Discussions around Department-wide Performance Evaluation

Roger

September 2019
Foreword:

There is a Chinese idiom that goes as “If you see a leopard spot, it is equivalent to seeing a leopard”. The metaphor tells that if you observe some partial evidence of a matter, it may help you envisage the whole picture.

The other explanation of the same idiom goes “If we look at the leopard from a bamboo tube, we can only see the leopard's spots”.

This idiom can also explain project performance evaluation and department-wide expenditure performance evaluation.

The high performance of a single project indicates to a certain extent that the department has a certain foundation for performance management, but it does not mean that the overall expenditure performance of the department is necessarily high.

At the same time, if we lack a scientific approach to evaluating the department-wide performance, then the evaluation results will not be objective and complete.
The main line of budget performance management in China in recent years

From micro performance performance to macro performance performance, from project performance to department-wide performance, from department-wide performance to government performance.

The higher the management level, the higher requirements management demands, the more difficult management becomes and the greater value management generates.
In September 2018, the central government put forward the requirements of “all-encompassing” performance management, and made the department-wide and organization-wide budget performance management an integral part of performance management.

It is proposed that “with considerations around the departmental and entity responsibilities, industrial development planning and annual priorities, a holistic approach needs to be taken to manage the budgetary resources with all the available funds, assets and business activities included. It is important to measure the effects of the department-wide and organization-wide performance and of the core business from multiple perspectives including the operating costs, management efficiency, performance, social effects, as well as the competence to achieve sustainability and the public satisfaction."
公共资金
资产资源

资金：当年安排和上年结转、节余

资产：存量和增量

人员：编制、实际、结构

部门整体支出绩效

部门职责
机构设置

部门目标计划

投入管理
产出目标
效果和满意度

制度和措施保障

日常管理
重点项目
重大政策

履职内容要求

部门整体支出绩效

Schematic diagram of departmental overall expenditure performance relationship
The department-wide expenditure performance is reflective of the reasonable demand the “responsibilities” have for “resources” as well as the security the “resources” can provide to perform the “responsibilities”.

When the two are relatively balanced with each other, then we can say that the relative ideal state of performance is achieved.

The performance we are talking about at this stage is the achievable performance within our financially viable capacity.
I. The significance of department-wide expenditure performance evaluation

1. Promote the department to perform its duties better

2. Promote the department to improve its overall management level and ability

3. Promote the fund use efficiency of the overall budget

4. Promote the government to improve the quality of transformation
Second, the practices of department-wide expenditure performance evaluation

1. The scope of pilot:
   Since 2015, Shanghai has carried out pilot evaluation of department-wide expenditure performance.
   In the past five years, more than 30 municipal budget departments and units (including the Development and Reform Commission, the State-owned Assets Supervision and Administration Commission, the Planning and Natural Resources Bureau and other departments with ample funding resources and multi-functions, as well as employment promotion centers, archives bureaus, libraries, memorials and other departments with moderate resource scales and limited functions.)
Second, the practices of department-wide expenditure performance evaluation

2. the results achieved

   First, it promoted the departments to embrace the performance concept

   Second, such evaluation promoted the departments to improve their management systems and institutions

   Third, it promoted the departments to integrate project funding resources.

   Fourth, it reflects the department-wide performance.
Third, the difficulties in the department-wide evaluation.

1. Weak foundation in performance target management
   (1) The overall performance targets are set without sufficient evidence
   (2) The performance indicators are not authoritative and fair enough.
   (3) The process of determining the performance standards is not scientific enough.
   (4) The performance indicators and departmental duties are not binding enough
Third, the difficulties in the department-wide evaluation.

2. The performance evaluation indicator system needs improving.
   First, there is a disconnect between the performance targets and the evaluation indicators.
   Second, the indicator system development and maintenance mechanism needs to be improved (who builds, who audits, who uses, who manages, who supervises)
   Third, the rationality of the overall evaluation indicator structure needs to be improved (that is, the relationship between the evaluation dimensions (results orientation, behavior orientation, results plus behavior orientation))
Third, the difficulties in the department-wide evaluation.

3. To determine top-down performance relevance is difficult

First, the degree of familiarity of the evaluation party with the department is affected by various factors (time, evaluation ability);

Second, the relevance of performance is constrained by the long-term benefit uncertainty of the department (it seems to be irrelevant, but it is actually relevant) (how to judge the staged effects is very important)
Third, the difficulties in the department-wide evaluation.

4, resource allocation effectiveness

When carrying out the department-wide expenditure performance management, it is necessary to assess whether the quantity of resources and structure of resource allocation are reasonable, whether they can effectively guarantee the completion of the department’s work plan, and ensure the effective performance of departmental functions.

Promoting the management of “public goods warehouses” is an important measure to strengthen the overall performance of the department. Assets and capital should be equally important to public finances.
Fourth, several aspects of department-wide expenditure performance evaluation are worthy of our due attention.

1. Establish systems and mechanisms:

First, the financial department should formulate measures for the department-wide performance, and clarify the responsibilities and management requirements of all parties.

Second, the budget department establishes and improves the management structure of the budget department (unit), including the department level and subordinate budget units.
Fourth, several aspects of department-wide expenditure performance evaluation are worthy of our due attention.

2. Evaluation recipient and scope:
   (1) Recipient: The department will be evaluated and its subordinate units will be evaluated on the piloting basis.
   (2) Scope: The public financial resources allocated to, used and managed by the department for the performance of their duties, including their own financial funds closely related to departmental functions.
   (3) Actively explore to include the revenue into the budgetary performance management system at the pilot departments (units), so that the budget revenues and expenditures are fully integrated into the performance management, and can comprehensively reflect the performance of the complete capital chain including the revenues and expenditures of the departments (units).
Fourth, several aspects of department-wide expenditure performance evaluation

3. Optimize the evaluation forms:

(1) To be self-evaluated, it is necessary to implement the main responsibility of the department (unit) budget performance management and establish a responsibility and restraint mechanism.

(2) Organize key evaluations according to management needs (the department evaluating the unit, finance department evaluating units)
Fourth, several aspects of department-wide expenditure performance evaluation

4. Information application:

Use big data of public finance Government service platform to share information
Vertical and horizontal comparison of performance
Improve the authenticity of evaluation data and improve evaluation efficiency
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Overall expenditure performance target management

1. Basic information
2. Objectives and main tasks
3. Annual performance target

部门整体绩效目标申报

基本信息
部门（单位）名称：
下属预算单位个数：

目标与主要任务
所属部门：

申报年度

年度绩效指标
年度绩效指标

部门职责：
Overall expenditure performance target review interface
Fourth, several aspects of overall expenditure performance evaluation

5. Set evaluation indicators: including “input management indicators”, “output indicators”, “performance indicators”, “satisfaction indicators”

Among them: input management objectives: including “budget review and management, budget execution management, department transfer balance fund management, treasury management, budget performance management, open budget management, financial supervision and management, government procurement management, asset management.”

These are the focus of fiscal management and the focus of fiscal reform in recent years. Input and management requirements are static in the short term and dynamic in the long run.
Combine the results of the departmental assessment with the “input and management” indicators in the overall evaluation, mainly considering:

(1) Avoid the “disconnect” phenomenon between independent work evaluation and performance evaluation.

(2) Paying close attention to the implementation of fiscal reform and management, and promoting the foundation of budget performance management.

(3) Uniformly stipulate input and management indicators, and further avoid the inconsistent evaluation criteria.
5. Implement the application of results and achieve closed-loop management of performance.

(1) Linking departmental budget expenditure performance to departmental budgetary arrangements

(2) and included in the work assessment of the department head

(3) Reporting system, the unit reports to the competent department, and the department reports to the government.
Thank you