

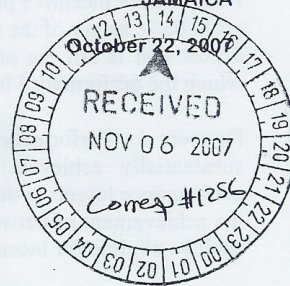


ANY REPLY OR SUBSEQUENT REFERENCE SHOULD BE
ADDRESSED TO THE FINANCIAL SECRETARY AND THE
FOLLOWING REFERENCE NUMBER QUOTED:-

Telephone No. 922-8600-15
Website: <http://www.mof.gov.jm>
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**MINISTRY OF FINANCE AND THE PUBLIC SERVICE
30 NATIONAL HEROES CIRCLE**

**P.O. BOX 512
KINGSTON
JAMAICA**



**CIRCULAR NO. 26
FILE NO. 463/132
DIVISION: PUBLIC EXPENDITURE POLICY CO-ORDINATION**

Permanent Secretaries
Chief Executive Officers

Performance Incentive Payments - Guidelines for Executive Agencies

The attention of Permanent Secretaries and Chief Executive Officers of Executive Agencies is being drawn to the requirement to adhere to the following guidelines in respect of the payment of Performance Incentives effective for financial year 2007/2008 and thereafter.

1. The Executive Agency's Key Performance Indicators (KPI) must be included in the Corporate Plan of the Executive Agency (EA).
2. All annual performance targets must be agreed to by individuals and be so evidenced and approved by the management of the EA. The Chief Executive Officer's targets are the organization's targets and will be approved by the Portfolio Minister/Ministry and included in the Corporate Plan.
3. Procedures for the evaluation of KPI's and the payment of performance incentives must be established in an approved EA Human Resources handbook/manual.
4. The basis for evaluation of KPI's must be clearly established and communicated to all participants prior to the finalization and final acceptance of all performance targets.
5. All expenditure for incentive payments must be included in the Approved Estimates of Expenditure for the financial year in which the payment is being made.
6. The KPI's achieved by all EA's must be audited and certified by the Chief Internal Auditor (CIA) of the Executive Agency or in his/her absence, the Portfolio Ministry before the commencement of processing for payment. Approval for payments shall only be given after the Chief Internal Auditor has certified that the agency has successfully achieved its KPI's.

7. The Chief Internal Auditor in the EA or in his/her absence the Portfolio Ministry must audit all payments of Performance Incentives for correctness and eligibility.
8. All proposals for the payment of performance incentives must be submitted to the Financial Secretary for review and evaluation in adherence to Circular No. 17 "Public Sector Compensation Packages" dated December 13, 1999.
9. Performance incentive payments shall not exceed **Twelve and one half percent (12.5%)** of the gross basic salary of the employee. This includes amounts paid for performing duties (acting) in a post that is not the employee's substantive post during the course of the financial year to which the performance incentive is applicable.
10. Payment for Performance Incentives must be made only if the performance targets have been substantially achieved. **A One Hundred Percent (100%) or above** achievement of performance targets is deemed to be satisfactory achievement of performance targets. However, the achievement of between **eighty and ninety-nine percent (80% - 99%)** performance rating shall be eligible for incentive payment on a **pro rata** basis.
11. The following rates shall apply pro-rata to the categories listed at 13 when calculating payments:

	<u>% Rating</u>	<u>% of Incentive Payment</u>
i.	≥ 100 =	100
ii.	95 – 99 =	95
iii.	90 – 94 =	85
iv.	85 – 89 =	75
v.	80 – 84 =	60

12. The payment of performance incentive shall be based on the achievement of performance targets in the following three categories as developed by the agency:
 - i. Agency/organization;
 - ii. Department/division; and
 - iii. Individual.
13. The 12.5% (see #9) maximum payable for the achievement of performance targets shall be allocated on the following basis.

	<u>Category/Classification</u>	<u>Allocation</u>
i.	Agency/Organization	6.0%
ii.	Department/Division	3.0%
iii.	Individual	3.5%

14. Performance incentive shall only be paid on the satisfactory achievement of at least eighty percent (80%) of the total number of targets that has been agreed and approved for the categories listed at #12.

15. An individual who has not achieved at least eighty percent (80%) of his/her agreed targets **shall not** receive a Performance Incentive payment of any kind.
16. Only individuals who have been employed in the agency for a period of six (6) or more months consecutively in the year in which the performance incentive payment applies shall be eligible for incentive payment.

This Circular supersedes Circular No. 26 dated October 6, 2003.

The contents of this document are to be brought to the attention of all relevant personnel.



Colin Bullock
Financial Secretary