Reconsideration on the Validation Result of 2017 Performance Scorecard (Annex A)

| Component           |      |  |                 |     |                          | Target       | Submission  |        | GCG Validation |        | Supporting Documents  | GCG Remarks                                     |
|---------------------|------|--|-----------------|-----|--------------------------|--------------|-------------|--------|----------------|--------|---|---|
| Objective / Measure |      |  | Formula         | Wt. | Rating Scale             | 2017         | Actual      | Rating | Score          | Rating |   |   |
|                     | SM 2 | Number of Jobs Generated in the JHSEZ                | Absolute number | 10% | Actual / Target x Weight | 5,800        | 5,830       | 10%    | 5,830          | 10%    | <ul style="list-style-type: none"><li>Internal Memorandum from SEZAD to Corporate Planning re SEZAD 2017 Annual Report</li><li>Employment Report by SEZAD Manager</li><li>2017 Monthly/Quarterly Employment Reports by the JHSEZ locators</li></ul> | Request reconsideration for is <u>ACCEPTED.</u> |
|                     | SM 3 | Gross Sales of Business Enterprises Within the JHSEZ | Absolute number | 5%  | Actual / Target x Weight | ₱950 Million | 967,475,905 | 5%     | ₱967,475,905   | 5%     | <ul style="list-style-type: none"><li>Summary of Locators' Gross Sales by SEZAD Manager</li><li>2017 Monthly Locators' Sales Report (January to December)</li><li>2017 COA Audited Financial Statements and Accompanying Notes to FS</li></ul>      | Request reconsideration for is <u>ACCEPTED.</u> |



## Request for Reconsideration on the Validation Result of 2017 Performance Scorecard (Annex A)

| Component           |           |   |   |              | Target  | Submission  |  | GCG Validation |  | Supporting Documents | GCG Remarks  |   |
|---------------------|-----------|---|---|--------------|---|---|--|----------------|--|----------------------|--|---|
| Objective / Measure |           | Formula   | Wt.   | Rating Scale | 2017  | Actual  | Rating   | Score          | Rating   |                      |  |   |
| STAKEHOLDERS        | SO 2      | Ensure Sustainable Multiple Use of the Forest Watershed   |   |              |   |   |  |                |  |                      |  |   |
|                     | SM 4      | Compliance of JHMC to National Ambient Air Quality Standards on Particulate Matter 10 (PM10) Within the JHSEZ | Number of tests which resulted in Good Air Quality (0-54µncm) / Total number of tests                   | 5%           | 5 or More Tests with a Result of Good Air Quality:<br>Actual / Target x Weight<br>3 Tests with a Result of Bad Air Quality: 0.00% | 100%<br>(8/8) of the tests resulted Good Quality                        | 100% or 8 out of 8 tests resulted in Good Air Quality Index (Average PM 10 for CY 2017 = 28 µg/m3) | 5%             | 100%<br>(8/8) of the tests resulted Good Quality   | 5%                   | <ul style="list-style-type: none"><li>Results from DENR-EMB on Quarterly Readings of Air Quality</li></ul>   | Acceptable.   |
|                     | Sub-total |   | 30%   |              |   |   | 30%  |                | 26.67%   |                      |  |   |
| STAKEHOLDERS        | SO 3      | Enforce Efficient and Effective Regulation in the JHSEZ and JHRA  |   |              |   |   |  |                |  |                      |  |   |
|                     | SM 5      | Stakeholders' Satisfaction Survey   | Number of stakeholders who rated Excellent or Very Satisfactory / Total number of stakeholders surveyed | 10%          | All or Nothing  | 92% of the Respondents rated JHMC as Excellent and/or Very Satisfactory | 92.79% of the Respondents Rated JHMC as Excellent and/or Very Satisfactory (1,532/1,651)           | 10%            | 92.76% of the Respondents Rated JHMC as Excellent and/or Very Satisfactory (1,589/1,713) | 10%                  | <ul style="list-style-type: none"><li>Environmental Awareness Activities Summary of Results and Accomplished Survey Questionnaires</li><li>Quarterly Internal Customers Satisfaction Feedback Summary of Results and Accomplished Survey Questionnaires</li><li>External Customer Satisfaction</li></ul> | Review of supporting documents revealed a difference between the reported accomplishment and the GCG's validated count, which was based on the evaluation of the submitted supporting documents. Nonetheless, the same does not significantly affect the rating of JHMC, which still exceeded the target. |

Request for Reconsideration on the Validation Result of 2017 Performance Scorecard (Annex A)

| Component           |           |   |   |     |   | Target     | Submission |        | GCG Validation |        | Supporting Documents   | GCG Remarks                                     |
|---------------------|-----------|---|---|-----|---|------------|------------|--------|----------------|--------|--|---|
| Objective / Measure |           |   | Formula   | Wt. | Rating Scale  | 2017       | Actual     | Rating | Score          | Rating |  |   |
|                     |           |   |   |     |   |            |            |        |                |        | Feedback Summary of Results and Accomplished Survey Questionnaires   |   |
|                     | Sub-total |   |   | 10% |   |            |            | 10%    |                | 10%    |  |   |
| FINANCIAL           | SO 4      | Increase JHMC Revenue to Attain Financial Viability                               |   |     |   |            |            |        |                |        |  |   |
|                     | SM 6      | Increase Internally Generated Revenue of JHMC                                     | Actual amount in Million Pesos                      | 10% | Higher than or Equal to 2016 Actual Revenue:<br>Actual / Target x Weight<br><br>Lower than 2016 Actual Revenue: 0.00% | P9 Million | P9,015,836 | 10%    | P9,015,836     | 10%    | <ul style="list-style-type: none"><li>2017 COA Audited Financial Statements and Accompanying Notes to FS</li><li>2017 Monthly Report of Collections and Deposits – General Funds (January to December)</li></ul> | Request reconsideration for is <u>ACCEPTED.</u> |
|                     | SM 7      | Zone Revenue Collection Efficiency (includes Business Center for CUSA collection) | Actual Collection / Total Zone Revenue for the year | 10% | All or Nothing  | 100%       | 100%       | 10%    | 103.20%        | 10%    | <ul style="list-style-type: none"><li>Quarterly Estate Performance Revenue / Expense Reports, as submitted to BCDA</li></ul>   | Request reconsideration for is <u>ACCEPTED.</u> |
|                     | Sub-total |   |   | 20% |   |            |            | 20%    |                | 20%    |  |   |
|                     |           |   |   |     |   |            |            |        |                |        |  |   |

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## Request for Reconsideration on the Validation Result of 2017 Performance Scorecard (Annex A)

| Component           |           |  |  |              | Target                   | Submission   |   | GCG Validation |  | Supporting Documents | GCG Remarks  |  |
|---------------------|-----------|--|--|--------------|--------------------------|--|---|----------------|--|----------------------|--|--|
| Objective / Measure |           | Formula  | Wt.  | Rating Scale | 2017                     | Actual   | Rating  | Score          | Rating   |                      |  |  |
| INTERNAL PROCESS    | SO 5      | Improve Efficiency and Effectiveness of Processes  |  |              |                          |  |   |                |  |                      |  |  |
|                     | SM 8      | Issuance of ISO 14001 Environmental Management System  | Board-Approved Environmental Management System                                   | 10%          | All or Nothing           | Board-Approved Environmental Management System (Attain ISO 14001:2015 Certification by 2018) | The Contract for the Consultancy Services was for the Development of the JHMC-EMS Certifiable to ISO 14001:2015 was awarded to GAIA South, Incorporated | 0%             | None   | 0%                   | <ul style="list-style-type: none"><li>Summary of Accomplished Tasks</li><li>Completed Staff Work Form for Procurement of Consultancy Services</li><li>Draft Contract for Consultancy Services</li><li>Secretary's Certificate of Board Resolution No. 2017-0424-061 Approving the TOR and Draft Contract for EMS</li></ul> | Target not met.                                  |
|                     | SM 9      | Percentage of Permits to Operate (PTO) for Business Enterprises in the JHSEZ from the Date of Receipt of Complete Requirements Within the Applicable Processing Period | Total number of requests processed within TAT <sup>4</sup> / Total requests made | 10%          | Actual / Target x Weight | 100% of requests processed within the applicable time  | 100% of requests processed within applicable time (94 PTOs were renewed within 15 minutes / 94 total PTO requests)                                      | 10%            | 100% of requests processed within applicable time (94 PTOs were renewed within 15 minutes / 94 total PTO requests) | 10%                  | <ul style="list-style-type: none"><li>Logbook of Issuances of Permits to Operate with signatures</li><li>Issued Permits to Operate for renewal of existing business</li></ul>  | Request reconsideration <u>ACCEPTED</u> . for is |
|                     | Sub-total |  | 20%  |              |                          |  | 10%   |                | 10%  |                      |  |  |

<sup>4</sup> Application for new business/start-up – 7 calendar days; Renewal of existing business – 15 minutes



## Request for Reconsideration on the Validation Result of 2017 Performance Scorecard (Annex A)

| LEARNING AND GROWTH | Component           |  |                                    |              | Target         | Submission  |  | GCG Validation |   | Supporting Documents | GCG Remarks   |  |
|---------------------|---------------------|--|------------------------------------|--------------|----------------|---|--|----------------|---|----------------------|---|--|
|                     | Objective / Measure | Formula  | Wt.                                | Rating Scale | 2017           | Actual  | Rating   | Score          | Rating  |                      |   |  |
|                     | SO 6                | Establish Quality Management System                                  |                                    |              |                |   |  |                |   |                      |   |  |
|                     | SM 10               | ISO Certification for all Processes                                  | ISO 9001:2008 Certification        | 7.5%         | All or Nothing | Passed Surveillance Audit (Re-certification of ISO 9001:2008) | JHMC passes the 2 <sup>nd</sup> Surveillance Audit conducted on 20 February 2018, with six (6) observations recorded by the Certifying Body with no Major or Minor Non-conformity. | 7.5%           | Passed Surveillance Audit (Re-certification of ISO 9001:2008)                       | 7.5%                 | <ul style="list-style-type: none"><li>Audit Report issued by AJA Registrars</li></ul>   | Acceptable.  |
|                     | SO 7                | Improve Technology and Infrastructure Support                        |                                    |              |                |   |  |                |   |                      |   |  |
|                     | SM 11               | Number of Processes Automated  | Board-Approved ICT Road Map        | 5%           | All or Nothing | Development of a Board-Approved ICT Road Map                  | The ICT Roadmap was presented and approved by the JHMC-BOD on August 29, 2017.   | 5%             | Board-Approved ICT Road Map   | 5%                   | <ul style="list-style-type: none"><li>Secretary's Certificate for Board Resolution No. 2017-0829-152 dated 10 November 2017</li><li>ICT Roadmap</li><li>Minutes of the 29 August 2017 Board meeting</li></ul> | Request reconsideration for is <u>ACCEPTED</u> .   |
|                     | SO 8                | Improve Knowledge and Skills, Professionalism and Career Development |                                    |              |                |   |  |                |   |                      |   |  |
|                     | SM 12               | Alignment of HR Policies with the Established Competency Model       | Board-Approved Competency Baseline | 7.5%         | All or Nothing | Assess and Establish Competency Baseline of the Organization  | On 20 November 2017, the proposed JHMC Competency baseline was approved  | 7.5%           | Assess and Establish Competency Baseline of the Organization, approved by the Board | 7.5%                 | <ul style="list-style-type: none"><li>Competency Model and Competency Baseline</li><li>Competency Matrices</li></ul>  | Request reconsideration for is <u>ACCEPTED</u> . Based on the competency assessment conducted by JHMC during the year, two (2) out of fifty-two (52), or 3.85% met |

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## Request for Reconsideration on the Validation Result of 2017 Performance Scorecard (Annex A)

| Component           |  |  |         |             |              | Target | Submission                            |            | GCG Validation |               | Supporting Documents  | GCG Remarks                |
|---------------------|--|--|---------|-------------|--------------|--------|---------------------------------------|------------|----------------|---------------|---|----------------------------|
| Objective / Measure |  |  | Formula | Wt.         | Rating Scale | 2017   | Actual                                | Rating     | Score          | Rating        |   |                            |
|                     |  |  |         |             |              |        | subject to monthly review and update. |            |                |               | <ul style="list-style-type: none"> <li>• Report on result of Competency Assessment</li> <li>• Competency Assessment forms</li> <li>• Secretary's Certificate of Board Resolution No. 2017-1120-203 dated 20 December 2017</li> <li>• Minutes of the 20 November 2017 Board meeting</li> </ul> | the required competencies. |
| <b>Sub-total</b>    |  |  |         | <b>20%</b>  |              |        |                                       | <b>20%</b> |                | <b>20%</b>    |   |                            |
| <b>TOTAL</b>        |  |  |         | <b>100%</b> |              |        |                                       | <b>90%</b> |                | <b>86.67%</b> |   |                            |