



MEMORANDUM CIRCULAR NO. 27
Series of 2026

TO : **THE SENIOR DEPUTY ADMINISTRATOR, DEPUTY ADMINISTRATORS, DEPARTMENT / REGIONAL / PROJECT MANAGERS, DIVISION MANAGERS, IRRIGATION MANAGEMENT OFFICE MANAGERS AND ALL OTHERS CONCERNED**

SUBJECT : **GUIDELINES ON THE PREPARATION AND SUBMISSION OF THE AGENCY PERFORMANCE REVIEW (APR) REPORT TO THE DEPARTMENT OF BUDGET AND MANAGEMENT (DBM)**

Pursuant to **Executive Order No. 292**, otherwise known as the Administrative Code of 1987, particularly **Sections 51 and 56, Chapter 5, Book VI**, which mandate the continuing evaluation of agency performance and the submission of semi-annual reports on financial and physical accomplishments, all concerned offices are hereby directed to undertake the preparation, consolidation, and submission of the Agency Performance Review (APR) Report in accordance with the applicable guidelines, prescribed formats, and timelines issued by the Department of Budget and Management (DBM).

Consistent with **DBM Circular Letter No. 2018-13**, the conduct of the APR shall cover the mid-year and year-end assessment of the Agency's physical, financial, and income performance, using as bases the approved performance targets, Budget Execution Documents (BEDs), and the quarterly Budget and Financial Accountability Reports (BFARs). The APR shall serve as a formal mechanism to ensure compliance with statutory requirements on budget accountability, monitor the efficiency and effectiveness of fund utilization, and provide critical inputs to performance evaluation, budget determination for succeeding years, and eligibility to performance-based incentives.

The preparation and submission of the APR shall likewise be guided by other applicable laws, executive issuances, sectoral policies, national development plans, and government reform initiatives relevant to the conduct of performance review and reporting.

1.0. SCOPE AND OBJECTIVE

This Memorandum Circular shall apply to all Central Office Departments, Regional Irrigation Offices (RIO), Irrigation Management Offices (IMOs), and Project Management Offices (PMOs) of the Agency involved in planning, budgeting, financial management, engineering implementation, operations and maintenance, and administrative support functions. All Programs, Activities, and Projects (PAPs) funded under the General Appropriations Act (GAA), Corporate Operating Budget (COB), internally generated funds, trust funds, and other authorized funding sources shall be covered by the APR reporting requirements.



This guideline sets forth the following objectives:

- 1.1. To **ensure strict and timely compliance** with existing laws and policies, including adherence to the prescribed templates, performance, reporting timelines, documentation requirements, and coordination mechanisms with DBM;
- 1.2. To **establish a clear, standardized, and institutionalized internal framework** governing the preparation, consolidation, validation, and submission of APR Report, defining the roles, responsibilities, and accountabilities of concerned offices at the Central Office and Field Levels (RIO, IMO and PMO);
- 1.3. To **strengthen results-based monitoring and evaluation of PAPs** by systematically assessing financial utilization, physical accomplishments, and identified performance gaps across all organizational units;
- 1.4. To **promote accountability, transparency, and evidence-based reporting** in the utilization of government resources by ensuring that performance results are properly documented, analyzed, and supported by validated financial and operational data; and
- 1.5. To **generate reliable, consistent, and verifiable performance data** that will inform planning, budgeting, program prioritization, policy formulation, and strategic decision-making, and serve as inputs to future budget proposals, performance recalibration, and institutional improvement initiatives of the Agency.

2.0. POLICY AND LEGAL BASIS

The preparation and submission of APR Report shall be aligned with the following policy and strategic frameworks:

2.1. Executive Order No. 292 (Issued 25 July 1987)¹

Otherwise known as *the Administrative Code of 1987*, mandates the evaluation of agency performance and the submission of semi-annual accomplishment reports covering financial and physical results.

Accordingly, the preparation and submission of APR Report shall serve as a mechanism to ensure compliance with statutory requirements on budget accountability and performance evaluation.

¹ Section 51 (Evaluation of Agency Performance) and Section 56 (Semi-Annual Report on Accomplishment of Government Agencies), Chapter 5 (Budget Accountability), Book VI (National Government Budgeting) of Executive Order No. 292 dated July 28, 1987, Instituting the Administrative Code of 1987.

2.2. Department of Budget and Management (DBM) Circular Letter No. 2018-13 (Issued 22 November 2018)²

This prescribes the conduct of mid-year and year-end APRs based on approved BEDs and submitted BFARs, and outlines the required reportorial components, submission timelines, and evaluation mechanisms.

Pursuant thereto, the Agency shall ensure that the conduct of its APR, including the structure, content, and documentation of reports, is consistent with the minimum standards and requirements prescribed by the DBM.

2.3. Other Applicable Laws, Policies, and Issuances

The preparation and submission of APR and its corresponding report for submission to DBM shall likewise be guided by existing and subsequent laws, executive issuances, sectoral policies, national development plans, and government reform initiatives that, while not expressly cited in this framework, are relevant to preparation and submission of report.

3.0. ORGANIZATIONAL ROLES AND RESPONSIBILITIES

To ensure effective, timely, and accurate implementation of APR process, the following organizational roles and responsibilities are hereby established:

3.1. Top Management, Corporate Planning Services, Engineering Department, Operations Department, Financial Management Department, and Other Concerned Offices

The following offices are hereby directed to ensure full coordination, compliance, and accountability in the implementation of the APR:

- 3.1.1. **Top Management** shall provide overall strategic direction, policy guidance, and oversight to ensure that the APR process aligns with the Agency's mandate, performance commitments, and approved budget targets;
- 3.1.2. **Corporate Planning Services** shall serve as the lead office in the consolidation, analysis, and preparation of the Annual (Full Year) and Mid-Year APR Report (First Semester), and shall coordinate with DBM on APR-related matters;
- 3.1.3. **Engineering and Operations Departments** shall validate and certify physical accomplishments, KOPIs, and implementation status of PAPs, including the identification of performance gaps and corrective measures;

² DBM Circular Letter No. 2018-13 dated 22 November 2018, entitled "Guidelines for the Conduct of Agency Performance Reviews (APRs) and Evaluation Thereof Effective FY 2018 and Onwards"

3.1.4. **Financial Management Department** shall validate and certify financial reports, including appropriations, allotments, obligations, disbursements, Budget Utilization Rates (BURs), unobligated allotments, and unpaid obligations, ensuring consistency with submitted budget and financial accountability reports; and

3.1.5. **Other Concerned Offices** shall ensure the accuracy, completeness, timeliness, and integrity of data submitted for APR purposes and shall be accountable for the correctness of information provided.

3.2. Regional Irrigation Offices (RIOs), Irrigation Management Offices (IMOs), Project Management Offices (PMOs), and Other Concerned Offices

The RIOs, IMOs, PMOs, and other concerned offices shall ensure the timely preparation, validation, and submission of complete and accurate financial and physical performance data for APR. Specifically, said offices shall:

3.2.1. **Prepare and certify source data** covering the financial and physical performance of PAPs within their respective jurisdictions;

3.2.2. **Conduct internal validation** to ensure consistency with approved targets, budget documents, and supporting records prior to submission to the Central Office;

3.2.3. **Identify performance gaps, implementation issues, and corresponding corrective or catch-up measures** with specific timelines and responsible units; and

3.2.4. **Designate an APR Focal Person to coordinate with the Corporate Planning Services and ensure compliance** with prescribed timelines and reporting requirements.

4.0. COVERAGE OF REPORTING REQUIREMENTS

The APR shall comprehensively cover the financial, physical, operational, institutional, and governance performance of the Agency for the covered fiscal year. The reporting framework shall ensure alignment with approved PAPs, KOPIs, budgetary allocations, and strategic priorities of the Agency.

In order to provide a structured and systematic assessment, the APR shall be organized according to the major **Chapters** and **Sections** reflected in the Agency's official accomplishment reports and performance documents. The coverage shall include project preparation, project implementation, physical performance per KOPIs, operations and maintenance, major management challenges, specific operational constraints, and corresponding corrective or catch-up measures.

The following table outlines the **(1) required reportorial components, (2) their corresponding performance dimension, and (3) the offices responsible** for preparation, validation, consolidation, and concerned offices.

Table: APR Reportorial Requirements, Performance Dimensions, and Responsible Offices

Chapter	Section	Reportorial Requirements	Dimension	Offices Concerned
Major Management Challenges	-	<ul style="list-style-type: none"> • Institutional, Financial, Procurement, Policy, and Governance Constraints • Systemic Issues Affecting Implementation 	Governance and Management Assessment	Top Management, Corporate Planning Services (CorPlan), and Financial Management Department (FMD)
Project Preparation	Project Preparation Activities	<ul style="list-style-type: none"> • Status of Feasibility Studies (FS) • Status of Detailed Engineering Design (DED) • Pipeline Readiness • Pre-Implementation Constraints 	Project Readiness or Pipeline Performance	Engineering Department (ED), CorPlan, and Field Level Offices
Project Implementation	General Project Implementation	<ul style="list-style-type: none"> • Physical Accomplishment of Ongoing Projects • Percentage Completion • Completion Timeline 	Physical Project Performance	ED, Operations Department (OD), and Field Level Offices
	Flagship Infrastructure Projects	<ul style="list-style-type: none"> • Project Milestone • Strategic Infrastructure Progress • Implementation Issues and Concerns 	Strategic PAP Performance	Top Management, ED, CorPlan, and Field Level Offices
	Foreign-Assisted Projects	<ul style="list-style-type: none"> • Loan or ODA-Funded Project Progress 	Externally-Funded	ED, FMD, and CorPlan

Chapter	Section	Reportorial Requirement	Dimension	Office Concerned
		<ul style="list-style-type: none"> • Compliance with Funding Agreements • Financial and Physical Status 	Project Performance	
	Irrigation Systems Restoration and Development Program	<ul style="list-style-type: none"> • Restoration and Rehabilitation Outputs • Development of New Service Area 	Development and Rehabilitation Performance	ED, OD, and Field Level Offices
Physical Report of Operation (Per KOPIs)	Program 1: Irrigation Systems Restoration / Repair/ Rehabilitation Program	<ul style="list-style-type: none"> • Target Against Actual Restoration Outputs • KOPI Accomplishments 	KOPI-Based Physical Performance	OD, ED, and Field Level Offices
	Program 2: Irrigation Systems Development Program	<ul style="list-style-type: none"> • Newly Developed Irrigated Areas • Service Expansion Metrics 	Development KOPI Performance	ED, OD, and Field Level Offices
Specific Challenges in Physical Operations	-	<ul style="list-style-type: none"> • Weather Disturbances • Right-of-Way Issues • Procurement Delays • Design Revisions • Technical Constraints 	Operational Risk and Performance Gap Analysis	ED, OD, and Field Level Offices
Planned Actions or Catch-Up Measures	-	<ul style="list-style-type: none"> • Time-bound Recovery Plans • Responsible Units • Resource Requirements • Monitoring Indicators 	Corrective Action and Continuous Improvement	All Concerned Offices, CorPlan (Monitoring), and Top Management (Oversight)

Note: All data reflected herein shall be supported by duly signed and certified source documents consistent with officially submitted financial and physical reports. Additional documents or reports may be required, as necessary, to ensure completeness, accuracy, and compliance with DBM requirements. Any variance or performance gap shall be accompanied by corresponding explanations and corrective measures.

Additionally, in order to ensure uniformity, completeness, and consistency of submissions, all concerned offices are hereby required to utilize the prescribed **Submission of Accomplishment Report Template** (see **Annex A**) for APR reporting purposes. Said template shall serve as the standard format for reporting financial and physical accomplishments, variance explanations, positive impacts on beneficiaries, and challenges encountered, including corresponding recommendations.

The use of this template is mandatory for all Central Office concerned Departments, Field Level Offices, and other concerned operating units. Submissions not conforming to the prescribed format may be returned for compliance prior to review and consolidation by the Corporate Planning Services.

As an aid in the filling up of Accomplishment Report Template, the following Items describes the requirements.

Table: Requirements for the Submission of Accomplishment Report

No.	Required Items	Descriptions
1.0	Implementing Office	The official name of the department, RIO, IMO, PMO, or operating unit responsible for implementation. Shall reflect the correct organizational designation and jurisdiction.
2.0	Reporting Period	The specific semester or period covered (<i>e.g., January-June or July-December of the current year</i>). Shall align with the APR coverage timeline.
3.0	Program or Project Title	The exact title of the approved PAP as reflected in the GAA, PREXC, or approved work plan. No unofficial abbreviations shall be used.
4.0	Program or Project Location	The geographic coverage of the program or project (<i>Nationwide, Region, Province, Municipality, etc.</i>). Shall correspond to the actual implementation area. For specific project, indicate its location by the following format: <i>Municipality, Province, Region</i>
5.0	Program or Project Description	Shall include concise narrative explaining the rationale, objectives, scope, and major components of the program or project, including its intended beneficiaries and contribution to agency targets.
6.0	Physical and Financial Accomplishment	This section shall present the measurable outputs and corresponding financial performance of PAP for the covered reporting period.

No.	Required Target	Description
		It shall indicate the approved targets, actual accomplishments, percentage of completion, and the financial utilization associated with the reported physical progress.
6.1	Indicator or Output	Specific measurable outputs or performance indicators aligned with approved KOPIs or physical targets. Indicators shall be clear, quantifiable, and verifiable.
6.2	Overall Target	The approved annual or semester target based on GAA, approved budget documents, or official work plans.
6.3	Actual Accomplishment	The cumulative accomplishment achieved during the reporting period. Data shall be supported by official records and validated reports.
6.4	Percentage Accomplished (%)	<p>Computed rate of accomplishment ($Actual \div Target \times 100$).</p> <p>Computation shall be accurate and consistent with reported figures. Both physical and financial percentages shall be clearly indicated when applicable.</p>
6.5	Financial Performance (if applicable)	<p>Shall indicate financial status such as appropriations, allotments, obligations, and disbursements corresponding to the reported physical accomplishment.</p> <p>Financial data shall reconcile with official financial reports (e.g., <i>Financial Accomplishment Report [FARs], BFARs</i>).</p>
6.6	Remarks or Variance Explanation	Explanation for underperformance, overachievement, revised targets, or delays. Shall identify specific causes such as procurement issues, weather disturbances, ROW constraints, restructuring, or funding delays.
7.0	Positive Impact on Beneficiaries	Narrative explanation of direct and indirect benefits resulting from the program or project. Should indicate quantifiable impact (e.g., <i>number of farmers served, hectares irrigated, productivity improvements</i>).
8.0	Challenges Encountered and Recommendations	Identification of implementation constraints, including financial, technical, procurement, policy, environmental, or operational issues. Specific corrective or catch-up measures, including proposed solutions, responsible units, and, where applicable, timelines for implementation.
9.0	Signatories	Indicate the names and official designations of the personnel or officials in accordance with the required signatories under the following categories: <i>Prepared by</i> (Preparer), <i>Submitted by</i> (Reviewing or Validating Official), and <i>Approved by</i> (Appropriate Higher Authority).

No.	Required Items	Descriptions
		All signatories shall ensure the accuracy, completeness, and integrity of the information contained in the report.

5.0. PREPARATION AND SUBMISSION PROCEDURES

The APR Report Preparation process shall commence at the Field Level, where the IMOs, PMOs, RIOS, and concerned Central Offices Departments generate, validate, and certify financial, physical, and operational data for the two (2) coverage periods (**First Semester and Full Year**).

The following **submission timelines** shall be strictly observed by all concerned Central and Field Level Offices:

Table: APR Submission Timelines

Coverage Periods	Submission Timelines
First Semester (covering January 1 to June 30)	On or before August 15 of the Current Year for all NIA Concerned Office both Central and Field Level Offices
Full Year (January 1 to December 31)	On or before March 10 of the Succeeding Year for all NIA Concerned Office both Central and Field Level Offices

All submissions shall be complete, duly validated, and supported by certified source documents prior to transmittal to the Central Office.

At the Central Office, the CorPlan, in coordination with FMD, ED, and OD, shall undertake the consolidation, reconciliation, and analysis of submitted reports. This includes the identification of performance gaps, variance analysis, and formulation of corresponding corrective measures.

The consolidated APR Report shall thereafter be presented for review and approval by Top Management prior to its submission to DBM within the prescribed timeline.

6.0. SANCTIONS

As imposed by the Administrative Code of 1987, failure to submit reports necessary for budget accountability shall cause automatic suspension of payment of salaries of responsible personnel until they have complied in addition to any disciplinary action that may be instituted against such erring official or employee.³

7.0. SEPARABILITY CLAUSE

If any part or provision of this Memorandum Circular is rendered invalid by any court of law or competent authority, the remaining parts or provisions not affected shall remain valid and effective.

8.0. REPEALING CLAUSE

All circulars, rules, regulations, and other related issuances inconsistent with or contrary to this Memorandum Circular are hereby repealed, amended, or modified accordingly. All other provisions of existing issuances which are not affected by this Memorandum Circular shall remain valid and in effect.

9.0. EFFECTIVITY

This Memorandum Circular shall take effect immediately.

ENGR. EDUARDO EDDIE G. GUILLEN
Administrator

Date: 06 MAR 2026

³ Section 57 (Failure to Submit Reports), Chapter 6 (Budget Accountability), Book VI (National Government Budgeting) of the Administrative Code of 1987

SUBMISSION OF ACCOMPLISHMENT REPORT
(Sample Report for Program under Nationwide Implementation)

IMPLEMENTING OFFICE:	Project Planning Division – Engineering Department			
REPORTING PERIOD:	January – June 2025			
PROGRAM TITLE:	Rehabilitation and Protection of Water Resources Supporting Irrigation Systems (RPWRSIS) Program			
LOCATION:	Nationwide			
PROGRAM DESCRIPTION:	<p>The proposed program seeks to rehabilitate and protect the watershed areas that support irrigation systems by improving their current bio-physical condition, mitigating forest denudation, and controlling erosion caused by both natural forces and human activities in and around the catchment. The degradation of irrigation water sources has led to accelerated soil erosion, resulting in sedimentation that threatens the sustainability and efficiency of these systems across the country.</p> <p>This not only diminishes agricultural productivity but also increases the frequency and cost of operations and maintenance. By targeting the restoration of water resources across 163 irrigation systems, the program aims to enhance food production through sustainable irrigation while reducing long-term rehabilitation and operational expenses.</p>			
PHYSICAL AND FINANCIAL ACCOMPLISHMENT AS OF 31 JUNE 2025:				
Indicator or Output	Overall Target	Actual Accomplishment	Percentage (%) Accomplished	Remarks or Variance Explanation
Management Plan for National Irrigation Systems	Implementation of Management Plan for 13 National Irrigation Systems	Implementation of Management Plan for 7 NIS	50%	The remaining 50% is to be accomplished within the 2nd half of the year.
POSITIVE IMPACT ON BENEFICIARIES:				
<p>The project successfully addressed the challenges of accelerated soil erosion and sedimentation that previously disrupted irrigation water delivery by planting approximately 13,000 seedlings of various native species in key watershed areas. This completed reforestation effort has contributed to stabilizing the soil and reducing sediment inflow into irrigation facilities, leading to improved water distribution across the service area. As a result, around 5,000 farmers in the nearby municipalities are now benefiting from more efficient and sustainable irrigation, supporting both agricultural productivity and long-term environmental resilience.</p>				

CHALLENGES ENCOUNTERED AND LESSONS LEARNED

Post-planting maintenance activities such as regular watering, weeding, and protecting the seedlings from grazing animals faced constraints due to limited community engagement and resource availability. These factors posed difficulties in sustaining the momentum of the reforestation effort and maximizing its ecological impact.

Prepared by:

NAME OF OFFICIAL/PERSONNEL
Position, Office

Submitted by:

Approved by:

NAME OF OFFICIAL/PERSONNEL
Position, Office

NAME OF OFFICIAL
Position, Office

SUBMISSION OF ACCOMPLISHMENT REPORT

(Sample Report for Specific Project)

IMPLEMENTING OFFICE:	Jalaur River Multi-Purpose Project - Stage II
REPORTING PERIOD:	January – June 2025
PROGRAM TITLE:	Jalaur River Multi-Purpose Project - Stage II
LOCATION:	Iloilo, Region 6
PROGRAM DESCRIPTION:	<p>The proposed project is viewed in the context of achieving sufficiency and security of rice production in the Province of Iloilo and will contribute in the rice self-sufficiency program of the government. It is envisioned to a) provide year round irrigation water to an estimated 31,840 hectares of agricultural land which includes 9,500 hectares of new area and 22,340 hectares covered by five (5) existing irrigation systems b) provide fish culture c) generate 6.6 MW of hydro-electric power (to be implemented later) d) supplement the supply of water for domestic and industrial use (also to be implemented later) and e) other incidental benefits consist of flood mitigation (flood control) and promotion of eco-tourism.</p> <p>The project includes the construction of a storage dam and appurtenant structures across the Jalaur River, consisting of high dam and reservoir, an afterbay dam, a catch dam, an 81-km highline canal, a penstock between the high dam and afterbay dam that is ready for a future hydro-electric power plant and connection from the highline canal to a raw water reservoir in Sta Barbara, Iloilo for potential bulk water supply connection with the Metro Iloilo Water District. It also includes the upgrading/modernization, rehabilitation and improvement of the five (5) existing irrigation systems and the construction of irrigation system for new coverage areas of 9,500 hectares.</p>

PHYSICAL AND FINANCIAL ACCOMPLISHMENT AS OF 31 JUNE 2025:

Indicator or Output	Overall Target	Actual Accomplishment	Percentage (%) Accomplished	Remarks or Variance Explanation
New Area (hectares)	9,500	541	Physical: 77.53% Financial: 76.42%	The Targets was revised based on the New Project Restructuring Request that was approved by NIA-Board on July 29, 2024

Indicator or Output	Overall Target	Actual Accomplishment	Percentage (%) Accomplished	Remarks or Variance Explanation
Restore Area (hectares)	120	146		

The proposed project is expected to make a transformative impact on the Province of Iloilo by enhancing agricultural productivity and contributing to national rice self-sufficiency through the year-round provision of irrigation water across 31,840 hectares of farmland. Beyond its agricultural benefits, the project also offers long-term, multi-sectoral advantages such as enabling aquaculture, laying the groundwork for 6.6 MW of renewable hydro-electric energy, augmenting domestic and industrial water supply, and delivering co-benefits like flood control and eco-tourism development. With major infrastructure including a high dam, reservoirs, an extensive canal system, and irrigation system modernization, the project is poised to drive sustainable rural development and economic resilience in the region.

CHALLENGES ENCOUNTERED AND RECOMMENDATIONS

One major challenge encountered in the implementation of the project was the significant cost increase and repeated need for restructuring, which impacted both financial planning and project timelines. Originally approved with a budget of Php 11.21 billion, the project has undergone multiple revisions—approved by both the NEDA Board and the NIA Board—to address unforeseen financial requirements, changes in foreign exchange rates, and the need to extend the implementation and loan validity periods. These adjustments not only delayed the original completion target but also required a comprehensive reallocation of loan proceeds and shifts in project financing. The ongoing restructuring process, particularly to accommodate the construction of irrigation facilities, reflects the evolving scope and complexity of the project, underscoring the need for adaptive management and sustained stakeholder coordination to achieve its long-term objectives.

Prepared by:

NAME OF OFFICIAL/PERSONNEL
 Position, Office

Submitted by:

Approved by:

NAME OF OFFICIAL/PERSONNEL
 Position, Office

NAME OF OFFICIAL
 Position, Office

THE "ADMINISTRATIVE CODE OF 1987"

WHEREAS, the Administrative Code currently in force was first forged in 1917 when the relationship between the people and the government was defined by the colonial order then prevailing;

WHEREAS, efforts to achieve an integrative and over-all recodification of its provisions resulted in the Administrative Code of 1978 which, however, was never published and later expressly repealed;

WHEREAS, the effectiveness of the Government will be enhanced by a new Administrative Code which incorporates in a unified document the major structural, functional and procedural principles and rules of governance; and

WHEREAS, a new Administrative Code will be of optimum benefit to the people and Government officers and employees as it embodies changes in administrative structures and procedures designed to serve the people;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby promulgate the Administrative Code of 1987, as follows:

INTRODUCTORY PROVISIONS

Section 1. *Title.* - This Act shall be known as the "Administrative Code of 1987."

Section 2. *General Terms Defined.* - Unless the specific words of the text, or the context as a whole, or a particular statute, shall require a different meaning:

(1) *Government of the Republic of the Philippines* - refers to the corporate governmental entity through which the functions of government are exercised throughout the Philippines, including, save as the contrary appears from the context, the various arms through which political authority is made effective in the Philippines, whether pertaining to the autonomous regions, the provincial, city, municipal or barangay subdivisions or other forms of local government.

(2) *National Government* - refers to the entire machinery of the central government, as distinguished from the different forms of local governments.

(3) *Local Government* - refers to the political subdivisions established by or in accordance with the Constitution.

(4) *Agency of the Government* - refers to any of the various units of the Government, including a department, bureau, office, instrumentality, or government-owned or controlled corporations, or a local government or a distinct unit therein.

(5) *National Agency* - refers to a unit of the National Government.

(6) *Local Agency* - refers to a local government or a distinct unit therein.

Section 50. *Appointment of Budget Officers.* - No person shall be appointed as budget officer in any department, bureau, office or agency unless he meets the qualification and training requirements established by the Budget Commission as prerequisite to appointment, in addition to other qualification requirements prescribed by the Civil Service Commission for the position.

CHAPTER 6 - Budget Accountability

Section 51. *Evaluation of Agency Performance.* - The President, through the Secretary shall evaluate 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.

Section 52. *Budget Monitoring and Information System.* - The Secretary of Budget shall determine accounting and other items of information, financial or otherwise, needed to monitor budget performance and to assess effectiveness of agencies operations and shall prescribe the forms, schedule of submission, and other components of reporting systems, including the maintenance of subsidiary and other recording which will enable agencies to accomplish and submit said information requirements: provided, that the Commission on Audit shall, in coordination with the Secretary of Budget, issue rules and regulations that may be applicable when the reporting requirements affect accounting functions of agencies: provided, further, that the applicable rules and regulations shall be issued by the Commission on Audit within a period of thirty (30) days after the Department of Budget and Management prescribes the reporting requirements.

Section 53. *Monitoring of Expenditures.* - Expenditures of national government agencies shall be recorded so as to identify expenditures as classified into such categories as may be determined by the Department of Budget and Management, including but not limited to the following: (1) agency incurring the obligation, (2) program, project and activity, (3) object of expenditure, including personal services, operating and maintenance expenditures, equipment, and capital outlays, (4) region or locality of use, (5) economic or functional classification of the expenditure, (6) obligational authority and cash transactions arising from fund releases, and such other classifications as may be necessary for the budget process. The Secretary of Budget shall determine the data and information requirements thus needed and the Commission on Audit shall formulate the accounting rules and regulations, including changes in the Chart of Accounts and the general or subsidiary accounting records, as may be necessary to generate the desired data and information. The Chief Accountants of agencies and where necessary, accountants of regional offices, shall submit the data needed by the Department of Budget and Management in accordance with such rules and regulations as it may formulate.

Section 54. *Standard Costs.* - The Department of Budget and Management shall develop standard costs for duly approved units of work measurement for each agency's budgetary projects or activities. These standard costs shall be compared with actual unit costs and utilized in the evaluation of agency budgetary performance.

Section 55. *Review of Budgetary Programs.* - The Secretary of Budget shall conduct a continuing review of the budgetary program and project structure of each department, office or agency, the result of which shall be the basis for modifying or amending such structure for incorporation in the President's budget proposals to the Congress.

Section 56. *Semi-Annual Report on Accomplishments of Government Agencies.* - The heads of departments, bureaus, offices or agencies of the government shall submit a semi-annual report of their accomplishments, both work and financial results, in accordance with such content and format as may be prescribed by the Secretary. These reports shall be designed and use 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.

Section 57. *Failure to Submit Reports.* - Failure on the part of agency heads, chief accountants, budget officers, cashiers, disbursing officers, administrative and personnel officers, and responsible officers of departments, bureaus, offices and agencies to submit trial balances, work

and financial plans, special Budgets, reports of operation and income, plans, special budgets, reports of operation and income, current agency plantilla of personnel and such other reports as may be necessary and required by the Department of Budget shall automatically cause the suspension of payment of their salaries until they have complied with the requirements of the Department of Budget. No appropriation authorized in the General Appropriations Act shall be made available to pay the salary of any official or employee who violates the provisions of this section, in addition to any disciplinary action that may be instituted against such erring official or employee.

CHAPTER 7 - Expenditure of Appropriate Funds

Section 58. *Contracting of Activities.* - Agencies may enter into contracts with individuals or organizations, both public and private, subject to provisions of law and applicable guidelines approved by the President: provided, that contracts shall be for specific services which cannot be provided by the regular staff of the agency, shall be for a specific period of time, and shall have a definite expected output: provided, further, that implementing, monitoring and other regular and recurring agency activities shall not be contracted for, except for personnel hired on an individual and contractual basis and working as part of the organization, or as otherwise may be approved by the President: Provided, finally, that the cost of contracted services shall not exceed the amount that would otherwise be incurred had the work been performed by regular employees of government, except as may be authorized under this section.

Section 59. *Authority to Receive Additional Compensation.* - Officials and employees who are duly appointed by competent authority to any position in another government office or agency in a concurrent capacity, may, in the discretion of the President, be allowed to receive additional compensation in the form of allowance or honorarium at such rates he shall fix and subject to such conditions as he may prescribe. Such additional compensation shall be paid from the appropriations of the office or agency benefitting from the concurrent service.

Section 60. *Restrictions on Salary Increases.* - No portion of the appropriations provided in the General Appropriations Act shall be used for payment of any salary increase or adjustment unless specifically authorized by law or appropriate budget circular nor shall any appropriation for salaries authorized in the General Appropriations Act, save as otherwise provided for under the Compensation and Position Classification Act, be paid unless the positions have been classified by the Budget Commission.

Section 61. *Merit Increases.* - The budgets of national government agencies may provide for a lump-sum for merit increases, subject to such terms and conditions as may be approved by the President. Such lump-sum shall be used to fund salary increases approved by the head of agency in recognition of meritorious performance: Provided, That the Civil Service Commission and the Department of Budget shall jointly issue the rules and regulations governing the granting of such merit increases.

Section 62. *Salary for Substitutionary Service.* - When an official or employee is issued a duly approved appointment in a temporary or acting capacity to take the place and perform the duties of another who is temporarily absent from his post with pay, savings in the appropriations of the department, bureau or office may be used for the payment of his salary or differential, subject to the approval of the Secretary.

Section 63. *Additional Compensation for Overtime Service.* - Officials and employees of the National Government, when required to work overtime after regular working hours during ordinary days, during half-day sessions, or on Saturdays, Sundays and holidays, by the heads of departments concerned, to finish work that must be completed within a specified time, may be paid overtime compensation from any unexpected balance of the appropriation for salaries and wages authorized in the General Appropriations Act and under such guidelines as may be issued by the President.

Section 64. *Compensation of Persons Receiving Pension.* - A person receiving life pension,



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
BONCODIN HALL, GENERAL SOLANO STREET, SAN MIGUEL, MANILA

CIRCULAR LETTER

No. 2018- 13
November 22, 2018

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:

COVERAGE	DEADLINE
First Semester (January 1 to June 30)	On or before September 15 of the Current Year for all departments/agencies
Full Year (January 1 to December 31)	On or before March 15 of the Succeeding Year for small/centralized departments/agencies
	On or before March 31 of the Succeeding Year for big/regionalized departments/agencies

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
 - Program/activity/project (P/A/P)
 - Targets for the review period
 - 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.


BENJAMIN E. DIOKNO
Secretary

