

ABSTRACT

The package of modifications introduced under MBS is an attempt to rationalise the existing PPBS in Malaysia. It is a reaction to the inability of the budget process to link the resources with the performance. Therefore the new system is in many ways a significant departure from the traditional approach since the emphasis now lies on output measurement and accountability rather than input oriented. The implications for public financial managers are that they are now required to be accountable for the performance and impact of their programs/services via a set of new budgetary mechanisms. The study undertaken seeks to explore the views of public managers who are in one way or another involved in the operationalisation of the budget.

Th results show that the new system, built upon the existing PPBS, have been very encouraging and majority are receptive towards the reforms. The reforms have enabled managers to manage since they have been given the requisite flexibility/authority through a generous devolution of authority from the Treasury. However, the majority of the rationalisation of control did not proceed beyond the boundaries of the ministries/agencies. In other words, states, districts and institution managers are still been made dependent upon ministry/agency for movement of funds. This current status goes against one of the fundamental principles of MBS which is that managers nearest to where outputs are produced should be given as much flexibility as possible.

MBS did significantly increase the efficiency and effectiveness of the management of Government programs as evident from the feedback. Many are of the opinion that with MBS programs can be implemented with greater ease and transparency since they are now accountable for performance. Therefore with MBS there is greater responsibility and accountability among managers and as a result there is better budgetary control with regards to the management of programs.