

DENR ADMINISTRATIVE ORDER
NO. 15

**SUBJECT: Prescribing Guidelines in the Evaluation of Performance of
All Programs and Projects of the Department.**

- 1.0 *Rationale.* In order to ensure that the objectives of the Department and the goals and targets set for the different programs and projects are being met, guidelines in the evaluation of the performance of all operating unit is hereby adopted.
- 2.0 *Purpose of Performance Evaluation.*
 - 2.1 To ensure that goals and targets are achieved;
 - 2.2 To measure the efficiency and effectiveness of the different operating units;
 - 2.3 To provide recognition and bestow awards to outstanding achievers; and
 - 2.4 To identify problems in the implementation of program/projects and provide possible solutions.
- 3.0 *Scope.* This Guideline shall apply to all programs/projects of operating units of the Department including the Staff Bureaus and Regional Offices among others.
- 4.0 *Basis of Evaluation.* Evaluation of programs/projects and other activities of the Department shall be based on two major criteria: physical accomplishment and financial utilization.
 - 4.1 Physical Accomplishment refers to the quantity of output of a certain task or activity for a specified period of time. This output is measured against a set standard which is the goal.
 - 4.2 Financial utilization refers to the amount of money spent in the achievement of certain outputs during a prescribed period as compared to the specified amount to be spent.

Managerial and operational efficiency of the individual program/project/activity shall be evaluated by measuring the conversion of inputs into outputs. This is best illustrated by correlating physical accomplishment and financial utilization and may be expressed as Performance Efficiency Ratio (PER). Thus,

$$\text{PER} = \frac{\% \text{ physical accomplishment}}{\% \text{ financial utilization}}$$

The physical and financial performances are further evaluated by using weights (**w**) to come up with an overall project accomplishment and to determine the proportionate contribution of each component activity to the program project as a whole.

The relative weight of each component is computed by taking the ratio of the cost of each component to the total project cost.

For each component activity compute for the following:

$$w_1 = \frac{\text{amt. released for activity 1}}{\text{total amount released}}$$

$$\text{Weighted Physical Accomplishment (WPA)} = \text{Acc/Goal} \times w \times 100$$

$$\text{Weighted Financial Utilization (WFU)} = \text{Exp/Amt. Released} \times w \times 100$$

$$\text{Overall Performance Efficiency Ratio} = \frac{\text{Total WPA}}{\text{Total WFU}}$$

5.0 *Performance Standards.*

Category	Description	Recommended Action
1. Low-Low	Performance shall be under category 1 when the FU is less than 0.90 and PA is less than 0.90. For this category, PER need not be computed.	Evaluation as to the possible causes of low FU and low PA
2. High-Low	Performance shall be under category 2 when the FU is 0.90 and above and the PA is below 0.90. For this category, PER need not be computed.	Management audit shall be undertaken to determine possible causes of over-spending.
3. High-High	Performance shall be under this category when the FU and the PA are 0.90 and above provided however, that PER is not more than 1.25.	Outright commendation/award.

4. **Low-High** Performance shall be under this category when the FU is less than 0.90, or equal to or more than 0.90 while PA is 0.90 and above provided however, that PER is more than 1.25. Process evaluation shall be undertaken to review the systems/procedures adopted which may be contributed to the efficiency. If proven that these systems were the causes of the efficiency then a special citation shall be given.

6.0 *Procedure*

- 6.1 Compile consolidated financial and physical report of operating units.
- 6.2 Validate reported figures.
- 6.3 Compute for Financial Utilization (FU), Physical Accomplishment and Performance Efficiency Ratio (PER).
- 6.4 Match results with standards/criteria.

7.0 ----- Evaluation shall be performed at least once a year.

8.0 *Effectivity.* This shall take effect starting with the accomplishment for calendar year 1988.

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Secretary

Signed on February 24, 1989