



Office of the President of the Philippines
GOVERNANCE COMMISSION
FOR GOVERNMENT OWNED OR CONTROLLED CORPORATIONS
3/F, Citibank Center, 8741 Paseo De Roxas, Makati City, Philippines 1226



24 May 2021

MR. WILLIAM D. DAR
*Secretary, Department of Agriculture
and NFA Council Chairperson*
ATTY. JUDY CAROL L. DANSAL
Administrator
NATIONAL FOOD AUTHORITY (NFA)
SRA Building, North Avenue,
Diliman, Quezon City

**RE: VALIDATION RESULT OF THE 2019
PERFORMANCE SCORECARD OF NFA**

Dear Secretary Dar and Administrator Dansal,

This is to formally transmit the validation result of NFA's 2019 Performance Scorecard. Based on the Governance Commission's validation of the GOCC's documentary submissions, NFA gained an over-all score of **53.43%** (See **Annex A**). The same is to be posted in NFA's website, in accordance with Section 43 of GCG Memorandum Circular (M.C.) No. 2012-07¹.

Foregoing considered, in relation to the grant of 2019 PBB to eligible officers and employees, NFA fails to satisfy the requirements of GCG M.C. No. 2019-02² particularly the achievement of a weighted-average score of at least 90% in its 2019 Performance Scorecard and the compliance to 100% of the Good Governance Conditions and all other compliances required under the applicable IATF Memorandum Circular. In this regard, the Board is reminded that any unilateral action to release the PBB will be considered as a violation of the Board's fiduciary duty to protect the assets of the GOCC as provided under Section 19 of Republic Act No. 10149³.

Consequently, pursuant to GCG M.C. No. 2018-04⁴, failure to qualify for PBB means that the Appointive Members of the Governing Board of NFA shall not be qualified to receive the Performance-Based Incentive (PBI).

FOR YOUR INFORMATION AND GUIDANCE.

Very truly yours,

cc: COA Resident Auditor - NFA

¹ Code of Corporate Governance for GOCCs, dated 28 November 2012.

² INTERIM PERFORMANCE-BASED BONUS.

³ GOCC GOVERNANCE ACT OF 2011.

⁴ INTERIM PERFORMANCE-BASED INCENTIVE (PBI) SYSTEM FOR THE APPOINTIVE DIRECTORS OF GOCCs COVERED BY GCG FOR FY 2016 AND FOR THE YEARS THEREAFTER, dated 17 July 2018.

NATIONAL FOOD AUTHORITY (NFA)
Validation Result of 2019 Performance Scorecard

Component					NFA Submission ¹		GCG Validation		Supporting Documents	GCG Remarks	
Objective/Measure	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating			
SOCIAL IMPACT	SO 1	Ensure Food Security									
	SM 1	Guarantee Procurement of Rice and/or Palay	Actual rice and/or palay procured / NFA Council-approved procurement	20%	All or Nothing	100%	188% (731,745MT)	20%	Cannot be validated	0%	Disbursement Vouchers Abstracts of Grains Purchases Warehouse Stock Receipts Purchase Receipts Documentary evidence submitted showed inconsistencies. It was observed that the total volume of procurement did not tally with the supporting documents and the summary report (except for Quezon, Negros Oriental, and Sultan Kudarat) and the submitted supporting documents were insufficient to substantiate the reported accomplishment. See Appendix 1 .
	<i>Sub-total</i>		20%				20%		0%		
STAKEHOLDERS	SO 2	Availability, Accessibility, Affordability and Food Safety									
	SM 2	Average Farmgate Price in Surplus Provinces	Average Farmgate Price (₱/kg) for the year	10%	(Actual / Target) x Weight If less than ₱15.30/kg = 0%	₱17.00/kg	₱17.55/kg	10%	₱16.60/kg	9.76%	Provincial and Regional Report on the Average Farmgate Price of Palay Farm, Wholesale and Retail Prices of Palay, Rice and Corn Report Validated figure is based on the updated list of surplus provinces. The GCG observed that the surplus provinces used by NFA in their computation were based on 2013 data. Upon comparison with the PSA database, it was noted that the NFA list is

¹ Based on 15 April 2020 submission. Officially received by the Governance Commission on 28 April 2020.

Validation Result of 2019 Performance Scorecard (Annex A)

Component					NFA Submission ¹		GCG Validation		Supporting Documents	GCG Remarks	
Objective/Measure	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating			
									PSA Computation of Surplus/Deficit Provinces PSA Website Data	outdated and requires updating. Following the PSA-provided guidelines on the computation of surplus provinces, the GCG determined the updated list Appendix 2 .	
SM 3	Stocks Maintained in Safe & Consumable Condition	% Total Stocks in Safe & Consumable Condition / Total Stocks Stored	10%	99% – 100% = 10% 98% – 98.99% = 7% 97% – 97.99% = 5% 96% – 96.99% = 3% < 96% = 0	100%	99.99%	10%	Cannot be validated	0%	National Quality Assessment Report (QUASAR) National Consolidated Report per Commodity per Stock Quality Percentage Performance Rating of Stocks per Region National Consolidated Report of Consumable Stocks per Region per Commodity Summary of Commodity per Region per Quality for Good and Consumable Stocks Consolidated Report on Non-Consumable (Sweepings and Damaged) Stocks per Cereal Type per Region	Significant discrepancies were observed in the supporting documents submitted for both consumable and bad stocks. Considering the inconsistencies in the submitted data, the reported accomplishment could not be objectively validated (See Appendix 3).

Validation Result of 2019 Performance Scorecard (Annex A)

Component					NFA Submission ¹		GCG Validation		Supporting Documents	GCG Remarks	
Objective/Measure	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating			
									Summary of Non-Consumable (Sweepings and Damaged) Volume of Assessed Stocks per Region per Commodity per Age (Good, Treated & Infested) Monthly Grains Stock Quality Report		
SO 3 Sustain Client Satisfaction											
SM 4	Percentage of Satisfied Customers	Number of Respondents who gave a Rating of at least Satisfactory / Total Number of Respondents	10%	(Actual / Target) x Weight If below 80% = 0%	90%	Customer Satisfaction Survey Result is Very Satisfactory (VS)	10%	Cannot be validated	0%	2019 NFA Customer Satisfaction Survey Report Sample Accomplished Survey Forms	Per the final report submitted, it was stated that back-checking and spot-checking were conducted, however, NFA failed to provide the number/percentage of interviews spot-checked and back-checked, hence, the GCG could not objectively validate if NFA was able to comply with the 30% requirement of the GCG. Further, NFA did not submit the first page of the sample accomplished survey forms which would indicate evidence of the data collection quality procedure conducted. It should be noted that the conduct of back and spot checking is crucial in the validation of reported

Validation Result of 2019 Performance Scorecard (Annex A)

Component					NFA Submission ¹		GCG Validation		Supporting Documents	GCG Remarks		
Objective/Measure	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating				
										accomplishment considering that NFA conducted the data gathering in-house.		
		<i>Sub-total</i>	30%			30%		9.76%				
FINANCIAL	SO 4 Divestment of Non-Performing Assets											
	SM 5	Divestment of Assets Approved for Disposition by the NFA Council	Actual Accomplishment	15%	Divestment or Disposal of the Asset = 15% Conduct of Bidding or Public Auction = 7.5%	Divestment of one (1) NFA Property	NDO Property Sold in 2019	15%	One (1) Property sold to the Philippine National Railways (PNR)	15%	Divestment Plan 2017-2021 Divestment Plan 2019-20223 Minutes of the Regular Council Meetings NFA Council Resolution No. 952-2020-A Original Deed of Sale Amended Deed of Absolute Sale Board Approval of PNR's acquisition of the NFA-NDO Property	Target met.
	SO 5 Improve Debt Management											
	SM 6	Managed Debt Level (Bank Loans)	Debt Level Equal to or Lower than the Projected Level by End of a Given Year	15%	₱120 Billion and below = 10% ₱121 Billion to ₱130 Billion = 5% Above ₱130 Billion = 0%	₱120 Billion	₱99 Billion	15%	₱99.830 Billion	15%	2019 COA Annual Audit Report	Target exceeded.
		<i>Sub-total</i>	30%			30%		30%				

Validation Result of 2019 Performance Scorecard (Annex A)

Component					NFA Submission ¹		GCG Validation		Supporting Documents	GCG Remarks
Objective/Measure	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating		
LEARNING AND GROWTH	SO 6	Establish Quality Management System (QMS)								
	SM 7	Implement Quality Management System	Actual Accomplishment	10%	<p>Recertification / Passing of Surveillance Audit for FDC, Tarlac Provincial Office, TRSD and Iloilo City Regional Office; and</p> <p>ISO 9001:2015 Certification for NCR-CDO, Region III (Cabanatuan City), Bicol Regional Office and Albay Provincial Office;</p> <p>And</p> <p>Recertification/Passing of Surveillance Audit for FDC, Tarlac Provincial Office, TRSD and Iloilo City Regional Office</p> <p>ISO 9001:2015 Certification for NCR-CDO, Region III (Cabanatuan City), Bicol Regional Office and Albay Provincial Office = 10%</p> <p>Recertification /Passing of Surveillance Audit for FDC, Tarlac Provincial Office, TRSD and Iloilo City Regional Office = 5%</p>	-	-	-	-	DBM letter dated 31 October 2019

² Institutionalizing the Structure, Mechanisms and Standards to implement the Government Quality Management Program, Amending for the Purpose Administrative Order No. 161, s. 2006

³ An Act Liberalizing the Importation, Exportation and Trading of Rice, Lifting for the Purpose the Quantitative Import Restriction on Tice, and for Other Purposes

Validation Result of 2019 Performance Scorecard (Annex A)

Component					NFA Submission ¹		GCG Validation		Supporting Documents	GCG Remarks	
Objective/Measure	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating			
SO 7	Establish Competency Framework										
SM 8	Percentage of Employees Meeting Required Competencies	Number of positions with competency baseline established / Total number of positions	10%	(Actual / Target) x Weight If below 50% = 0%	Establish Competency Baseline Covering 100% of Positions	Established Competency Baseline covering 100% of positions	10%	83.31%	8.33% (3,079 / 3,696)	Competency Baseline Assessment Competency Manual 2019 Workforce Complement Data Report on the 2019 NFA Competency Framework and Target Competency Assessment Results	Validated actual performance below target. Verification of submitted documents showed that only 3,079 employees were provided with competency assessment instead of the reported 3,619 employees. Based on the 2019 COA Annual Audit Report, the NFA has a total of 3,963 filled positions, as of 31 December 2019, out of the total 4,703 authorized regular plantilla positions. The total number of employees used in computing the accomplishment of this measure (3,696 filled positions) excluded 267 co-terminus positions which were not included in the development of competency framework due to the nature of their positions (i.e. for abolition once vacated).
Sub-total			20%				10%		8.33%		
			100%				90%		48.09% out of 90% 53.43% out of 100%		

Strategic Measure 1: Stocks Maintained in Good and Consumable Condition

Region	Province	Month	NFA-reported	GCG-validated	Variance	Remarks
I	Ilocos Sur	October	47,359	54,471	(7,112)	Did not tally; Validated data is number of bags converted from the Estimated Net Weight (ENW); Five (5) accounts did not include ENW but only indicated the amount in the disbursement voucher (DV)
II	Isabela	June	50,704	51,055	(351)	Did not tally (based on DVs)
				50,242	(50,242)	Did not tally (based on Abstracts of Grains Purchases)
III	Nueva Ecija	December	95,360	89,063	6,297	Did not tally (only Abstract of Grains Purchases were submitted)
IV	Batangas	December	11,505	10,967	538	Did not tally
	Laguna		3,750	3,693	57	Did not tally
	Oriental Mindoro		60,908	61,084	(176)	Did not tally; insufficient supporting documents (only Abstract of Grains Purchases were submitted)
	Quezon		6,792	6,792	-	OK
V	Camarines Sur	August	4,975	-	-	Cannot be validated; No supporting documents submitted
VI	Antique	July	290	325	(35)	Did not tally; insufficient supporting documents (only Abstract of Grains Purchases were submitted)
VII	Bohol	April	593	652	(59)	Did not tally
	Negros Oriental		120	120	-	OK
VIII	Biliran	January	38	-	-	Cannot be validated; Supporting documents insufficient/cannot be verified (only Abstract of Grains Purchases were submitted, cannot establish if one of the submissions is for January)
IX	Zamboanga del Norte	November	22,142	20,542	1,600	Did not tally; insufficient supporting documents (only Abstract of Grains Purchases were provided); Conversion to bags based on net kilograms
				20,068	2,074	Did not tally; insufficient supporting documents (only Abstract of Grains Purchases were provided); Conversion to bags based on ENW
X	Lanao Norte	March	2,466	2,467	(1)	Minor discrepancy; Conversion to bags based on ENW
				2,110	356	Did not tally; Based on the number of bags reported in DV and Abstract of Grains Purchases
XI	Davao Sur	May	8,625	4,270	4,355	Did not tally; Insufficient supporting documents (DVs did not indicate the total number of bags to support the Abstract of Grains Purchases submitted)

Region	Province	Month	NFA-reported	GCG-validated	Variance	Remarks
XII	Sultan Kudarat	February	9,859	9,859	(0)	Data matched using number of bags converted from net kilogram
				9,237	622	Did not tally using number of bags converted from ENW
CARAGA	Agusan del Sur	June	14,671	3,453	11,218	Did not tally; Number of bags converted from net kilograms
				3,273	11,398	Did not tally; Number of bags converted from ENW
BARMM	Maguindanao	September	4,537	3,117	1,420	Did not tally; Insufficient supporting documents (only Abstract of Grains Purchases were submitted)
NCR/ Suburbs	Cavite	March	277	451	(174)	Validated number of bags based on the Abstract of Grains Purchases
				274	3	Validated number of bags based on the DVs

Strategic Measure 2: Average Farmgate Price in Surplus Provinces

	Surplus Provinces¹	Farmgate Prices (Annual)²
1	Abra	18.07
2	Apayao	14.29
3	Ifugao	17.46
4	Kalinga	16.34
5	Ilocos Norte	17.46
6	Ilocos Sur	17.12
7	Pangasinan	17.26
8	Cagayan	14.78
9	Isabela	16.54
10	Nueva Vizcaya	16.39
11	Quirino	15.56
12	Aurora	15.08
13	Nueva Ecija	13.77
14	Tarlac	15.40
15	Occidental Mindoro	18.13
16	Oriental Mindoro	17.24
17	Palawan	16.84
18	Camarines Sur	14.71
19	Antique	16.57
20	Capiz	16.76
21	Guimaras	17.98
22	Iloilo	16.62
23	Biliran	17.96
24	Leyte	18.07
25	Zamboanga del Norte	17.65
26	Zamboanga del Sur	18.43
27	Zamboanga Sibugay	17.77
28	Bukidnon	18.09
29	Cotabato	15.80
30	Sultan Kudarat	15.16
31	Agusan del Sur	15.27
32	Maguindanao	16.54
	Average	16.60

¹ Surplus or deficit provinces is the difference between rice production and total usage of rice. Rice production is palay production multiplied by general milling recovery rate of 65%. Data on palay production was sourced from the PSA website (https://openstat.psa.gov.ph/PXWeb/pxweb/en/DB/DB_2E_CS/0012E4EVCP0.px/?rxid=bdf9d8da-96f1-4100-ae09-18cb3eae313). Total usage of rice is the sum of food use, seeds, and wastage/feeds. Food use is computed by multiplying per capita consumption on rice and population. The latest data on the per capita consumption on rice is 2017 and thus for the purpose of computation of the 2019 surplus/deficit provinces, it was assumed that the per capita consumption on rice is constant. Data on per capita consumption on rice was sourced from the PSA website (<https://psa.gov.ph/content/consumption-selected-agricultural-commodities-philippines-volume-1-february-2017-0>) while population data for 2019 is based on the PSA projections based on 2015 population census (<https://psa.gov.ph/content/updated-population-projections-based-results-2015-popcen>). Seeds is computed by dividing the product of area harvested for palay for the year by default values of 76.55/hectare and 65% by 1000. Data on the area harvested for palay was sourced from the PSA website (https://openstat.psa.gov.ph/PXWeb/pxweb/en/DB/DB_2E_CS/0022E4EAHC0.px/?rxid=bdf9d8da-96f1-4100-ae09-18cb3eae313). Wastage/feeds is the product of rice production multiplied by 9.5%.

² Farmgate prices was sourced from the PSA website (https://openstat.psa.gov.ph/PXWeb/pxweb/en/DB/DB_2M_FG/0032M4AFP01.px/?rxid=eacb22d5-d79d-431b-840f-7d0d284e5a92).

Strategic Measure 3: Stocks Maintained in Good and Consumable Condition

Sampling on Total Stocks Stored

Month	Region Sampled for the Month	GCG Evaluation				NFA Report	Discrepancy	Remarks
		No.	Provincial Reports	Sub-total (in kilos)	Total (in 50kg bags)	Regional Data Report (in 50 KG Bags)		
January	Region IX	1	Zambaoanga del Norte	769,000.00	450,867.50	450,867.40	0.10	Discrepancy is negligible.
		2	Zamboanga del Sur	969,066.42				
		3	Zamboanga Sibugay	960,068.51				
		4	Zamboanga City	19,845,239.86				
February	Region I	1	Abra	1,688,750.00	1,041,300.00	1,041,300.00	-	
		2	Benguet	1,524,450.00				
		3	Ilocos Norte	3,040,900.00				
		4	Ilocos Sur	2,792,800.00				
		5	La Union	30,611,450.00				
		6	East Pangasinan	4,463,250.00				
		7	West Pangasinan	7,943,400.00				
March	Region II	1	Santiago	7,835,818.00	1,034,706.41	1,034,706.20	0.21	Discrepancy is negligible.
		2	Cagayan	7,871,205.00				
		3	Kalinga	3,524,742.15				
		4	Isabela	19,030,150.00				
		5	Quirino	3,394,696.80				
		6	Nueva Vizcaya	7,958,002.40				
		7	Ifugao	1,647,850.00				
		8	Mountain Province	472,856.20				
April	Region III	1	Aurora	3,674,584.41	2,396,743.08	2,395,782.30	960.78	During the meeting, the NFA was able to reconcile the inconsistencies for Region III. NFA noted that the lacking 960

Month	Region Sampled for the Month	GCG Evaluation			NFA Report	Discrepancy	Remarks	
		No.	Provincial Reports	Sub-total (in kilos)	Total (in 50kg bags)			Regional Data Report (in 50 KG Bags)
		2	Bataan	7,967,910.22			bags were from the report of the Aurora Province, stating that the 48,022 kilos (equivalent to 960.44 bags) of palay from Aurora were not recorded into the final amount for the region. After the adjustment, the discrepancy becomes negligible.	
		3	Bulacan	28,775,305.23				
		4	Nueva Ecija	35,394,554.69				
		5	Pampanga	16,768,930.09				
		6	Tarlac	18,871,360.61				
		7	Zambales	8,384,508.96				
		May	Region IV-A and IV-B	1				Batangas
2	Infanta			1,534,975.78				
3	Laguna			3,452,437.00				
4	Quezon			8,252,255.78				
5	Mamburao			16,942,546.44				
6	Marinduque			1,293,799.00				
7	Occidental Mindoro			51,072,652.38				
8	Oriental Mindoro			4,662,270.21				
9	Palawan			2,735,737.39				
10	Romblon			120,219.76				

Month	Region Sampled for the Month	GCG Evaluation				NFA Report	Discrepancy	Remarks
		No.	Provincial Reports	Sub-total (in kilos)	Total (in 50kg bags)	Regional Data Report (in 50 KG Bags)		
June	Region V	1	Albay	6,322,582.55	520,724.26	520,724.00	0.26	Discrepancy is negligible.
		2	Camarines Norte	3,065,104.70				
		3	Camarines Sur	11,784,050.00				
		4	Catanduanes	855,944.97				
		5	Masbate	881,730.70				
		6	Sorsogon	3,126,800.00				
July	Region VI	1	Aklan	800,286.00	324,399.86	324,399.90	(0.04)	Discrepancy is negligible.
		2	Antique	2,643,036.00				
		3	Capiz	2,981,517.00				
		4	Iloilo Province	7,172,554.00				
		5	Negros Occidental Province	2,622,600.00				
August	Region VII	1	Bohol	899,200.00	54,683.05	54,682.90	0.15	Discrepancy is negligible.
		2	Cebu P.O.	603,826.57				
		3	Negros Oriental	1,115,575.85				
		4	Siquijor	115,550.00				
September	Region VIII	1	Leyte	1,779,450.00	91,864.62	91,864.60	0.02	Discrepancy is negligible.
		2	Biliran	393,041.00				
		3	SO. Leyte	790,640.00				
		4	Samar	461,700.00				
		5	N. Samar	670,700.00				
		6	E. Samar	497,700.00				
October	Region XI	1	Davao Oriental	2,689,200.00	449,722.00	449,714.40	7.60	
		2	General Santos/Sarangani	2,718,350.00				
		3	Davao del Sur	7,167,250.00				
		4	Davao City	4,479,900.00				
		5	Davao del Norte	3,655,550.00				

Month	Region Sampled for the Month	GCG Evaluation			NFA Report		Discrepancy	Remarks
		No.	Provincial Reports	Sub-total (in kilos)	Total (in 50kg bags)	Regional Data Report (in 50 KG Bags)		
		6	Compostela Valley	1,775,850.00				
November	Region XII	1	Sultan Kudarat	25,916,988.00	1,145,084.44	1,045,563.30	99,521.14	NFA explained that the differences in the amount was due to a typographical error on the encoding of stocks for Region XII, however, NFA failed to specify where the error occurred, hence, the justification submitted is deemed unacceptable.
		2	South Cotabato	5,771,456.00				
		3	North Cotabato	25,565,778.00				
December	Region XIII / Caraga Administrative Region	1	Agusan del Norte	2,910,250.00	283,214.61	283,214.40	0.21	Discrepancy is negligible.
		2	Agusan del Sur	8,818,330.34				
		3	Surigao del Norte	301,050.00				
		4	Surigao del Sur	2,131,100.00				

Sampling on Bad Stocks

NCR Quality Assessment (Bad Stocks)				
Month	NFA Report	GCG Evaluation using the Provincial Assessment Reports	Discrepancy	Remarks
	Regional Data Report (in 50 kg bags)	Actual (in 50 kg bags)		
January	228.50	284.59	56.09	56 bags discrepancy
February	284.60	284.59	(0.01)	Acceptable
March	284.60	284.59	(0.01)	Acceptable
April	244.60	284.59	39.99	40 bags discrepancy
May	284.60	284.59	(0.01)	Acceptable
June	244.60	-	(244.60)	No supporting documents submitted. Cannot be validated.
July	-	-	-	No bad stock recorded.
August	83.30	83.30	-	Acceptable
September	88.40	88.43	0.03	Acceptable
October	445.30	441.28	(4.02)	4 bags discrepancy
November	690.30	690.39	0.09	Acceptable
December	753.30	753.38	0.08	Acceptable