

NOMINATION AND REMUNERATION COMMITTEE

Online Meeting (Via Zoom)
November 28, 2023/Tuesday/3:30 P.M.

MINUTES OF THE MEETING

Trustees Present:

- | | |
|--|-----------------------|
| 1. Atty. Lorna P. Kapunan | Committee Chairperson |
| 2. Ms. Maria Margarita Moran-Floirendo | Committee Member |
| 3. Mr. Junie Del Mundo | Committee Member |
| 4. Ms. Michelle Nikki Junia | President |

Others Present:

- | | |
|----------------------------------|--------------------------------------|
| 5. Atty. Krischelle B. Matas | Corporate Secretary |
| 6. Mr. Dennis P. Lopez | Department Manager |
| 7. Ms. Raquel L. Salvador | Division Chief |
| 8. Ms. Maria Kristina A. Tuy | Human Resource Management Officer IV |
| 9. Ms. Teresa S. De Guzman | Accountant IV |
| 10. Mr. Andre Clarence Cristobal | Administrative Officer I |

Highlights of the Meeting:

1. Brief Background of the Compensation and Position Classification System (CPCS) Original Scheme Implementation

Atty. Matas explained the authorization from the GCG received by the CCP last February 07, 2023, directing the CCP to migrate from Salary Grade of the Salary Standardization Law IV to Job Grade under the CPCS Category I Salary Structure following Section 8 of EO No. 150 s. 2011 and Section 4 of CPCS IRR No. 2021-012. She also stated that upon receipt of the authorization, the CCP shall adopt the Original CPCS Scheme (CPCS Category I) based on the scheme that shall be approved by its governing board with due consideration of the GOCC's affordability and sustainability to implement the CPCS rates continually.

2. Revised CPCS Salary Scheme

To address the salary distortion of the CPCS Original Scheme, the CCP proposed a revised salary scheme with the GCG's guidance. The CCP Board had previously approved the Revised CPCS Salary Scheme (CPCS 1-3-5-7) and had sent a letter requesting its implementation to the Office of the President. Atty. Matas stated that because of the GCG's change in leadership, the request has been referred to the GCG by the Office of the President twice. The GCG is currently awaiting the Office of the President's memorandum circular in order to recommend the approval of the CCP's Revised CPCS Salary Scheme.

3. Request of the CCP Management to the CCP Board of Trustees to Approve the Implementation of the CPCS Original Scheme Pending Approval of the CPCS Revised Scheme

CCP employees are requesting the Board's approval to implement the CPCS Original Scheme, which was previously approved by the GCG in February 2023, pending the approval of the Revised CPCS Salary Scheme.

President Junia stated that the Revised CPCS Salary Scheme was the salary scheme that the CCP Board had approved at the June 2023 board meeting. She emphasized that the GCG had previously approved the CPCS Original Scheme and that the Office of the President would not need to approve it again. The CPCS Original Scheme has lower funds needed.

Attorney Kapunan asked whether the CPCS Original Scheme implementation was also approved by the employees who had wage distortions. Atty. Matas affirmed that those employees had already consented to implement the CPCS Original Salary Scheme while awaiting the Revised CPCS Salary Scheme's approval.

BOT Moran inquired if the salary would be retroactive if the GCG approved the Revised CPCS Salary Scheme by January 2024. Atty. Matas answered that it will be retroactive from October 2021.

Atty. Kapunan asked about the downside in the event that Malacañang disapproved even the Original CPCS Scheme. Atty. Matas explained that the CPCS Original Salary Scheme does not need approval from Malacañang because it is provided by a law under EO 150 s. 2021. This was also affirmed by the Chairman and Commissioner of the GCG in their meeting last November 22, 2023. The GCG was also surprised that the CCP has not implemented the original scheme yet as what other GOCCs were doing.

Atty. Kapunan mentioned that the CCP should implement the CPCS Original Scheme according to the law otherwise the Board will be sanctioned with mandatory penalties under the law.

President Junia cited the provision of the law which states that the failure of the GOCC to implement the CPCS shall cause the GOCC to undergo mandatory action and be reorganized, merged, streamlined, abolished, or privatized upon the recommendation of its supervising agency without prejudice to the imposition of other penalties as sanctioned by other applicable laws, rules, and regulations.

4. Budget Source for the CPCS Original Salary Scheme

Atty. Kapunan asked whether the CPCS Original Scheme had an impact on any priority projects of different departments. President Junia explained that the budget source for the CPCS comes from the income of leases and other operating and non-operating income and already budgeted the amount for the Personnel Services based on the CPCS Salary Scheme. Atty. Matas showed that the remaining PS Budget as of October 31, 2023 is P83.5 M which is already CPCS based, and the projected expenses for November to December 2023 (still SSL IV based) is P43.8M with the remaining PS balance of P39.7M. The estimated salary differential to be incurred from January to December 2023 if the CPCS original scheme is to be implemented is P21.6M. No additional budget is required since the estimated balance of the PS for 2023 is still P39.7M, enough to cover the estimated P21.6M salary differential.

Atty. Kapunan asked about the breakdown of the Bonuses and Incentives amounting to P16.8M. Atty. Kapunan instructed Atty. Matas to identify the mandatory bonuses from the discretionary bonuses (performance-based) using footnotes. The Year-End Bonus is mandatory because it is the same as the 13th-month pay.

Atty. Kapunan suggested presenting the expenses that can be easily understood by the Board. To show the expenses from January to December 2023 in table form with columns for SSL IV versus the CPCS Original Salary Scheme and the differential. She also instructed to properly identify the mandatory bonuses and incentives from the discretionary bonuses and show to the CCP Board that there is a budget allocated for the discretionary bonuses. The Committee shall also recommend the one-time approval of the CPCS implementation including the discretionary bonuses in the December 2023 board meeting.

BOT Floirendo asked if the CCP could afford the implementation of the CPCS Original Scheme and requested to present the actual COB. Mr. Lopez presented an actual operating income of P12.2M and P162.9M non-operating income for a total of P175M as of October 2023. The total actual PS incurred as of October 2023 is P146.4 M, and the excess income as of October 2023 is P28.75M. Since the projected CPCS differential for January to December 2023 is estimated at P21.6M, there is still excess income of approximately P7M.

Atty. Kapunan asked if the utilization of other projects or services is affected just to implement the CPCS. Mr. Lopez explained that the CCP projects have a different budget source which is the government subsidy while the budget source of Personnel Services is the income purely generated by CCP so the operations of the CCP will not be affected.

Pres. Junia asked if the Revised CPCS Salary will be superseded if the Board approves the CPCS Original Scheme. Atty. Matas replied that it would not be superseded and agreed that once the Revised CPCS Salary is approved by the Office of the President, it will automatically be implemented.

5. Inquiries of Chairman Laya on the memorandum of the CCP management regarding the request for approval to implement the CPCS Original Scheme

Atty. Matas read the inquiries and suggestions of Chairman Laya in his email regarding the memo of the CCP requesting approval to implement the CPCS Original Scheme. Atty. Matas presented to the Committee the item-per-item reply to the queries of Chairman Laya.

There will be no adjustment in the PS if the CCP maintains the original 2023 budget deficit since the approved 2023 COB is already the CPCS Original Scheme.

Pres. Junia requested Mr. Lopez to itemize the specific funding source for the CPCS.

BOT asked Mr. Lopez if the CCP could afford the CPCS in 2024. Mr. Lopez replied that he was discussing with the Administrative Services Department regarding the forecast for the internally generated income of CCP. Atty. Kapunan instructed Mr. Lopez to present budget assumptions for 2024 at the upcoming Board Meeting

ACTION POINTS:

The Committee resolved to recommend the approval of the CPCS Original Scheme implementation including the projected mandatory and discretionary bonuses and incentives, subject to the following:

1. The HRMD to –
 - a. present the details of the expenses from January to December 2023 based on SSL IV versus the Original CPCS Salary Scheme,
 - b. show differential, and
 - c. identify the mandatory and discretionary bonuses and incentives.
2. Mr. Lopez/FSD to itemize the specific funding source for the CPCS and to present budget assumptions for 2024 at the upcoming Board Meeting.

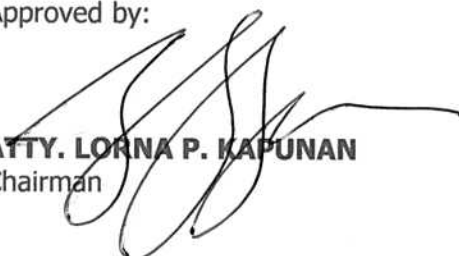
ADJOURNMENT:

The Meeting was adjourned at 5:00 PM.

Prepared by:


MARIA KRISTINA A. TUY
Committee Secretariat

Approved by:


ATTY. LORNA P. KAPUNAN
Chairman