



17 March 2020

**MR. LUCAS P. BERSAMIN**

*Chairperson*

**MR. ROLANDO L. MACASAET**

*Acting President and General Manager (PGM)*

**GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS)**

GSIS Financial Center, Roxas Boulevard  
Pasay City

**RE: REVALIDATION OF THE 2018 PERFORMANCE  
SCORECARD OF GSIS**

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Dear Chairperson Bersamin and PGM Macasaet,

This is in reference to the letter of GSIS dated 29 October 2019<sup>1</sup> requesting for the reconsideration of the following strategic measures (SMs) under the re-validated 2018 Performance Scorecard<sup>2</sup>:

- SM 3: Percentage of Satisfied Customers;
- SM 5: Increase in Total Assets;
- SM 6: Generate Return on Investment (ROI) on Investable Funds; and
- SM 7: Increase the Fund Ratio of the Social Insurance Fund

Review and evaluation of additional documents submitted are summarized in the Revalidation of 2018 Performance Scorecard attached as **Annex A**. Foregoing considered, the re-validated score of GSIS's 2018 Performance Scorecard of 80.13% is hereby **INCREASED** to **84.13%**. Despite the increase in the total score, the GSIS still failed to achieve the required weighted-average score of at least 90% in its 2018 Performance Scorecard. We take this opportunity to remind GSIS that the revalidated Performance Scorecard shall be posted in GSIS's website, in accordance to GCG Memorandum Circular No. 2012-07<sup>3</sup>.

**FOR YOUR INFORMATION AND GUIDANCE.**

Very truly yours,

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

  
**MICHAEL P. CLORIBEL**  
*Commissioner*

  
**MARITES C. DORAL**  
*Commissioner*

cc: COA Resident Auditor – GSIS

<sup>1</sup> Officially received by the Governance Commission on 07 November 2019.

<sup>2</sup> Letter of the Governance Commission dated 22 August 2019.

<sup>3</sup> Code of Corporate Governance of GOCCs, dated 28 November 2012.

**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	
SOCIAL IMPACT / STAKEHOLDER	SO 1	Improve Quality of Life of Members/Pensioners and their Families									
	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"> <li>Summary table showing the accomplishment per area coverage</li> <li>GFAL process flow as attached on the application forms</li> <li>Excel database containing data on GFAL availment extracted from GSIS Transaction Monitoring System (TMS) and number of financial seminar attendees per branch office</li> <li>Copies of attendance sheets and certificates per branch office</li> </ul>

Revalidation of 2018 Performance Scorecard (Annex A)

Component				GSIS Submission		GCG Validation		Supporting Documents	GCG Remarks	
Objective / Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Score			Rating
<b>Sub-total</b>		<b>15%</b>				<b>8%</b>		<b>15%</b>		
<b>SO 2</b>	<b>Provide Excellent and Responsive Service and Products to Members, Pensioners, Government Bodies, and Other Constituencies</b>									
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"> <li>Summary computations of claims processing efficiency</li> <li>Transaction Monitoring System (TMS)-generated data for Retirement, Separation, Life Insurance and Motor Vehicle Claims</li> <li>Database of the MV Claims Processing for 2018</li> </ul> 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 <b>DENIED</b> . 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.
SM 3	Percentage of Satisfied Customers	Actual rating provided by 3 <sup>rd</sup> party social research institution	10%	(Actual / Target) x Weight Below 80% = 0%	93.7%	93.35% (Based on GSIS instrument)	7.97%	<i>Accomplishment not acceptable</i>	0%	<ul style="list-style-type: none"> <li>Final Report on GSIS Satisfaction Measurement Survey (2018)</li> <li>Sample accomplished questionnaires</li> <li>Copy of supplemental report on the results of the pilot test</li> </ul> <i>Request _____ for reconsideration DENIED. please see Appendix 1 for details.</i>

Revalidation of 2018 Performance Scorecard (Annex A)

Component				GSIS Submission		GCG Validation		Supporting Documents	GCG Remarks		
Objective / Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Score			Rating	
									<ul style="list-style-type: none"> <li>List of names of respondents that were back-checked and those that were spot-checked</li> </ul>		
		<b>Sub-total</b>	<b>25%</b>			<b>19.97%</b>		<b>14.92%</b>			
<b>FINANCE</b>											
<b>SO 3</b>	<b>Deliver Unparalleled Returns and Stakeholder Value</b>										
SM 4	Minimize Consolidated Loan (CNL) Default Rate	$\text{CNL Default Rate} = \frac{\text{(Total outstanding principal balance of due and demandable CNL accounts - Allowance for Impairment)}}{\text{(Total outstanding principal balance of all CNL accounts - Allowance for impairment)}}$	8%	$\frac{1 - ((\text{Actual} - \text{Target}) / \text{Target}) \times \text{Weight}}{\text{Weight}}$  Above 29% = 0%	20%	7.97%	8%	7.98%	8%	<ul style="list-style-type: none"> <li>GSIS submitted the computation of Default Rate on Consolidated Loans as of 31 December 2018</li> <li>List of Consolidated Loan Accounts</li> <li>COA 2018 Annual Audit Report</li> </ul>	Validated accomplishment based on the 2018 COA AAR.
<b>SO 4</b>	<b>Create and Implement a Dynamic Asset Allocation and Investment Framework</b>										
SM 5	Increase in total assets	Five (5) year average increase in total assets = sum of percentage increases from	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"> <li>COA 2018 Annual Audit Report</li> <li>Computed Average Total Assets for 2014-2018 based on Unaudited</li> </ul>	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. Moreover, GSIS was able

Revalidation of 2018 Performance Scorecard (Annex A)

Component			GSIS Submission			GCG Validation		Supporting Documents	GCG Remarks		
Objective / Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Score			Rating	
			2014 to 2018 / five (5) <sup>1</sup>						Financial Statements	<i>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.</i>	
SM 6	Generate Return on Investment (ROI) on Investible Funds	8%	Five (5) year average increase in total assets = sum of ROI from 2014 to 2018 / five (5) <sup>2</sup>	(Actual / Target) x Weight Below 8% = 0%	9.03%	9.01%	8%	8.60%	7.62%	• Schedule of Investments	<i>Request to revise target and rating scale is DENIED. 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</i>

<sup>1</sup> 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

<sup>2</sup> 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

Revalidation of 2018 Performance Scorecard (Annex A)

Component					GSIS Submission		GCG Validation		Supporting Documents	GCG Remarks	
Objective / Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Score	Rating			
										<i>improvement of its achievements.</i>	
SM 7	Increase the Fund Ratio of the Social Insurance Fund	Assets / Reserves of the GSIS Social Insurance Fund	8%	74% or higher = 8% 55% to below 74% = 4% Below 55% = 0%	74%	69.17%	4%	69.12%	4%	<ul style="list-style-type: none"> <li>Fund ratio computation based on Unaudited Financial Statements</li> </ul>	<i>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.</i> <i>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%.</i>
	<b>Sub-total</b>		<b>32%</b>				<b>28%</b>		<b>26.21%</b>		
<b>INTERNAL PROCESS</b>	<b>SO 5 Implement a Robust, Enterprise-Wide Risk Management System</b>										
SM 8	ERM Risk Maturity Rating	Rating from the risk assessment report	8%	2.6 or higher = 8% 2.54 to below 2.6 = 4% Below 2.54 = 0%	Risk Maturity Level 2.6	3.28	8%	3.28	8%	<ul style="list-style-type: none"> <li>Risk Management Office Memorandum on the result of the ERM Risk Maturity Survey</li> <li>Database of responses</li> </ul>	Acceptable.

Component				Target	GSIS Submission		GCG Validation		Supporting Documents	GCG Remarks	
Objective / Measure	Formula	Wt.	Rating Scale		Actual	Rating	Score	Rating			
<b>SO 6</b>	<b>Excel in Knowledge and Information Management</b>										
SM 9	Maintain / Upgrade QMS Certification	Number of Core Processed ISO Certified	10%	All or Nothing	<b>Certification under ISO 9001:2015 for Data Center Facilities Management:</b> <b>Pass the Surveillance Audit of Maintain Certification for the following processes:</b> 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"> <li>• Certificate issued by Third Party</li> <li>• Audit Plan</li> <li>• Audit Report</li> </ul>	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 <b>DENIED</b> .
		<b>Sub-total</b>	<b>18%</b>				<b>16%</b>		<b>18%</b>		
<b>SO 7</b>	<b>Recruit, Develop and Retain a Competent Workforce</b>										
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"> <li>• Certification from Assessment Analytics, Inc. on</li> </ul>	Acceptable.

LEARNING

Revalidation of 2018 Performance Scorecard (Annex A)

Component				Target	GSIS Submission		GCG Validation		Supporting Documents	GCG Remarks	
Objective / Measure		Formula	Wt.		Rating Scale	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 • Database on the assessment conducted	Request to revise rating scale and weight is <b>DENIED</b> .
<b>Sub-total</b>			<b>10%</b>				<b>8%</b>		<b>10%</b>		
<b>TOTAL</b>			<b>100%</b>				<b>79.97%</b>		<b>84.13%</b>		



## **DETAILS OF THE EVALUATION OF GSIS CUSTOMER SATISFACTION SURVEY REPORT**

First, the Governance Commission takes this opportunity to clarify that the grant of 0% score to GSIS for this measure is not due to the inadequate or incomplete submission of documentation which rendered the measure unverifiable. This was due to GSIS' non-compliance with the standard methodology prescribed by the Governance Commission.

While we take cognizance of the objective of the measure as represented by GSIS, the GSIS should also take into consideration the very objective of the issuance of the standard guidelines. In the conduct of Technical Panel Meeting on 02 April 2018 for the 2018 Performance Scorecard, GSIS was informed of the plans of the Commission to issue a standard guideline which will guide GOCCs in the conduct of the annual customer satisfaction survey. It was also explained at that time that such issuance is aimed to minimize cost of implementation as well as to determine customer satisfaction level ensuring comparability of results across GOCCs. The conformity to the standard methodology, therefore, is equally important for the Governance Commission being a policy-making body. Moreover, it should be stressed that the result of the survey remains valid for purposes of determining the percentage of satisfied customers, however, the result reported by GSIS is not acceptable for validation of target accomplishments of the GSIS' 2018 Performance Scorecard which requires not only meeting the target but also conforming with the standard guidelines.

The representations provided by the GSIS as well as explanations from its third-party provider were evaluated and considered. However, previous selected non-compliance and previous findings of the Commission remains to be unacceptable:

1. The Governance Commission maintains that GSIS' enumerators did not properly implement the required sampling quota per day in the actual implementation of the survey. This was confirmed during the onsite visit in GSIS Pampanga. While documents and explanations were provided by the GSIS, the findings during the said visit remains to be relevant and raises questions on the validity of the report submitted.
2. Government agencies should have been included as survey respondent. Contrary to the justification of GSIS that this customer segment is not considered as primary customer, Section 28 of the Revised GSIS Manual of Corporate Governance recognizes Agency Authorized Officers (AAOs) as one of the primary stakeholders of GSIS. It should be noted that government agencies are represented by the AAOs as respondents in the customer satisfaction survey. Hence, the importance of capturing the responses of the said customer segment.