

# **[ LETTER OF INSTRUCTIONS NO. 505, February 03, 1977 ]**

## **RELATIVE TO THE IMPROVEMENT OF WORK MEASUREMENT UNITS FOR PERFORMANCE BUDGETING**

TO: All Heads of Departments, Bureaus, Offices and Agencies  
The Acting Commissioner of the Budget

WHEREAS, the development of a performance budget depends upon the identification of proper units of work measurement and the determination of standard unit costs applicable to each unit of work;

WHEREAS, the units of work measurement presently reflected in the national budget were developed at the time performance budgeting was first introduced and have since remained essentially unchanged;

WHEREAS, a systematic review of work measurement units is necessary, the better to make the national budget an effective instrument for national development;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, do hereby order and direct the following measures to improve upon the measurement of work accomplishment under each budgetary program, project or activity:

1. The units of work measurement being used to report on the performance of agency programs and projects shall be reviewed by the National Accounting Office (NAO) of the Budget Commission, which shall recommend on possible improvements for inclusion in the annual budgets of the national government.
2. Standard costs shall be developed by the NAO to accompany the study of work measurement units, for each approved unit of work measurement, on the basis of agency-financial performance and other information on agency-activities. These standard costs shall be compared with actual costs in accordance with such cost accounting specifications, guidelines and procedures as may be approved under the Revised Budget Act (as amended).
3. All Heads, Chief Accountants, and other officials of Departments, Bureaus, Offices and Agencies shall extend full cooperation and shall make available such information on agency operations, both physical and financial performance, so as to allow the expeditious completion of this task and the incorporation of results beginning with the 1978 budget.
4. An Advisory Board shall be organized to guide this activity, to consist of the Chiefs of the Financial and Management Service of all Departments and such other officials as may be designated by the Commissioner of the Budget.
5. Reporting forms and procedures and such other activities needed to determine and monitor unit costs shall be devised in accordance with the procedures established under the Revised Budget Act (as amended).
6. The assistance of Certified Public Accountants and other qualified technical personnel in the government service may be called upon by the NAO in this undertaking.

Done in the City of Manila, this 3rd day of February, in the year of Our Lord, nineteen hundred and seventy-seven.