
THE
MODIFIED BUDGETING SYSTEM
(WITH SPECIAL EMPHASIS ON THE MINISTRY OF HEALTH)

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ABSTRACTS

The main objective of this project paper is to highlight the concept and the practical approach of the Modified Budgeting System in the pilot ministries, which have been selected by the Governemnt to use the system as their main budgeting tool.

The second objective is to examine the behavioral aspects of budgeting in the Government sector and the impact of the budgeting system on the actual users in carrying out their duties and responsibilities.

The study will be made, with special emphasis on the Ministry of Health and Hospital Besar Tengku Ampuan Rahimah, Klang, Selangor respectively. The choice of study for the aforesaid agencies are made because of their current involvement in the Modified Budgeting System.

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CHAPTER I

INTRODUCTION

The economic recession in the early 1980s has caused most organisation, both in public as well as in private sectors, to look closely at their efforts in managing and controlling the cost, as well as in undertaking measures to improve the organisation's performance. Thus, it is not surprising that several new management approaches, with various controlling systems and performance evaluation techniques, have been devised.

However, in most organisation, eventhough performance evaluation and cost reduction have always been their main controlling mechanisms, but in practise, they tend to use them as a one series of "one-off" exercises, instead of practising them in a more flexible and continuous manner.

In Malaysia, for instance, the control and accountability mechanisms have focussed more on the issues of fiduciary compliance and accountability rather than the efficiency and effectiveness of programmes deliveries. Most of the Government agencies rely too much on the ex ante controls (e.g. detailed line-item controls, pre-authorisations required for many types of