TO : All Heads of Departments/Agencies/State Universities and Colleges (SUCs) and including Commissions/Offices under the Constitutional Fiscal Autonomy Group (CFAG), and Government-Owned or -Controlled Corporations (GOCCs) and Local Government Unit (LGU)-Implementing Agency Receiving Budgetary Support from the National Government; Budget Officers; Heads of Finance/Accounting Units, and All Others Concerned

SUBJECT : Guidelines for the Conduct of Agency Performance Reviews (APRs) and Evaluation Thereof Effective FY 2018 and Onwards

1.0 RATIONALE

The national government continuously calls for the efficient, responsible and disciplined utilization of the National Budget. Pursuant to Chapter 6, Book VI of Executive Order No. 292 dated July 25, 1987 (Administrative Code of 1987), the President, through the Secretary of Budget and Management, evaluates on a continuing basis, the quantitative and qualitative measures of agency performance as reflected in the units of work measurement and other indicators of agency performance, including the standard and actual costs per unit of work.

Hence, heads of departments, bureaus, offices or agencies of the government are required to submit semi-annual reports of their accomplishments, both work and financial results, in such content and format as may be prescribed by the DBM. These reports are designed and used for the purpose of monitoring the efficiency and effectiveness with which budgeted funds are being utilized, and generally for verifying the attainment of goals established in the budget process.

Relative thereto, the achievement of each one of the physical targets ((priority programs, support to operations (STO) and general administration of support services (GASS)) is required in order to be eligible for the grant of the FY 2018 Performance-Based Bonus (PBB). The PBB is, one of the incentives under the Performance-Based Incentive System (PBIS), and given to employees based on their performance and contributions to the achievement of their Department's overall targets and commitments. Among the common GASS targets are the Budget Utilization Rate (BUR) and compliance with the quarterly submission of Budget and Financial Accountability Reports (BFARs) using the DBM's Unified Reporting System (URS).

The conduct of a mid-year and a year-end Agency Performance Review (APRs), using the BFARs (as of June 30 and as of December 31) encoded through the URS as well as the summary of findings and overall agency recommendation, is
prescribed and reiterated in the annual fund release guidelines issued, i.e., the National Budget Circular (NBC) No. 573 dated January 3, 2018 for FY 2018.

2.0 PURPOSES

2.1 To prescribe the guidelines for the conduct of the mid-year and end-year monitoring and review of agency utilization of funds in the production/delivery of goods/services to the public vis-à-vis the plans/targets for each semester, using as bases, among others, the DBM-evaluated/approved Budget Execution Documents (BEDs) and the quarterly BFARs submitted by agencies through the URS;

2.2 To utilize the results of the reviews to establish reasonable performance standards in determining the budget levels for succeeding years, as well as to identify measures to ensure achievement of targets/commitments;

2.3 To specify the results of the semi-annual APRs as critical bases for the grant of the annual PBB, falling under the category of Performance Targets for the Fiscal Year, particularly, but not limited to, the performance vs. GASS targets; and

2.4 To remind agencies of the significance of timely and proper compliance with the submission of the required reports, i.e., non-compliance may merit disciplinary action including suspension of payment of salaries.

3.0 COVERAGE

This Circular shall cover all departments, bureaus, agencies, and operating units (OUs) of the national government including commissions/offices under the Constitutional Fiscal Autonomy Group (CFAG), State Universities and Colleges (SUCs) and other recipients (i.e., GOCC and LGUs) of national government budgetary support for the implementation of programs/projects/activities.

4.0 GUIDELINES

4.1 All government entities covered by this Circular are expected to have fully complied with the January 29, 2018 deadline for agencies to submit to the DBM their respective revised performance targets corresponding to the provisions in the FY 2018 GAA (changes such as increases, reductions, new budgetary items introduced), as prescribed under item 4.14.1 of NBC No. 573 dated January 3, 2018 (FY 2018 Fund Release Guidelines).

4.2 Further, all concerned are expected to have diligently complied with the timely submission of BFARs pursuant to the guidelines prescribed under COA-DBM Joint Circular No. 2014-1 dated July 2, 2014 and in accordance with Section 96 of the General Provisions of the FY 2018 GAA, or the applicable general annual appropriations act.

4.3 The DBM shall conduct the APR consultation with agencies, as necessary, with the following guideposts:

4.3.1 Scope of the mid-year and year-end APR: physical, financial and income
4.3.2 Schedule of APR:

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<th>COVERAGE</th>
<th>DEADLINE</th>
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<tr>
<td>First Semester (January 1 to June 30)</td>
<td>On or before September 15 of the Current Year for all departments/agencies</td>
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<tr>
<td>Full Year (January 1 to December 31)</td>
<td>On or before March 15 of the Succeeding Year for small/centralized departments/agencies</td>
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<td>On or before March 31 of the Succeeding Year for big/regionalized departments/agencies</td>
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4.3.3 Documents required to be submitted by agency/ies to DBM prior to scheduling an APR:

4.3.3.1 **Agency Performance Review Report**
- √ Executive Summary (for reports more than 5 pages)
- √ Objective: area/subject of review
- √ Background
  - o Program/activity/project (P/A/P)
  - o Targets for the review period
  - o Valid obligational authority/ies for the period chargeable against all appropriation sources
- √ BFARs as of June 30 of the current year for the mid-year APR and as of December 31 of the current year for the end-year APR

4.3.3.2 **Summary of Findings**
- √ Description of agency performance
- √ Explanation for deviation from targets, if any

4.3.3.3 **Overall Agency Comments/Recommendations**
- √ Corrective measures for deviations, if any
- √ Proposed modifications in organization, staffing, systems and procedures, management, refocusing of functions, reprioritization, monitoring, etc.

4.3.4 Agencies are encouraged to provide additional information relative to their performance which may facilitate the proceedings during the consultation.

4.4 The DBM shall inform agencies of the results of the review of their performance, including the findings/analysis thereof as well as recommendations such as catch-up measures, to address underperformance as of end of each review period, and outlook for the rest of the year.

All covered entities are reminded that the results of the APRs shall be critical inputs for purposes, among others, of the following:
4.4.1 Determination/configuration of the budget level for the succeeding budget year; and

4.4.2 Eligibility to PBB.

4.5 To facilitate compliance with the required minimum information for the conduct of APRs, agencies are advised, as applicable, to be guided by the provisions under DBM Circular Letter No. 2015-8 dated June 8, 2015 relative to the creation/operation of a Full-Time Delivery Unit (FDU), which issuance lists the functions of the FDUs at the agency as well as at the DBM, including pertinent timelines and composition.

5.0 APPLICABILITY

This Circular shall take effect this year and every year hereinafter.

6.0 SANCTIONS

Failure of the officials and employees concerned to comply with provisions of this Circular shall subject them to penalties imposed under Section 43, Chapter 5, Book VI of EO No. 292, the revised Administrative Code of the Philippines.

7.0 REPEALING CLAUSE

All provisions of existing circular and other issuances inconsistent with this Circular are hereby modified/repealed only for purposes of implementation of this Circular.

8.0 UNAFFECTED PROVISIONS

Except as expressly repealed, or by necessary implication, modified by this Circular, the provisions of existing DBM issuances regarding the BEDs and BFARs, shall remain in full force and effect.

9.0 SEPARABILITY

If any provision of this Circular as now or later amended or its application to any person or circumstance is held invalid, the invalidity shall not affect other provisions that can be given effect without the invalid provision or application.

10.0 SAVING CLAUSE

Cases not covered in this Circular shall be referred to the DBM for resolution.

11.0 EFFECTIVITY

This Circular shall take effect immediately.