

**[ MEMORANDUM CIRCULAR NO. 112, March 13, 1995 ]**

**REITERATING STRICT COMPLIANCE WITH ADMINISTRATIVE ORDER NO. 204, DATED DECEMBER 19, 1990, DIRECTING ALL DEPARTMENT SECRETARIES AND HEADS OF AGENCIES OF THE NATIONAL GOVERNMENT, INCLUDING GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS, TO ADOPT A PERFORMANCE CONTRACT SYSTEM AS A BASIS FOR THE ANNUAL EVALUATION OF THE PERFORMANCE OF THEIR OFFICIALS IN THE THIRD LEVEL**

The Office of the President issued on December 19, 1990, Administrative Order No. 204, directing all department secretaries and heads of agencies of the national government, including government-owned or controlled corporations require their respective third level officials to prepare and enter into an annual performance contract with them, in line with the continuing policy of the government to account for their performance while in office, to promote efficiency, integrity and responsiveness in the civil service;

However, in the survey conducted by this Office last year, designed to determine the extent of compliance with the requirements of the aforecited order, and assess the success of the CESPES in evaluating the performance of third level officials with the performance contract as basis, it was found out that there has been no substantial compliance with the requirement.

In view hereof, to demonstrate the determination of this government to maintain an acceptable level of performance among its executives based on a valid, objective and acceptable measure of performance, the following orders are hereby prescribed for strict compliance:

1. No performance ratings of government executives shall be accepted by the CESB without the corresponding performance contract which serves as its basis, attached thereto.
2. The heads of departments and agencies of the government shall require their third level officials to prepare the performance contract required under Administrative Order No. 204, dated December 19, 1990, to be the basis of their CESPES rating.
3. The CESB shall conduct an information drive on the CESPES before the start of the annual performance evaluation of third level officials and allow these officials to participate in a manner the CESB may deem appropriate in the revision and improvement of the standards which measure performance, to capture the true and actual set of criteria most acceptable to them.
4. To promote the growth of the Career Executive Service (CES) that can truly serve the people with utmost responsibility, integrity, loyalty and efficiency, all