



# Relevance of Agency Performance Review on the Budget Process

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DBM, Budget Preparation and Execution Group

# OUTLINE

**I. Budget Cycle**

**II. Agency Performance Review (APR)**





# I. BUDGET CYCLE



# WHAT IS A BUDGET?

## LAYMAN'S DEFINITION

*An estimate of income and expenditure for a set period of time*

## GOVERNMENT'S DEFINITION

*The financial plan of a government for a fiscal year, which shows its resources (income and sources of borrowings) and how they will be generated, as well as expenditures to achieve national objectives, strategies, and program*

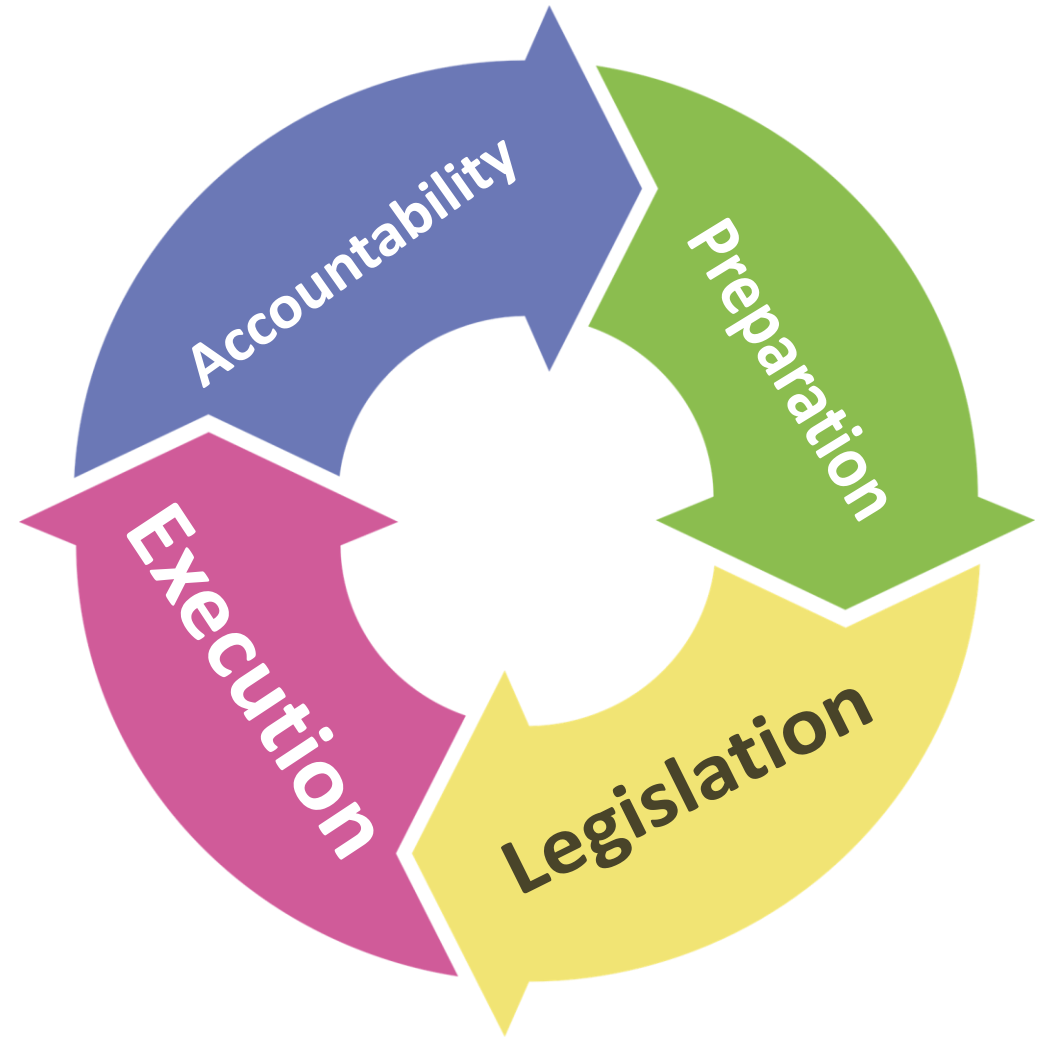
*(Source: BESF)*



*The budget is the government's key instrument for promoting its socio-economic objectives.*

# BUDGET CYCLE

These four phases of the Budget Cycle **overlap in continuing cycles** every year. For instance, while the Executive implements the budget for the current year, it also prepares the budget for the next fiscal year or defends it before Congress. Meanwhile, the execution and accountability phases are implemented simultaneously year-round.





# BUDGET PREPARATION



# 1. PREPARATION

INPUT

## Budget Call and Budget Priorities Framework

PROCESS

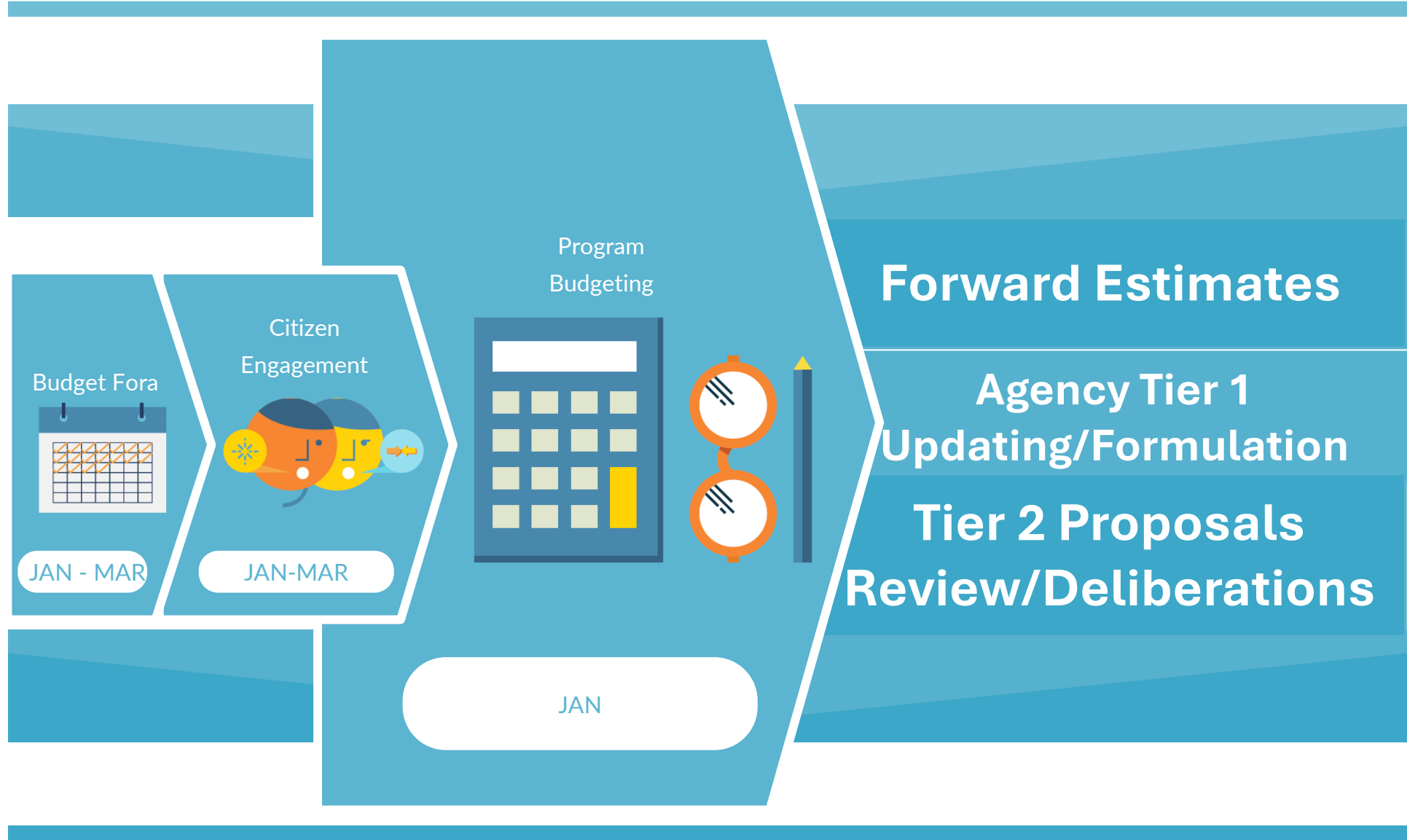


OUTPUT

## The President's Budget



# 1. PREPARATION



# 1. PREPARATION

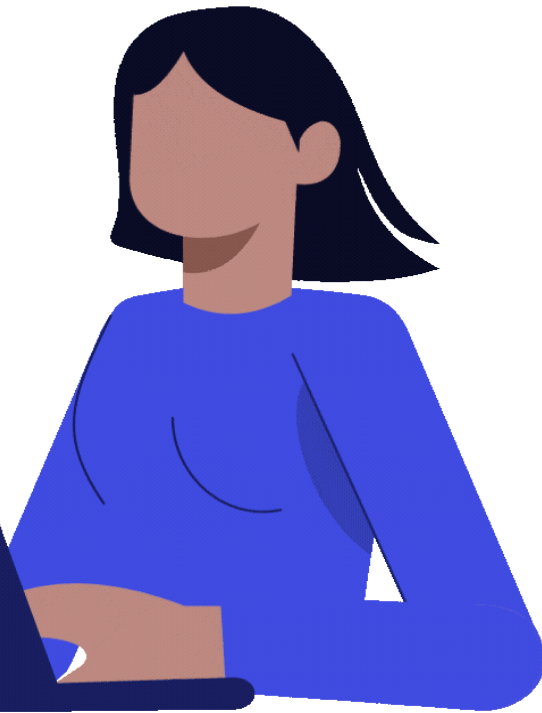
## Forward Estimates

- Budget Utilization Rate (BUR), computed as current year's obligation (for MOOE and CO, as of December 31, 2024) over allotment per P/A/P**
- Changes in macro-economic parameters  
P56.50:\$1.00**



# Two-tier Budgeting Approach (2TBA)

Ongoing/existing programs/  
activities/  
projects (PAPs)  
and  
commitments\*



2  
T  
B  
A

New spending  
proposals or  
expansion  
of existing P/A/Ps



# 1. PREPARATION



A collage of four images representing different sectors of the economy and society. At the top left is a traditional indigenous man with a feathered headdress. To his right is a farmer wearing a wide-brimmed straw hat and holding a wooden hoe. Below the farmer is a construction worker in a blue uniform and safety vest, working on a bridge. In the foreground, a smiling man and a young girl in a school uniform are looking at a document together.

# BUDGET LEGISLATION

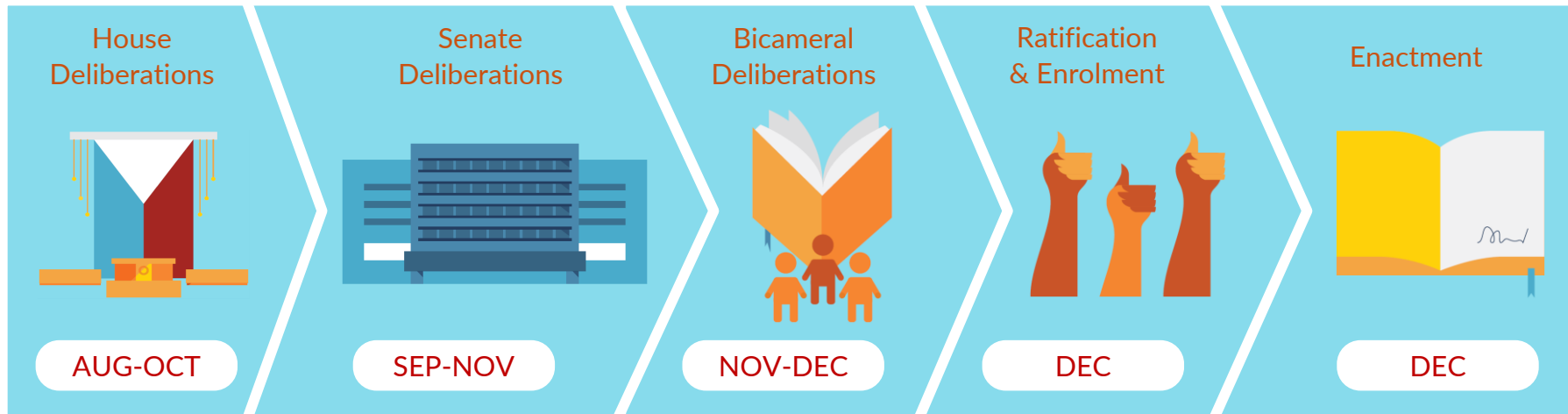


## 2. LEGISLATION

INPUT

The President's Budget

PROCESS



OUTPUT

General Appropriations Act (GAA)

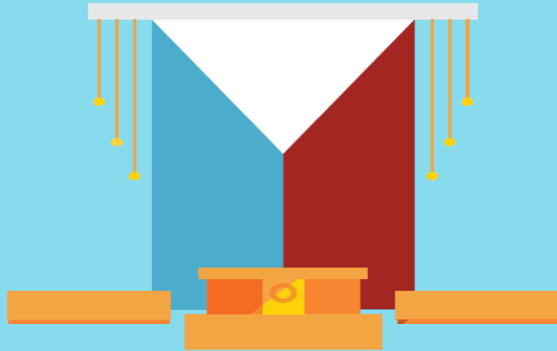


## 2. LEGISLATION

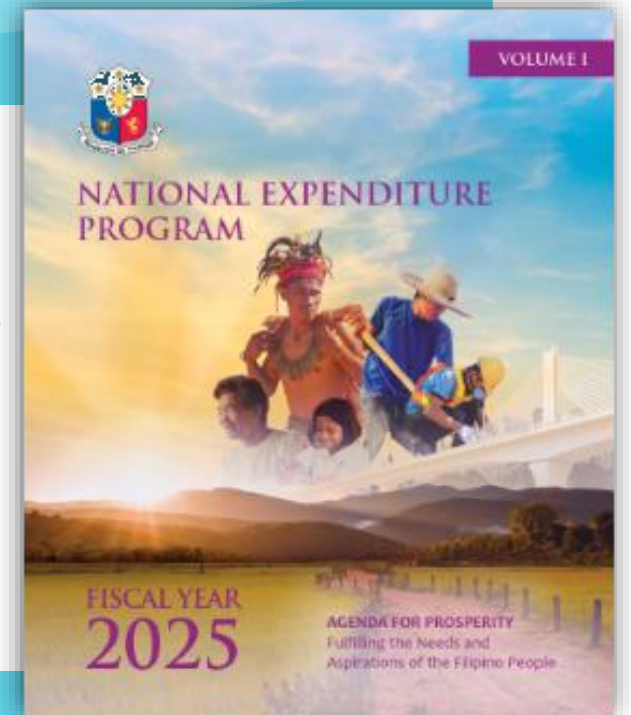
INPUT

The President's Budget

House  
Deliberations



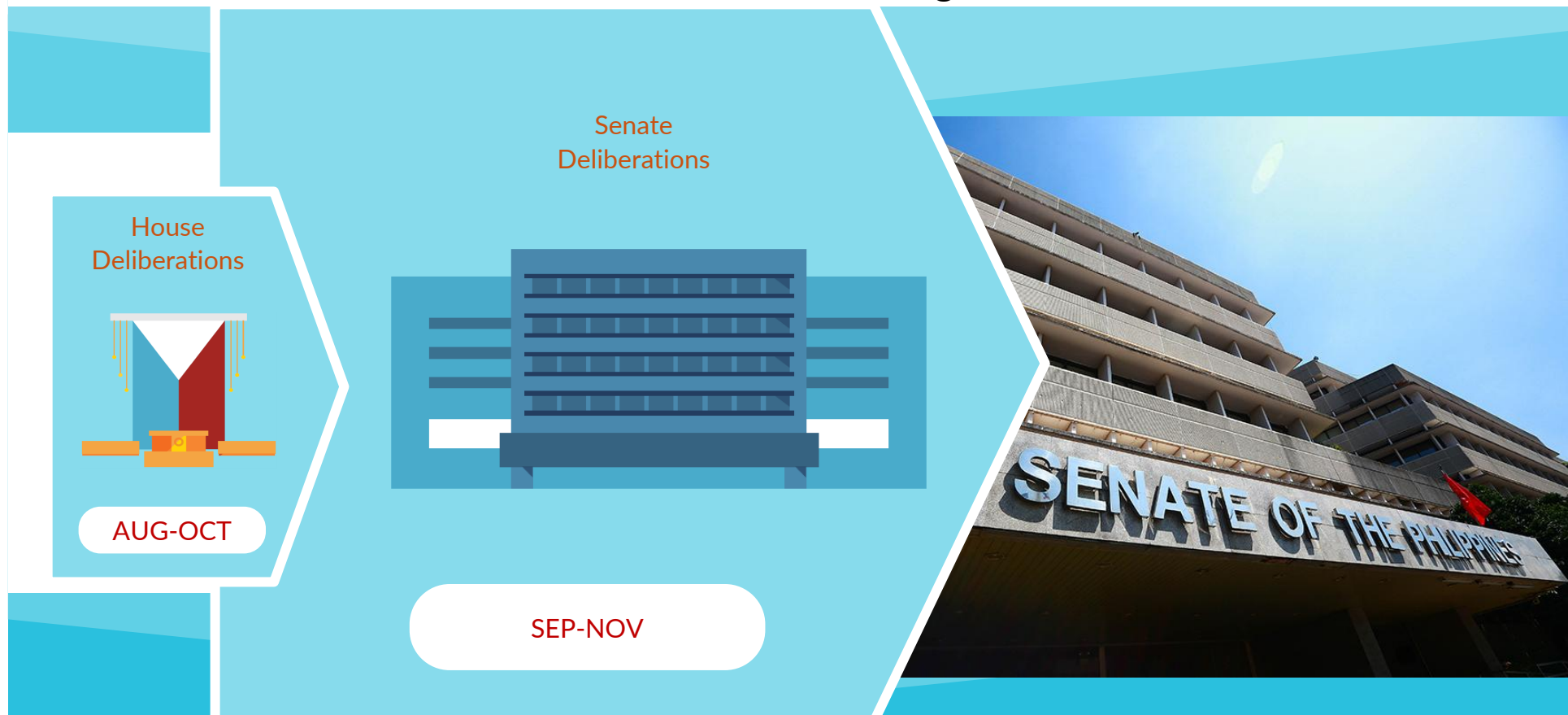
AUG-OCT



## 2. LEGISLATION

INPUT

The President's Budget





# BUDGET EXECUTION

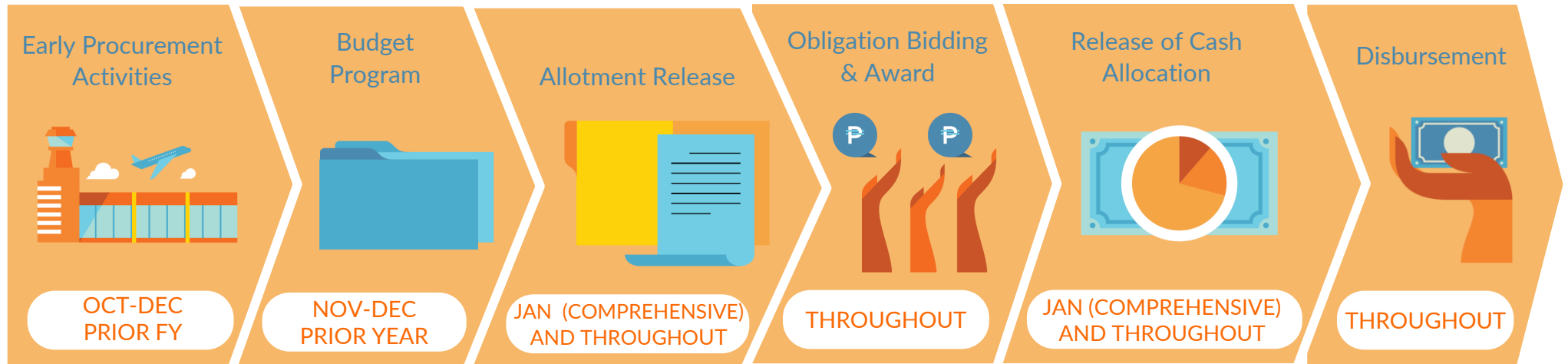


# 3. EXECUTION

INPUT

General Appropriations Act (GAA)

PROCESS



OUTPUT

Physical & Financial Plan (BEDs) | Annual Procurement Plan | Quarterly Fiscal Program | Cash Planning Report



# 3. EXECUTION

INPUT

## General Appropriations Act (GAA)

Early Procurement Activities



OCT-DEC  
PRIOR FY



**BARANGAY MABUHAY Indicative Annual Procurement Plan for FY 2023**

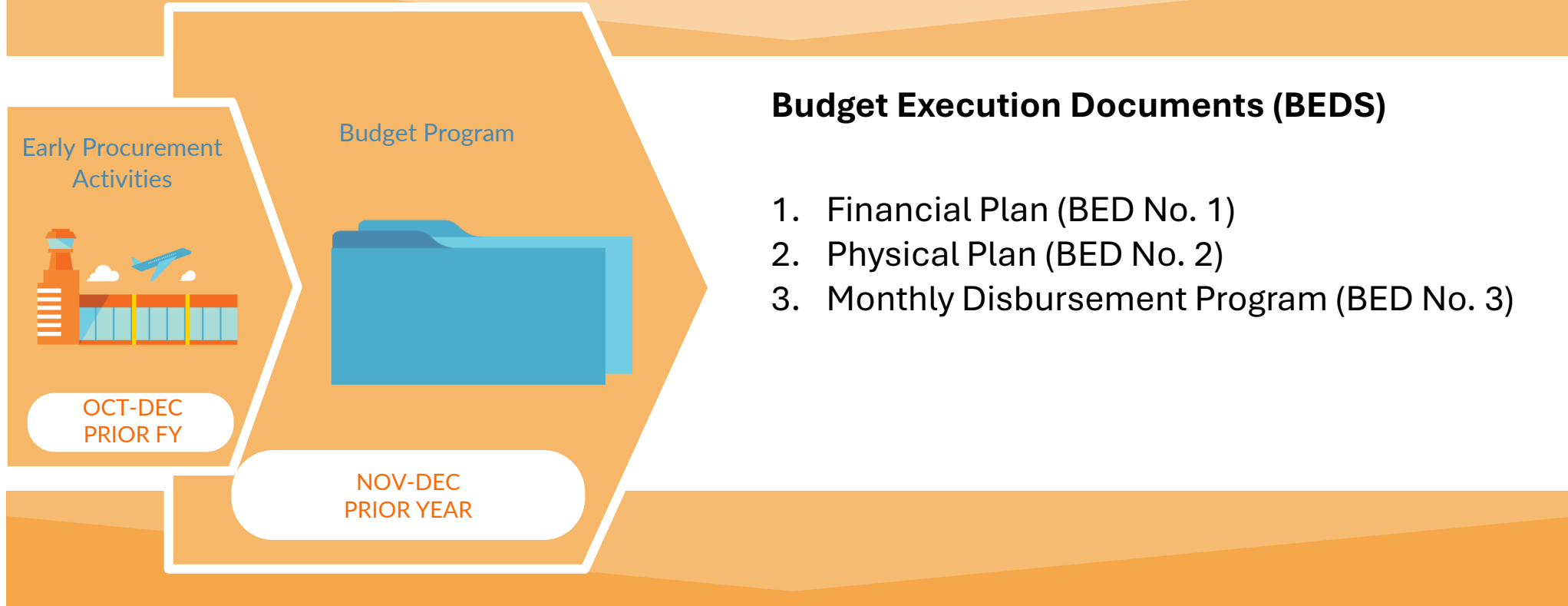
Code (PAP)	Procurement Program/ Project	PMO/ End-User	Mode of Procurement	Schedule for Each Procurement Activity				Estimated Budget (PHP)			Remarks (Brief Description of Program/ Project)
				Advs/ Post of	Sub/ Open of	Notice of	Contract Signing	Source of Funds	Total	MOOE	
<b>DAY CARE CENTER MAINTENANCE</b>											
	Paint	Barangay	Local Shopping					MOOE	5,000.00	5,000.00	
	Plywood	Barangay	Local Shopping					MOOE	5,000.00	5,000.00	
	Sand and Gravel	Barangay	Local Shopping					MOOE	3,000.00	3,000.00	
	Cement	Barangay	Local Shopping					MOOE	2,000.00	2,000.00	
<b>OFFICE SUPPLIES</b>											
	Bond Paper A4	Barangay	Local Shopping					MOOE	5,000.00	5,000.00	
	Bond Paper Long	Barangay	Local Shopping					MOOE	3,000.00	3,000.00	
	Bond Paper short	Barangay	Local Shopping					MOOE	2,000.00	2,000.00	
	Ballpen	Barangay	Local Shopping					MOOE	2,000.00	2,000.00	
	Printer Ink	Barangay	Local Shopping					MOOE	1,000.00	1,000.00	
	Folder long	Barangay	Local Shopping					MOOE	1,000.00	1,000.00	
	Correction tape	Barangay	Local Shopping					MOOE	500.00	500.00	
	Expanded Envelope	Barangay	Local Shopping					MOOE	500.00	500.00	
<b>REPAIR AND MAINTENANCE OF TANOD OUTPOST</b>											
	Roof	Barangay	Local Shopping					MOOE	5,000.00	5,000.00	
	Sand and Gravel	Barangay	Local Shopping					MOOE	5,000.00	5,000.00	
	Cement	Barangay	Local Shopping					MOOE	5,000.00	5,000.00	
<b>REPAIR AND MAINTENANCE OF STREETLIGHT</b>											
	Bulb	Barangay	Local Shopping					MOOE	5,000.00	5,000.00	
	Wire	Barangay	Local Shopping					MOOE	5,000.00	5,000.00	
<b>REPAIR AND MAINTENANCE OF BRGY. ROAD</b>											
	Sand and Gravel	Barangay	Local Shopping					MOOE	10,000.00	10,000.00	
	Cement	Barangay	Local Shopping					MOOE	14,000.00	14,000.00	
<b>CONST. OF EVACUATION CENTER PHASE 4</b>											
	Paint	Barangay	Local Shopping					20% DF	20,000.00		20,000.00
	Cement	Barangay	Local Shopping					20% DF	30,000.00		30,000.00



# 3. EXECUTION

INPUT

## General Appropriations Act (GAA)



Early Procurement Activities



OCT-DEC  
PRIOR FY

Budget Program



NOV-DEC  
PRIOR YEAR

### Budget Execution Documents (BEDS)

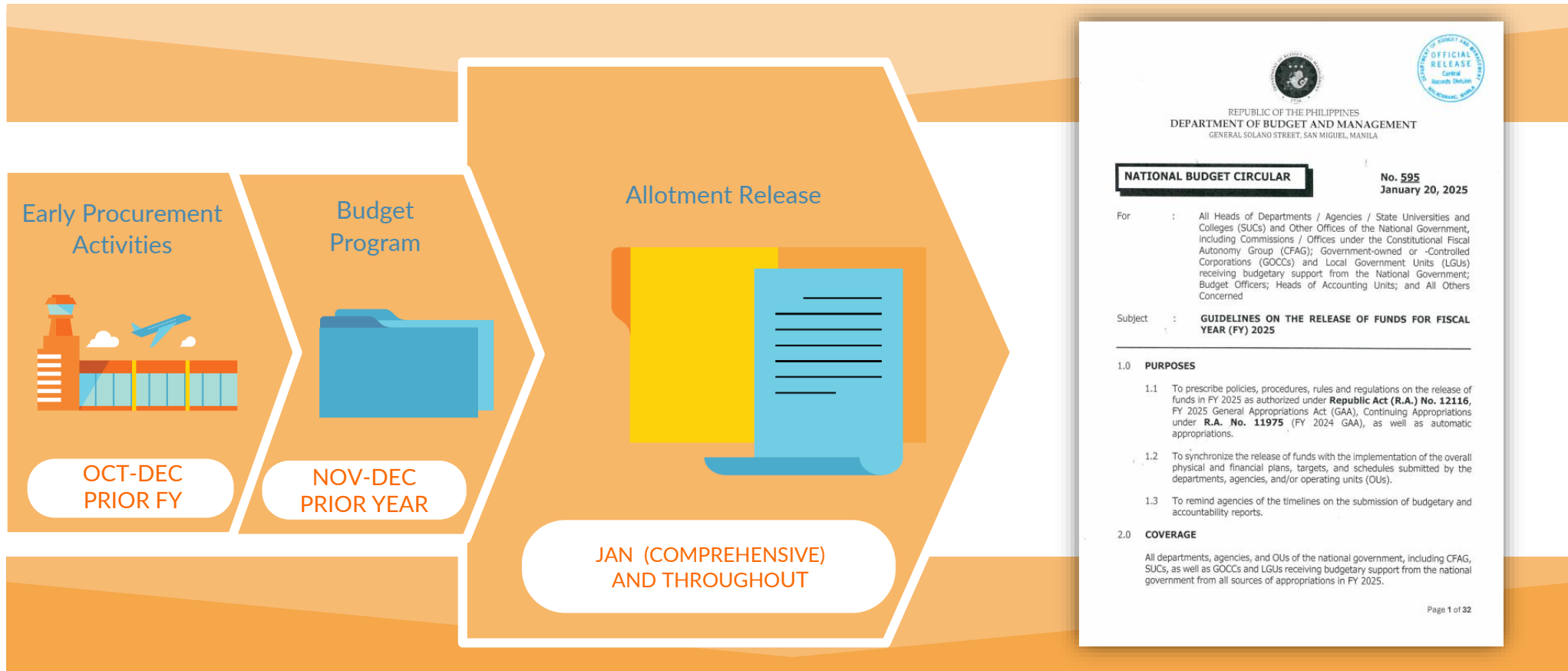
1. Financial Plan (BED No. 1)
2. Physical Plan (BED No. 2)
3. Monthly Disbursement Program (BED No. 3)



# 3. EXECUTION

INPUT

## General Appropriations Act (GAA)



# OBLIGATIONAL AUTHORITIES

## ❑ **General Appropriations Act as Allotment Order (GAAAO)**

For items in the GAA, not requiring compliance to some pre-conditions

## ❑ **General Allotment Release Order (GARO)**

For Retirement and Life Insurance Premium (RLIP)

## ❑ **Special Allotment Release Order (SARO)**

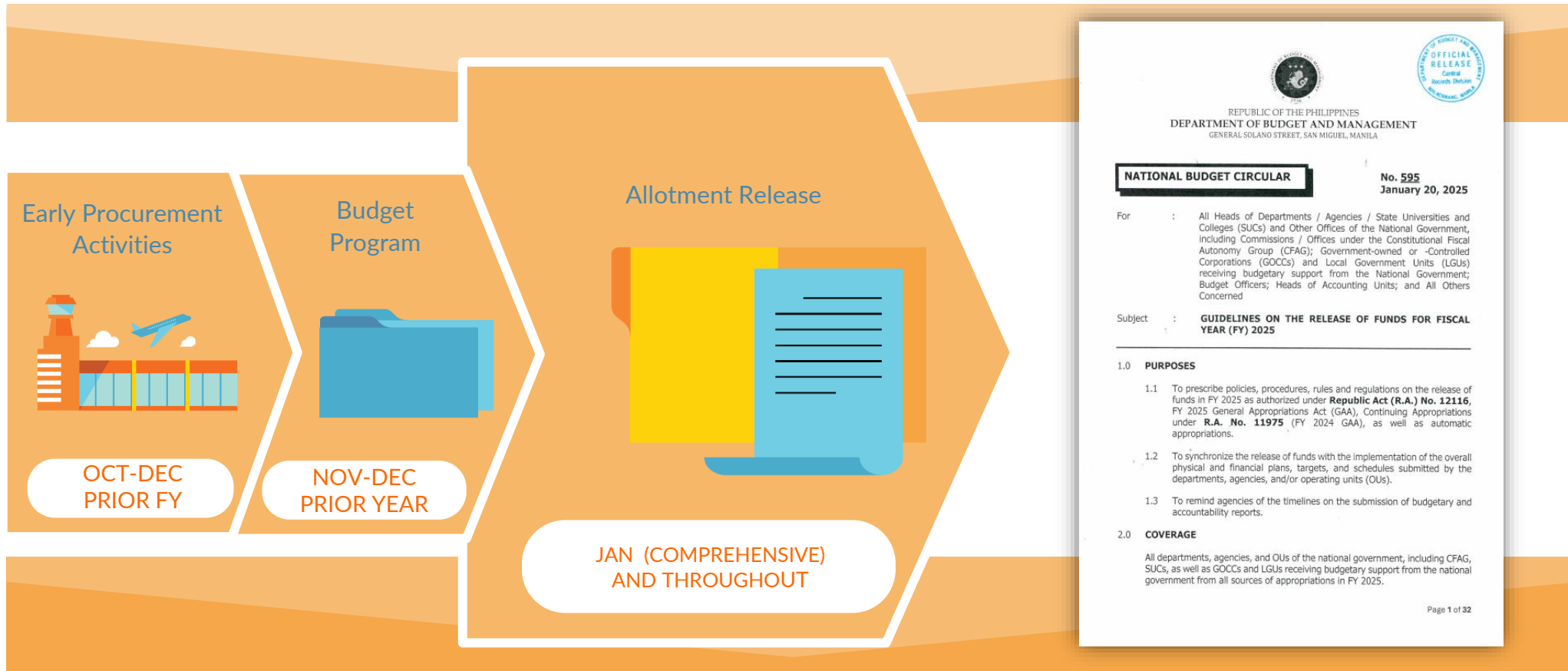
- For budget items in the GAA classified as For Issuance of SARO (FISARO)
- Items under automatic appropriations



# 3. EXECUTION

INPUT

## General Appropriations Act (GAA)



# 3. EXECUTION

INPUT

## General Appropriations Act (GAA)



# 3. EXECUTION

INPUT

## General Appropriations Act (GAA)

PROCESS





# BUDGET ACCOUNTABILITY



# 4. ACCOUNTABILITY

## INPUT

Physical & Financial Plan | Monthly Cash Program | List of Obligations | Annual Procurement Plan | Contracts Awarded

## PROCESS



## OUTPUT

Quarterly Financial Report of Operations (BFARs), Physical Report of Operations (BARs), Agency Performance Review | In-Year Reports  
DBCC Mid-Year Report & Year-End Report | Annual Audit Reports

# 4. ACCOUNTABILITY

## INPUT

Physical & Financial Plan | Monthly Cash Program | List of Obligations | Annual Procurement Plan | Contracts Awarded

In-Year and other Accountability Reports



MONTHLY OR QUARTERLY

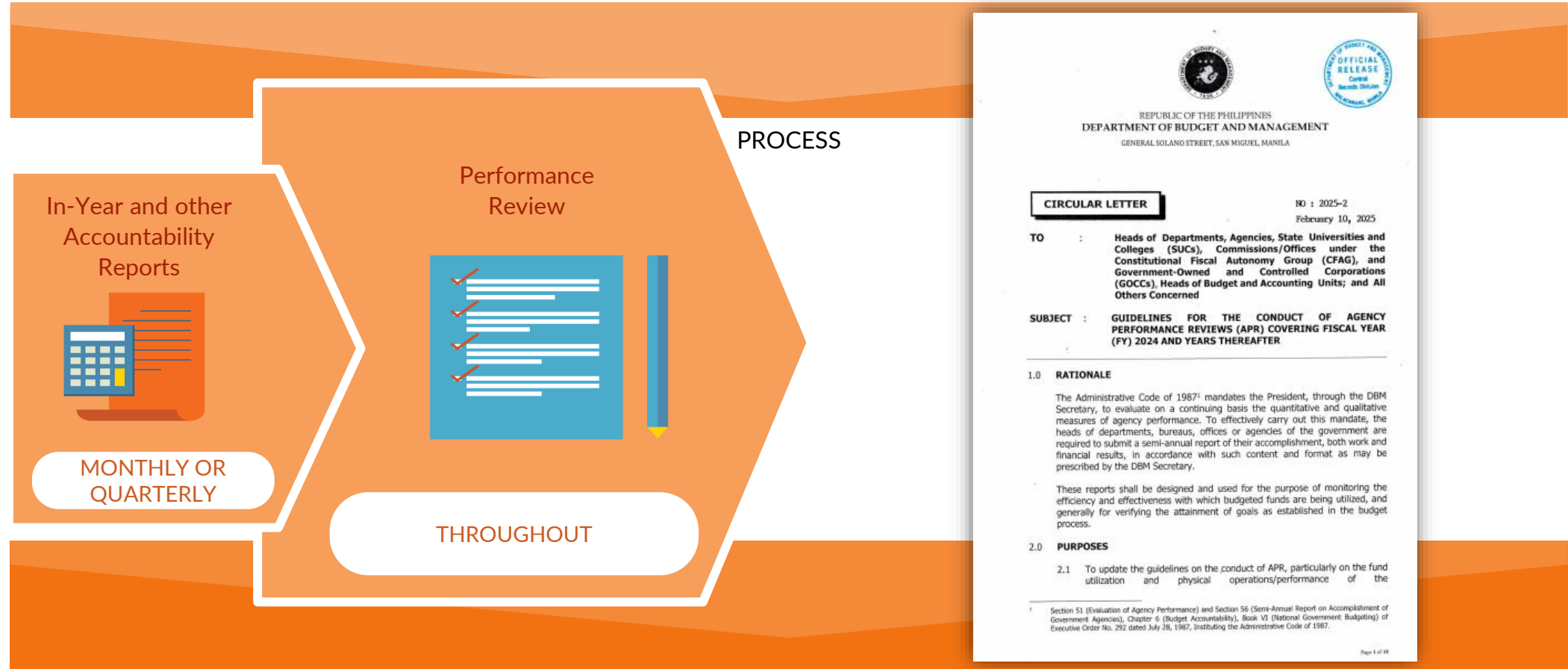
## URS Reports

- **Budget Execution Documents (BEDs)** – contains an agency's targets and plans for the current year
  - **BED1** - Financial Plan
  - **BED2** - Physical Plan
  - **BED3** – Monthly Disbursement Program
- **Financial Accountability Reports (FARs)** - the agencies' actual financial accomplishments/performance for a given period
  - **FAR1**: Statement of Appropriations, Allotments, Obligations, Disbursements, and Balances
  - **FAR1A**: Summary of Appropriations, Allotments, Obligations, Disbursements and Balances by Object of Expenditures
  - **FAR1B** : List of Allotments and Sub-Allotments
  - **FAR2**: Statement of Approved Budget, Utilization, Disbursements, and Balances
  - **FAR2A**: Summary of Approved Budget, Utilization, Disbursements, and Balances by Object of Expenditures
  - **FAR3**: Aging of Due and Demandable Obligations
  - **FAR4**: Monthly Report of Disbursements
  - **FAR5**: Quarterly Report of Revenues and Other Receipt
- **Budget Accountability Report (BAR)** – the agencies' actual physical accomplishments/performance for a given period
  - **BAR1**: Quarterly Physical Report of Operation
- **Summary Performance Monitoring Report (SPMR)** – derived from the BFARs, summarizes the agencies' monthly cumulative absorptive capacity

# 4. ACCOUNTABILITY

## INPUT

Physical & Financial Plan | Monthly Cash Program | List of Obligations | Annual Procurement Plan | Contracts Awarded





## **II. AGENCY PERFORMANCE REVIEW (APR)**

# Legal Basis:

- PD 1177
- Sections 51 and 52, Chapter 6, Book VI of EO No. 292 dated July 28, 1987



# CURRENT APR ISSUANCES

**2018**

**Circular Letter 2018-13  
(November 22, 2018)**

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

**2022**

**Budget Execution Advisory No. 4  
(March 15, 2022)**

Conduct of Agency Performance Review Covering the Period of FY 2021

**Budget Execution Advisory No. 5  
(March 30, 2022)**

Clarification on the Conduct of Agency Performance Review for Decentralized Agencies for the Period of 2021

**2023**

**Budget Execution Advisory No. 5  
(February 22, 2023)**

Conduct of Agency Performance Review Covering the Period of FY 2022



**Institutionalized the conduct of Mid-Year and Year-End APR**



**Prescribed the APR Format covering physical, financial and income performance**



**Combined the Budget Execution Advisory Nos. 4 & 5, s. 2022**



# LEGAL BASIS OF THE ENHANCED AGENCY PERFORMANCE REVIEW

## ➤ **DBM Circular Letter No. 2025-2**

- Provides the conduct of the enhanced Agency Performance Review (APR), particularly on the fund utilization and physical performance of departments/agencies vis-à-vis the plans and targets.
- Amendment of DBM CL No. 2018-13, to include adoption of APR scorecard matrix, SAFPP, etc.

# DBM Circular letter No. 2025-2

## **Purpose:**

- Strengthen accountability
- Support evidence-based decision making
- Strengthen the linkage of the planning and budgeting process
- Collaboration and co-creation of solutions
- Sharing of good practices



# COVERAGE

- All Departments
- Agencies
- State Universities and Colleges (SUCs)
- Constitutional Fiscal Autonomy Group (CFAG)
- Government-Owned and Controlled Corporations (GOCCs)



# Designation of APR Lead

- Rank not lower than an **Undersecretary or Assistant Secretary** or their equivalents, or
- Preferably, the **Chairperson of the Performance Management Team**, shall be designated by the Agency Head



# ROLE OF APR LEAD

- Lead efforts in the linkage of performance;
- Periodically review and assess the efficiency and effectiveness;
- Ensure proper channeling



# Conduct of Annual APR by Agencies

- Data analysis and assessment immediately preceding year;
- Submit Annual APR Tool with the following key features:
  1. Unobligated allotments and unpaid obligations
  2. Comparative year-on-year
  3. Identified gaps



# Conduct of APR Conference

## Objectives:

1. Performance data and assumptions
2. Progress of the implementation of key P/A/Ps
3. Gaps, findings, and action items
4. Good practices



# Mid-Year Self-Assessment Tool and Agency Performance Dialogue

**Self-Assessed Financial and Physical Performance Tool and Conduct of Mid-year Agency Performance Dialogues** with the following objectives:

- **Discuss the mid-term performance** of the department/agency;
- **Identify current constraints** which would affect the efficient implementation of programs, sub-programs and projects;
- **Develop and agree on the catch-up plan** to be implemented by the department/agency for the remaining period of the year;



# GUIDELINES FOR THE CONDUCT OF AGENCY PERFORMANCE REVIEWS (APR) COVERING FISCAL YEAR (FY) 2024 AND YEARS THEREAFTER

## ➤ APR Scoring

<b>Score</b>	<b>Adjectival Rating</b>
5.00	Outstanding
4.00 to 4.99	Very Satisfactory
3.00 to 3.99	Satisfactory
2.00 to 2.99	Unsatisfactory
1.00 to 1.99	Poor performance



**FOR DBM USE ONLY**

Criteria	PERFORMANCE RATING				
	1	2	3	4	5
	Poor 1.00-1.99	Unsatisfactory 2.00-2.99	Satisfactory 3.00-3.99	Very Satisfactory 4.00-4.99	Outstanding 5.00
<b>Financial Performance</b>					
Obligation vs Allotment	Below 50% Obligation BUR	50-69% Obligation BUR	70-79% Obligation BUR	80-89% Obligation BUR	90-100% Obligation BUR
Obligation vs Program	Below 50% Obligation BUR	50-69% Obligation BUR	70-79% Obligation BUR	80-89% Obligation BUR	90-100% Obligation BUR
Disbursement vs Obligation	Below 60% Disbursement BUR	60-79% Disbursement BUR	80-89% Disbursement BUR	90-94% Disbursement BUR	95-100% Disbursement BUR
Disbursement vs Program	Below 60% Disbursement BUR	60-79% Disbursement BUR	80-89% Disbursement BUR	90-94% Disbursement BUR	95-100% Disbursement BUR
Results vs Previous/ Comparable Year/s	Below 70% of previous/ comparable year's accomplishment	71-80% of previous/ comparable year's accomplishment	81-89% of previous/ comparable year's accomplishment	90-94% of previous/ comparable year's accomplishment	95-100% of previous/ comparable year's accomplishment
<b>Physical Performance</b>					
Results vs Plan	Met less than 80% of PIs of the agreed annual performance targets; deficiencies due to controllable factors	Met less than 80% of PIs of the agreed annual performance targets; deficiencies due to uncontrollable factors	Met at least 80% of PIs of the agreed annual performance targets; deficiencies due to controllable factors	Met at least 80% of PIs of the agreed annual performance targets; deficiencies due to uncontrollable factors	Met all agreed annual performance targets
Results vs Previous/ Comparable Year/s	Below 70% of previous/ comparable/ year's accomplishment	71-80% of previous/ comparable year's accomplishment	81-89% of previous/ comparable year's accomplishment	90-94% of previous/ comparable year's accomplishment	95-100% of previous/ comparable year's accomplishment
<b>Timeliness of Reports/ Data Submissions</b>	Below 70% of all required documents submitted on time	71-80% of all required documents submitted on time	81-89% of all required documents submitted on time	90-94% of all required documents submitted on time	95-100% of all required documents submitted on time

# Recalibrated APR Timelines

Period	Activities
January 30	Submission of the fourth quarter BFARs of the immediately preceding year
February 28	Submission of consolidated Annual APR by the Central Office of big regionalized/decentralized departments/agencies to the DBM Central Office.
First week to third week of March	Conduct of APR Conferences between the department/agency and the DBM
April 15	Issuance of Annual APR evaluated by the DBM Central Office for big/regionalized departments/agencies.



# Recalibrated APR Timelines

Period	Activities
July 30	Submission of Second Quarter BFARs of the current year
August 20	Submission of Mid-year SAFPP Tool covering January to June of the current year for big/regionalized departments/agencies as consolidated by the respective Central Offices.
Second to Fourth Week of August	Conduct of MYPD for selected departments/agencies



# APR RESULTS

- Recognition System to start in FY 2026
- Sanctions: Section 57, Chapter 6, Book VI of EO 292



# BUDGET CYCLE





**Thank you!**