



BUDGET REVIEW GUIDE



STATE FINANCIAL SECRETARY'S OFFICE
SARAWAK

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Abbreviations

CO	Controlling Officer
BRO	Budget Review Officers
CTA	Causal Tree Analysis
DSS	Decision Support System
SBC	State Budget Committee
BRG	Budget Review Guide
EPU	Economic Planning Unit Sarawak
GLCs	Government-Linked Companies
HRDMU	Human Resource Development and Management Unit
HODs	Heads of Departments
IDP	Integrated Development Planning
IRBM	Integrated Results Based Management
IRF	Inaugural Results Framework
M&E	Monitoring and Evaluation
MBS	Modified Budgeting System
MDA	Ministries, Departments and Agencies
MIS	Management Information System
MSP	Ministry Strategic Performance Plan
MSPC	Ministry Strategic Performance Committee
OHA	Outcome Hierarchy Analysis
PFM	Public Financial Management
PCDS 2030	Post Covid-19 Development Strategy 2030
PPBS	Program Performance Budgeting System
PPS	Personnel Performance System
PSPP	Program Strategic Performance Plan
ProLL	Program Logic and Linkages
PTA	Problem Tree Analysis
PTF	Program Task Force
RBB	Results-Based Budgeting
RBM	Results-Based Management
SBC	State Budget Committee
SC	Steering Committee
SFSO	State Financial Secretary's Office
SFS	State Financial Secretary
GS	Government of Sarawak
SIMU	Sarawak Implementation Monitoring Unit
SOEs	State-Owned Enterprises
SPP	Strategic Performance Plan
SPR	Strategic Performance Report

SPU	Strategic Performance Update
RBBTG	Results-Based Budgeting Technical Guidelines
TC	Technical Committee
ToT	Training of Trainers
WB	World Bank
WBT	World Bank Team
WoG	Whole-of-Government
ZBB	Zero Based Budgeting

1.0 Purpose of this Document

This document was prepared by the World Bank Team (WBT) as part of its Training Program and Guide for those involved with the Budget Review Process, primarily those involved in the State Budget Committee (SBC) set up under the Results-Based Budgeting (RBB) System. It is limited to guiding the members of the SBC on the budget review process only.

This Budget Review Guide (BRG) is developed to be used as a basic reference tool when performing the budget review function within the budgetary cycle under RBB. The BRG highlights the critical points that should be considered and analysed throughout the budget review process. The BRG also serves as a means of laying down a consistent basis for reviewing the budget and preserving the integrity of the budget review process under the RBB system.

The BRG makes references to many terms and terminologies commonly used in RBB and it must **be read together with the RBB Technical Guidelines (RBB TG)**, as referenced in this Guide. It will also serve as a valuable resource for all officials across central agencies to better understand the technicalities and causal factors in the RBB Results Framework.

2.0 Contents and Structure of this Document

The training for Budget Review Officers was designed as an introduction to the review process in a performance environment for all members of the SBC. The overall roles and responsibilities of the Budget Review Officers (BROs) will be covered briefly to contextualise the budget cycle, starting with the Medium-Term Fiscal Framework (MTFF)¹, which will guide the Annual Budget Circular. This review guide will focus primarily on guiding the SBC on what to look for and examine when reviewing the Ministry and Programs budget submission under RBB. It covers the following Modules:

Module 1: Overview and Introduction

Module 2: The Budget Review Process

¹ The MTFF is part of the reform program which is under development. In the interim period, the Budget Circular will be guided by the provisions Malaysia Plan and the PCDS

3.0 Who Should Use this Budget Review Guide?

3.1 Preamble on the Transition to RBB

While the current review process and practices are sufficient to cater for the current budget examination cycle and methodology, they are inadequate for budget review in a performance and results-based environment. The focus of the budget review will move from input appropriation and utilisation to results achievement, aggregate controls and accountability. The transition to a results-focused budget review will entail some changes to the budget processes. As such, the BRG will focus primarily on the strategic review of the MSPP and PSPP submissions under an RBB approach and the adjustments to the review process and budget cycle issues. The BRG will be applicable for a results-based budget review process and practice that involves the Budget Division (SFSO) and the SBC. It will continue to be relevant should the stakeholders make any changes to the budget review processes.

The BRG is prepared primarily for use by the BROs at the Budget Division (SFSO) who will validate the information submitted by the Ministries, Departments and Agencies (MDAs). The functions of the BROs at the Budget Division (SFSO) under the Results-Based Budgeting System are vital for the successful implementation of RBB. They will prepare yearly guidelines, examining the submissions, assisting with monitoring the operations and guiding evidence-based decision-making.

The State Budget Committee (SBC), made up of officials from the State Financial Secretary's Office (SFSO), Economic Planning Unit Sarawak (EPU), Sarawak Implementation Monitoring Unit (SIMU), Human Resource Development and Management Unit (HRDMU), Land and Survey Department and the Administration Unit (UP) under the Department of Premier of Sarawak, will also undertake the review process guided by the BRG.

4.0 Brief Overview of the Budget Review Process

4.1 Background

The traditional budget review process focuses primarily on Financial Resources and their utilisation. It is expenditure-driven, focusing on the line-item entries, the quantum and their utilisation. Subsequently, under the Program Performance Budgeting System (PPBS) and the Modified Budgeting System (MBS), the budget focus was shifted to activity and output completion using the allocated resources. There was also little or no focus on the integration of roles and functions among and between contributing programs working in the same thematic areas.

The RBB is a key component of the broader Integrated Results-Based Management (IRBM) approach, which focuses on substantive results from operations across the government. The IRBM system is consistent with the principles of the global Managing for Development Results (MfDR) initiative endorsed and supported by all major donor agencies and development partners, including the World Bank and the United Nations.

Under the Results-Based Budgeting (RBB) System, which is a key component of the IRBM system, the primary focus is on the achievement of specific outcomes and outputs by each MDA, which contributes to specific priority areas. Budgets under this approach will only be reviewed in aggregate terms towards achieving specified results and not in line items. The focus will be on two distinct result levels, the outcomes and outputs, their planned targets and holding managers accountable for those results through the use of the allocated resources, both financial and non-financial.

4.2 Budget Review in a Performance Environment

The budget review process in RBB will be guided primarily by the use of program logic, specifically the Program Logic & Linkages (ProLL) Model². (See the schema of the ProLL Model in **Appendix 1**). The review process will cover the key components of the Program Logic and Linkages (ProLL) Model as shown below:

Demand Analysis: Deals with the systematic identification of key Stakeholders/Beneficiaries and Clients of a Ministry and its Programs. The Ministries or Programs will have to explain the dynamic relationship and relevance of their key stakeholders, beneficiaries and clients. This will be followed by a review of the relevance of the problems and/or needs of the entities in the various categories above.

Program Results: There are two levels of results mandated under the RBB system, Preliminary Outcomes and Program Outputs. This component is used to establish the logical relationship and relevance between the preliminary Outcomes and Program Outputs of the Ministry and/or Program. The outcomes and outputs here are logically linked to the problems and/or needs established under the first Demand Analysis component. This is the core of the results that are the focus of the RBB system. The preliminary outcomes and program outputs define the purpose-in-life of the Ministry and/or Programs under it. They essentially determine the mandated accountability for the

² The ProLL is a special logic model developed by Arunaselam Rasappan in 1992 for strategic results-based management and introduced under the Malaysian MBS budgeting system for all Ministries. It is the backbone of strategic planning and results management under the IRBM system and is widely used in many countries as a mandatory strategic results management tool.

delivery of results by the MDAs given a definitive pool of financial and non-financial resources during a typical financial year.

Strategies and Outputs: All outcomes planned to be achieved, have to be guided by a set of strategies being put in place to achieve them. The strategies are time bound and determine what kinds of program outputs must be produced by the program to achieve the desired outcomes. Each outcome and program output must then determine the indicators and targets to be achieved during the budget year. To ensure the practicality of performance expectations and delivery, the RBB system requires the establishment of Variances and Tolerances for the performance indicators.

Program Delivery: Once the relevant Program Outputs have been identified, the lower level contributing outputs and activities under them will be established to ensure that it is the best and most cost-effective option in delivering the outputs. The budget review of the component itself will be viewed in aggregate terms. The outputs here also include any capital project needed to support the program delivery and outcomes achievement. This component addresses the financial and non-financial resources needed to produce the outputs that will subsequently produce the desired outcomes.

Performance Review: The Performance review will provide important information on the execution and management of the strategies and the efficacy of the results delivery. The periodic information and review will support the reallocation of resources within the budget year to optimise resource utilisation.

4.3 Overall Submission

The Ministry will submit the MSPP and/or the PSPPs that contain the Results Framework, Monitoring Framework and Resource Requirements. This will be complemented by the Cash-Flow Projections and Procurement Plan for the budget year.

5.0 Module 1: Overview and Introduction

5.1 Introduction

The Results-Based Budgeting (RBB) system is a key component that is linked to the Outcome-Based Approach to development planning. The focus on Outcomes in strategic planning is grounded in the philosophy of development planning that focuses on delivering State and Sector level Priorities.

In alignment with the focus on state and sector-level priorities, the Government of Sarawak (GS) has emphasized Outcomes in its planning for the Post COVID-19 Development Strategy (PCDS) 2030. Within the six economic sectors and seven enablers, outcomes have been identified that will contribute to the state's seven Thrust Areas.

The state-level priorities, drawn from the prevailing Malaysian Plan (MP) and through extensive stakeholder consultation, will guide the development of ministry-level priorities. Unlike the traditional approach to budgeting that focuses on input utilisation and activity completion, RBB is a management tool focused on achieving results and managing the performance of ministries and programs at the aggregate level to optimize resource utilization and enhance service and program delivery.



Figure 1: Transformation levers

The shift towards a stronger focus on outcomes involves a program-based integrated budgeting system, systematic vertical alignment of policy priorities to implementation levels, management of cross-cutting initiatives and shared outcomes, enhanced

accountability and empowerment, and a robust monitoring and evaluation system to tie all these components together. The adoption of RBB at the State Level is a component of the broader Integrated Results-Based Management (IRBM) System (details of the IRBM system are in the RBBTG). The IRBM Model comprises 5 key interrelated functions. These functions are:

- a. Integrated Development Planning,
- b. Results-Based Budgeting,
- c. Personal Performance System,
- d. Monitoring & Evaluation and
- e. Management Information & Decision Support System

These 5 integrated core functions in IRBM will drive the six key transformation levers shown in [Figure 1](#).

At the State and Sector levels, the policy priorities outlined in PCDS 2030 will be systematically cascaded down to the ministry level using program logic and related management tools. Guided by state priorities and strategies, Ministries will identify their respective outcomes and strategies. Ministries will identify the Programs under them that will implement these strategies to achieve the ministry's and programs' outcomes through a series of outputs. The programs here will be intervention-focused, rather than the institutional programs currently in place. A schema of the cascading process of the state-level priorities down to the implementation levels (Ministry and Program) can be seen in [Figure 2](#) below.

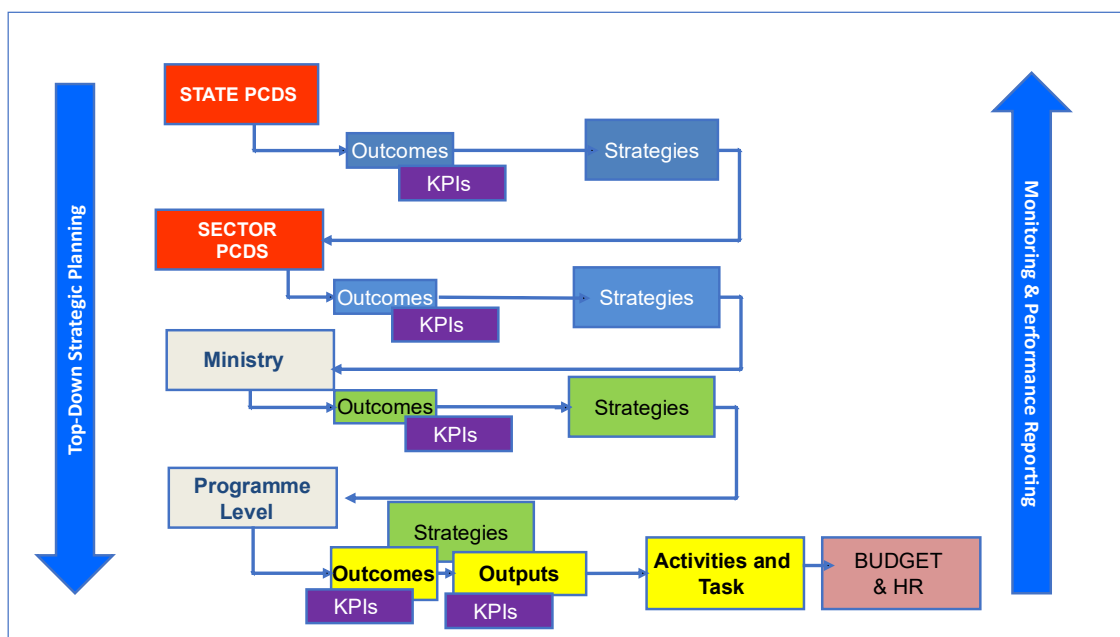


Figure 2: Schema of the Cascading of State-Level Priorities to Implementation Levels

Outputs, the goods and services delivered at the program level, are key to the achievement of outcomes at the program level that contribute to the ministry outcomes and eventually to the state-level results. The Outputs and Outcomes are measured using a series of Key Performance Indicators (KPIs).

The cascading of state priorities to implementation levels is done through the use of the ProLL Logic Model and related tools³ that requires extensive stakeholder consultation and engagement. The next few chapters will elaborate on the use of the logic model in the budget review process. A proper understanding of the workings of the logic model and the principles related to the cascading of state priorities to implementation levels is vital for undertaking the budget review process.

5.2 Institutional Setup to Implement RBB

As part of its PFM reform program, the transition to RBB was planned as a Whole-of-Government (WoG) initiative that necessitates collaboration and coordination among key Central Agencies with Line Ministries, Departments and Agencies (MDAs). To facilitate these dynamics inter-relationships and interactions, three state-level committees have been established to oversee the implementation and continuous improvement of the RBB system and at the implementation level to manage the performance of ministries. At the state level the transition will be driven and supported at the policy and technical levels by 3 committees while at the implementation levels, it will be driven by 2 committees. The three state-level committees, according to their functions, are:

- I. PFM Steering Committee (SC)
- II. PFM Technical Committee (TC)
- III. State Budget Committee (SBC)

The PFM Steering Committee (SC) and PFM Technical Committee (TC) have been established to provide policy and technical guidance to the implementing entities. All committees report directly to the SFSO. The PFM SC is chaired by the State Financial Secretary (SFS), with members from central agencies and selected ministries.

The PFM TC is chaired by the Deputy SFS, comprising members from central agencies and other experts who provide technical input. Details of the membership and Terms of References (TOR) of the PFM SC and PFM TC are in the RBBTG. The SBC is a key component in the budget approval process in the current budget review process. It will continue to play a vital role albeit at an enhanced level, in the budget review process under RBB.

³ Problem Tree Analysis, Outcomes Hierarchy Analysis

Additionally, two committees will be set up at the implementation level. These committees are as follows:

- I. Ministry Strategic Performance Committee (MSPC), and
- II. The Program Taskforce (PTF).

The MSPC is chaired by the Permanent Secretary and its members are made up of the Program Heads and heads of the core ministry activities. The PTF will be chaired by the Program Head and members made up of the Sub-Program Heads (Activities). The selected RBB Champions, Focal Persons and Trainers at the ministries and programs are also members of the respective committees. These two committees will be responsible for the execution of RBB at the implementation level, guided by the policies and technical inputs provided by the PFM SC and PFM TC.

5.3 The Budget Cycle

The current Budget Cycle starts in May of the Fiscal Year with the issuance of the Budget Circular. Ministries will go into preparation mode and submit the budget online to SFSO by June/July.

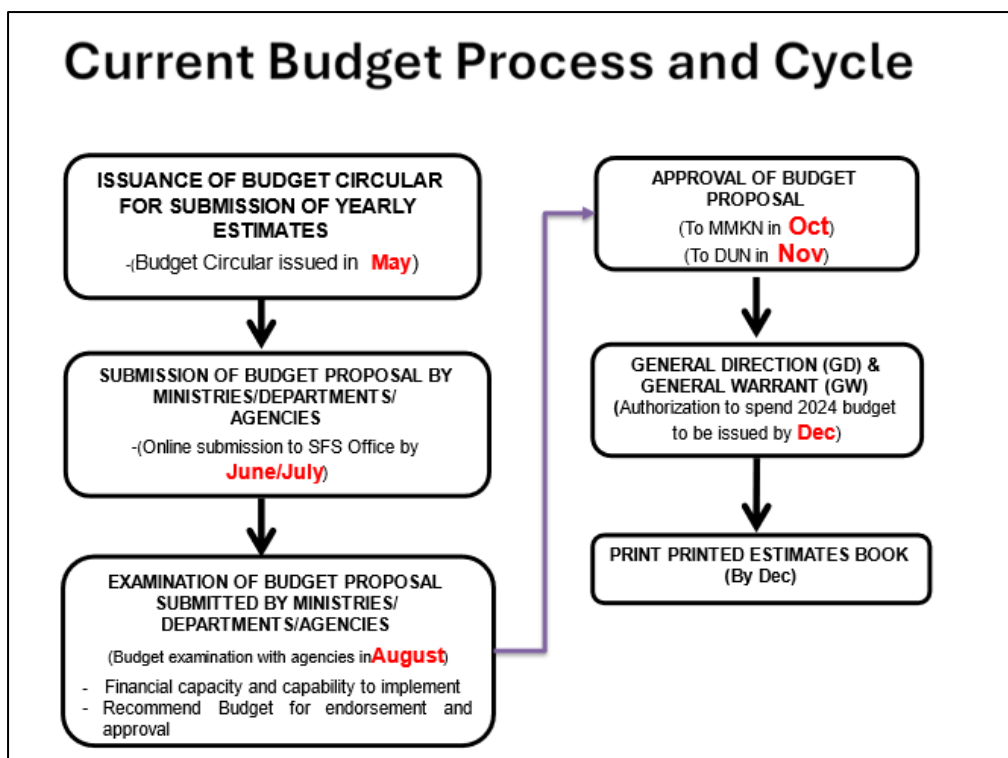


Figure 2: Current Budget Cycle in SGS

MDAs submit the budget requirements using the economic classifications and codes to the Budget Division (SFSO). After a preliminary review of the requirements, the budget

proposals will be deliberated and reviewed for consideration by the State Budget Committee (SBC) in August/September.

The Budget review in the current practice focuses on overall budget requests and budget line items. No strategic plans or performance reports are submitted to support the funding request. Once consideration is made by the SBC, the budget request will be tabled to the Cabinet (MMKN) in October and on to the State Assembly for approval in November. After approval by the State Assembly, the budget book will be printed and warrants will be issued in December. See details in [Figure 2](#) above.

The current roles of the SBC and the roles of specific members are listed in Section 7 of this BRG for information.

5.4 State Budget Committee (SBC)

Currently, the SBC is the main institutional arrangement that deliberates on the submission by MDAs at the central level. It is chaired by the SFS and its members are made up of EPU, SIMU, HRDMU, Administration Unit (UP) under the Department of Premier of Sarawak and Land and Survey Department. The budgets are submitted online by the MDAs to the Budget Division (SFSO). These submissions are analyzed and checked for consistency by the Budget Division (SFSO). A copy of the Budget Submission will be printed and made available to all the SBC members for their review before the Budget Examination sessions. The focus of the review by the SBC is to ensure consistency with the state's financial policies, look into the adequacy/deficiency of the budget and finally make recommendations for consideration of MMKN and approval of the State Assembly.

5.5 Adjustments under the RBB System

Under RBB, the current set-up of the SBC is adequate but some changes will be made to the TOR to accommodate the RBB requirements. The current committee members are sufficient as they play important roles at the central level that are relevant to the implementation of state and sector policy priorities. Given that there will be changes moving from input utilisation to results focus, some changes to the overall budget process including the budget review process will be necessary⁴.

In the interim period, the budget submission will go directly to the Budget Division (SFSO) and will be deliberated and reviewed by SBC during the Budget Examination session for consideration. However, the review will be guided by the provisions of this BRG to focus on the efficacy of the results. The BRG will continue to be relevant even after changes are

⁴ Recommendations made in a separate paper to SFSO

made to the budget review process under RBB. The focus of the review will be on the strategic contents in the MSPP and PSPP that support the request for resources.

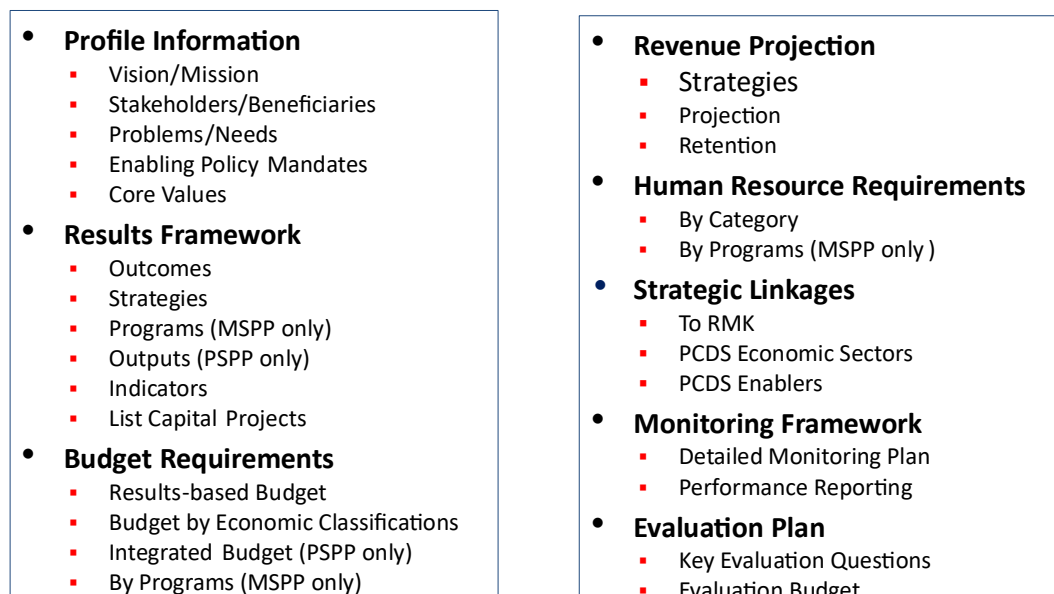
6.0 Module 2: The Budget Review Process under RBB

Within the context of the mandate provided in the current TOR, the SBC will cover the following components when conducting the review under RBB:

1. Review of the Past Year's Program and Financial Performance
2. Review of the Results Framework
3. Review of the Strategic Linkages (Horizontal and Vertical)
4. Review of the Resource Requirements and Revenue Projections
5. Review of the Monitoring Plan

The budget review starts with the submission of the Ministry Strategic Performance Plans (MSPP) and respective Programs (PSPPs) to support the request for resources based on the planned results and targets. Currently, programs constitute all Departments, State-Owned Enterprises (SOEs), and policy-level and corporate services interventions at the Ministry. The program arrangements or structure under a ministry can change as RBB progresses over time; however, the fundamentals and its contribution at the implementation levels will remain the same. The fundamentals of the ministry and programs are reflected in the components of the MSPP and PSPP, as shown in [Figure 3](#) below.

Components of MSPP & PSPP



[Figure 3](#): Components of the MSPP and PSPP

Detailed descriptions of the components and their strategic linkages in the MSPP and PSPP are in the RBBTG. The scope of the review process will be guided by 4 components as shown above and described in [Figure 4](#) below. The main component of the submission is the Results Framework developed using the Program Logic and associated tools. The second component is about establishing strategic links with the Ministry and Program outcomes and with the policy priorities identified in the prevailing Malaysia Plan and the PCDS 2030. The third component looks at Resource Planning which comprises Budget and Revenue Estimates and Human Resource requirements that will drive the achievement of the planned results. The last component is the review of the monitoring plan submitted with the MSPP and PSPP. The budget review process will be conducted using the guide in [Figure 4](#) below.

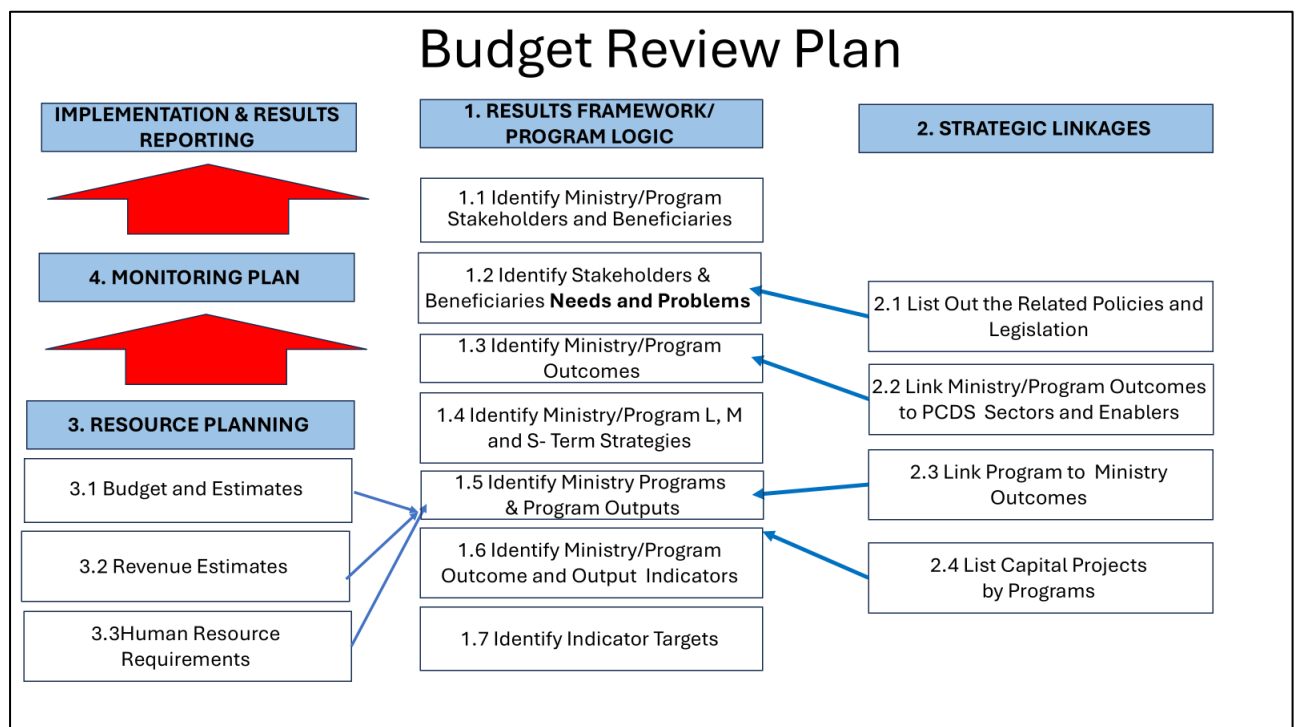


Figure 4: Components of the Budget Review Process

The budget review process, be it at the Budget Division (SFSO) or the SBC level, will be guided by these provisions. The budget review guide provided below will be referenced to the components of the MSPP/PSPP and the explanation provided in the RBBTG.

6.1 Review of the Results Framework/Program Logic

Before the start of the Budget review process, both the Budget Division Officers and the members of the SBC must be fully informed of the following documents:

- I. The main components of the respective RMK and PCDS 2030
- II. The Budget Year Policy Direction and Strategies

The Results Framework in the MSPP and PSPP reflects on the two results areas used in RBB. These results areas are Outcomes and Outputs. Outcomes appear in both ministry and program results framework but outputs appear only at the program levels since this is the level at which goods and services are delivered. The focus of the review will be on the process by which these results have been identified and their validity. For this, we need to revert to the Logic Model that was used in determining the components of the Results Framework.

The Program Logic and Linkages Model (ProLL) is shown in **Appendix 1**. For definitions and clarification on the linkages, kindly refer to the RBB TG reference indicated. The same sections as referenced under PSPP in the table below will be referenced in Attachment 3 of the RBB TG. The following table identifies the main review matrix to guide the Budget Division (SFSO) and the SBC when conducting the budget review process.

Nos	Details to be Reviewed	References	
		MSPP/PSPP	RBBTG
1 Program Logic			
1.1	<ul style="list-style-type: none"> • Have the Ministry/Program Stakeholders, Clients and Beneficiaries been identified accurately? • Check it against the definitions provided in the TG. This is important as this is the start of the process, and getting it right is vital. • The Stakeholders & Beneficiaries at the program level are usually a subset of those at the ministry level and specific to the Program focus area 	Section 1.3	
1.2	<ul style="list-style-type: none"> • Have they identified the Stakeholders, Clients, & Beneficiaries' Needs and Problems accurately? • Is it a need, a problem or a need-based problem? • Has it been articulated accurately, identifying the actual problem to be resolved and/or needs to be achieved? • Have they consolidated the set of problems and needs from different stakeholders and beneficiaries? 	Section 1.3	
1.3	<ul style="list-style-type: none"> • Have they identified the Ministry/Program's Outcomes accurately • How was the past performance of the ministry and program? • What were the reasons for the shortfalls? • Does the Outcome statement reflect the changes to the identified problem and/or needs being addressed by the Ministry/Program? 	Section 1.5	

Nos	Details to be Reviewed	References	
		MSPP/PSPP	RBBTG
1	Program Logic		
	<ul style="list-style-type: none"> • Is there a clear correlation between the outcome statement and the problems and needs statement? • Are the Ministry/Program Outcomes aligned with the State and Sector Priorities? • Is the Theory of Change evident in the outcome statement? • The outcome statement has a few requirements as follows: <ul style="list-style-type: none"> ○ Are the outcome statements written in the past tense, as it is supposed to reflect an achieved state/or change? ○ Does it reflect the desired directional change to the problem/need statement? ○ There are instances when a ‘need’ does not have to reflect a directional attribute, such as ‘justice delivered’ or ‘compliance’. In such cases, the outcome statement must reflect the improvement in the need fulfilment or at least the status quo or status maintained. ○ Is each measurable attribute in the statement, such as ‘increased production’ measured with an indicator? ○ Is there more than one measurable attribute, such as ‘increased yield and production’. There must be two indicators to measure each attribute. Check to make sure the statement is not double-edged (eg stating two changes in one statement, as in the example above). • The acid test will be to ask the Ministry/Program ‘If the outcomes are achieved, will the problem be resolved or will the needs be met? Make sure that the outcome being stated reflects the resolution of the problem and/or fulfilment of the stated need; • If not, the Outcome must be revisited or redefined to reflect the resolution of the problem or address the need. • Cross Linkages: Are there any significant contributions from other programs within the ministry and/or programs from other ministries/agencies? • Have the contributing partners been identified clearly and listed, including what they are contributing? • Check to see if the outcome stated is solely due to the Ministry and/or Program, or if it is a Shared Outcome contributed by one or more external collaborating partners. • If the stated outcome is shared, establish their specific contributions in cash or kind and take this into account in the budget calculations. 		
1.4	<ul style="list-style-type: none"> • Have they identified the Ministry/Program’s Long, Medium and Short-Term Strategies accurately 	Section 1.5	

Nos	Details to be Reviewed	References	
		MSPP/PSPP	RBBTG
1	Program Logic		
	<ul style="list-style-type: none"> • See TG for the different time dimensions of the strategies • Strategies must be designed to achieve the stated outcomes • A quick check method will be to see if the strategies address some of the main causes of the problem or contributors to the need. • Are the strategies new or the same strategies as the previous year? • They must propose new strategies, be it L, M or S-term Strategies • Check to establish the tight relationship of the strategies with the outputs under them and the effect on the problem/needs situation. 		
1.5	<ul style="list-style-type: none"> • Identify Ministry Programs & Program Outputs Ministry Level (MSPP) • Ministry Strategies will assist in identifying the appropriate Programs of Intervention. • Are there any proposals for the addition of <u>new programs or expansion/adjustment of the ongoing programs</u>? • Are there any proposals for <u>reducing the size</u> of any of the current programs? • Have the Ministry's budget year strategies been accurately assigned to the Programs for resolution? • Is there a situation where a Ministry budget year strategy cannot be assigned to a Program and its outcome/s? • ACID TEST: If all the programs are implemented as planned, will the ministry outcomes be achieved? Program Level (PSPP) • In the case of Programs, has the demand analysis been done reliably? • Are the outcomes listed addressing the problems and/or needs identified for that Program? • Are the budget year strategies identified relevant to ensure the achievement of the identified outcomes? Have the main causes of the problem been assigned to the Program correctly identified? • Will the Program strategies be able to address the casualties and produce the desired program outcomes? • Have the Program's budget year strategies been translated accurately into the relevant Program Outputs that must be produced to achieve the desired outcomes? Were the agreed outputs the best options in terms of cost and value for money to achieve the outcomes? 	Section 1.6	

Nos	Details to be Reviewed	References	
		MSPP/PSPP	RBBTG
1	Program Logic		
	<ul style="list-style-type: none"> • Have all possible Program Outputs been identified as necessary to achieve the program outcomes? • Acid test: If the Program Outputs are implemented, will they collectively ensure the program outcome/s? 		
1.6	<ul style="list-style-type: none"> • Identify Ministry/Program Outcome and Output Indicators • Does each indicator have the following characteristics? SPECIFIC, MEASURABLE, ACHIEVABLE, RESULTS-FOCUSED, AND TIME-BOUND • Can all the measurable attributes in an outcome statement be measured? Each attribute must have a measurable indicator. • Will the indicators provide the necessary evidence to measure the achievement of the outcome/s? • Will any of the indicators need to be changed? If so, why? Note: Indicators, once validated, are best not changed to ensure consistency and validity of measurement and data.; • Output Indicators are more specific towards the goods and services provided/produced. It is best measured in terms of 4 Dimensions: Quantity, Quality, Timeliness and Cost. • Do all outputs have a Quantity measure (mandatory)? • Have the other dimensions been accurately identified against the quantity measure? • The quality dimension can be measured against the quantity (for homogeneous outputs) OR in compliance with an agreed quality standard. Has the quality standard been specified against the quality measure? • Timeliness can be based on a time norm taken for delivering an output (generally homogenous) and compared against the quantity measure, OR can be based on compliance with a planned delivery schedule/timeline or date. Here again, check to ensure that a timeline measure or standard has been applied and if yes, state the dimension. • Cost can be based on a cost norm for per unit cost for each output (generally homogenous) or delivered based on a predetermined cost ceiling (usually capital projects). Cost norms are often relevant. Check to see if a cost norm has been listed for comparison purposes. 	Section 1.6	
1.7	<ul style="list-style-type: none"> • Identify Indicator Targets; • For each Outcome and Output indicator/s, performance targets have to be identified. 	Section 3.3, 3.3.1 & 3.3.2	

Nos	Details to be Reviewed	References	
		MSPP/PSPP	RBBTG
1	Program Logic		
	<ul style="list-style-type: none"> • Are the Ministry/Program Outcome indicator targets reasonable and achievable? • Can these targets be delivered by the relevant Program Outcomes and/or Outputs? • Output Targets: Has the basis of identifying the targets been explained? • Do the specified targets look repetitive or incremental? Check to verify the relevance and validity of the stated targets. • Can the specific targets for the outcomes and outputs be achieved with the available financial and HR resources for the budget year? • What are the assumptions on which the two forward-year targets have been made? Are the projections reasonable? • How will this contribute to the forward-year outcome targets? 		

6.2 Review of the Strategic Linkages

Nos	Detail to be Reviewed	References	
		MSPP/PSPP	RBBTG
2	Strategic Linkages		
2.1	<ul style="list-style-type: none"> • List Out the Related Policies and Legislation • Explain how the policies and legislation are related to the core business of the Ministry/Program. • Do the policies listed reflect the problem and/or need to be addressed by the policy? • What are the specific policy mandates and related outcomes that need to be achieved? • Are there any aspects of the outcomes and strategies at the Ministry or Program that are not covered in the policy or legislation? 	Section 1.4	
2.2	<ul style="list-style-type: none"> • Link Ministry/Program Outcomes to PCDS Sectors and Enablers • Have the linkages to the PCDS Sectors/Enablers been done? • To which sector and related outcomes are the Ministry/Program contributions significant? • Are there more than one sector or enabler to which the Ministry/Program contributes? 	Section 2.1, 2.2 and 2.3	

Nos	Detail to be Reviewed	References	
		MSP/PSPP	RBBTG
2 Strategic Linkages			
	<ul style="list-style-type: none"> Is this contribution and relationship clear? 		
2.3	<ul style="list-style-type: none"> Link Program to Ministry Outcomes Have the Program Outcomes been linked to Ministry Outcomes? How are Ministry outcomes/strategies cascaded down and assigned to the relevant Program/s? How have the relevant Ministry outcomes been assigned to a Program? Has any form of causal analysis been used to determine the above? Are there any program outcomes that are not a good fit for the Ministry Outcomes? 	Section 3.1	
2.4	<ul style="list-style-type: none"> List Capital Projects by Programs Have all the Capital Projects been listed based on program outcomes or program priorities? Have the capital projects under Programs been consolidated at the ministry level? Have the projects been linked to a program output and its contribution to the program outcome? Has the relationship of the projects to the outcomes been identified and made clear What is the status of the projects being submitted in comparison with the previous year and the outcomes to be achieved? 	Section 3.2 & 3.3	

6.3 Review of the Resource Requirements

Nos	Detail to be Reviewed	References	
		MSP/PSPP	RBBTG
3 Resource Allocation			
3.1	<ul style="list-style-type: none"> Budget Estimates What was the average incremental budget over the last 3 years (Operating Only) for the ministry and program? What were the incremental rates (%) for codes 10000 and 20000? How was the budget outturn for the previous year for operating and capital budgets for the ministry and programs? Explain the shortfall (if any) and the justifications for it. 	Section 5.3, 6.0	

Nos	Detail to be Reviewed	References	
		MSP/PSPP	RBBTG
3	Resource Allocation		
	<ul style="list-style-type: none"> • Was there a request for a supplementary budget? • Why was the supplementary required? • Are there significant changes (total) in the budget request for the budget year? • If there are, under which codes are the main changes and what percentage? • Why are these changes/additions needed? • Are the increases related to the output targets? Please explain. 		
	<ul style="list-style-type: none"> • Treatment of Policy Classification (leave this section for now) • The budget submission under the RBB System is generally classified under three categories: <ul style="list-style-type: none"> a. Ongoing Policies b. New Policies c. One-Offs <p>All policies being implemented in the current year and which will need to be continued in the budget year are classified as ongoing policies in the budget year.</p> <p>Any new policy to be implemented in the budget year is regarded as a new policy in that budget year. If that new policy is continued again in the following year, it should be regarded at that time as an ongoing policy;</p> <p>One-offs are special allocations for any major policy interventions for the budget year which were not budgeted and of an urgent nature for the budget year. This expenditure cannot be repeated in the following year.</p> <p><i>a. During the budget examination, check to see if the policies identified for the Ministry and/or Program are reflected in the program deliverables and their outcomes; Note that all policies being implemented must have their own outcome/s.</i></p> <p><i>b. Should a new policy mandate be listed under the Policy section, then there should be a reciprocal outcome and outputs for its implementation;</i></p> <p><i>c. One-offs should preferably be linked to an ongoing policy being implemented, and its necessity for achieving the outcome must be established/justified. One-offs that have no relationship with any ongoing policy outcome/s should not be considered for funding as they have no basis.</i></p>	Not applicable	

Nos	Detail to be Reviewed	References	
		MSPP/PSPP	RBBTG
3	Resource Allocation		
	<ul style="list-style-type: none"> • Results-Based Budgeting • <i>Results-driven budget building is based on the outputs needed to produce outcomes and the activities and tasks required under each output;</i> • <i>This results-based budget-building methodology will be introduced at a later date</i> 	Not Applicable	
3.2	<ul style="list-style-type: none"> • Revenue Estimates • Does the Ministry/Program Collect any form of Revenue? • Are there any arrears from the previous year? • How long has this been spending? • What are the strategies to collect the arrears? • What is the revenue outlook for the budget year and the following years? • Is any of the revenue collected retained? What is the rationale for this, and what is the proposed percentage? • Is the retained revenue part of the total budget submission? • Have any new sources of revenue been identified by the Ministry/Program? 		
3.3	<ul style="list-style-type: none"> • Human Resource Requirements • What percentage of the operating budget is for Human Resources? • Have all the positions been filled? • How long have they been vacant? • Has a gap analysis been done based on the job description and competency levels? • Has a training needs assessment been done by the ministry /program? • How much of the planned training programs were targeted for the financial year? • Has the Program’s workflow and work demand to produce desired outputs been identified? • Has this workload been distributed to the existing HR resources evenly? • How have any new HR resource requests been justified based on the mandated outcomes and outputs to be produced? • Has each HR’s annual work plan been prepared for the budget year? • Has the work plan for all individuals been linked to the Program’s outcomes and outputs? 	Section 7.1& 7.2	

6.4 Review of the Monitoring Plan

The RBB Monitoring Framework

Ministry: _____ © CeDRE International
 Program: _____
 Year: _____

1	2	3	4	5	6					7	8	9	10	11	12	13	14		
Ref	Results Category	Description	Results KPI & Description	Unit Measure	Baseline		Targets for Budget Year (2025)					Variance	Tolerance	Data Source	MoV	Data Freq.	Who is Resp.	Budget (Cost)	
					Year	Unit	Q1	Q2	Q3	Q4	Total								
	OutC1		KPI1																
			KPI2																
	OutP1		KPI 1																
			QTY																
			QLY																
			TL																
			CS																
			KPI 2																

The Monitoring Plan is an extension of the results framework and appears as one of the Appendices in the MSPP and PSPP. The Monitoring Framework is used to plan out only the results deliverables (Outcomes and Outputs) and details of their measurement, data collection, analysis and information reporting.

It looks at the details of the relevance and efficacy of the indicators used in measuring the outcomes and outputs. This is to ensure the availability, validity and reliability of the data that is being collected. The focus of the review will be limited to only a few items in the Monitoring Framework as shown in the Matrix below.

Nos	Detail to be Reviewed	References	
		MSPP/PSPP	RBBTG
4	Monitoring Plan		
4.1	<ul style="list-style-type: none"> Column 6: Baseline Unit and Year Assess the relevance of the baseline data and year to the respective indicator and its target. For purposes of commonality and ease of comparison across various agencies, a common baseline is determined. E.g. the beginning of the post-COVID period, such as 2022. Avoid baselines that are outliers, such as COVID years or when there is a significant demand increase, such as during Visit Sarawak Year, etc. In addition, Ministries/Programs have been encouraged to establish historical baselines. This will be used to assess performance and trends across several periods of time for richer and more in-depth data and performance analysis. 	Section 8.1	

Nos	Detail to be Reviewed	References	
		MSP/PSPP	RBBTG
4	Monitoring Plan		
	<ul style="list-style-type: none"> Where baselines are relevant, ensure the targets are above or less than the baseline, depending on the direction of the indicator concerned. E.g. Poverty and mortality rates are reducing targets, while income and literacy are increasing targets. 		
	<ul style="list-style-type: none"> Column 7: Budget Year and Quarterly Targets The Budget Year Targets for Outcomes and Outputs are decided in the Results Framework based on the Strategic Direction of the Program Though outcomes are longer in time duration to achieve, the use of Quarterly targets at a minimum is encouraged where relevant. Biannual reports are encouraged, as the performance data as of June of the current year will assist in the strategy and target for the coming budget year, which requires submission by July of the current year. Outputs are generally closer in time duration and can also be as frequent as daily, depending on the nature of the output, e.g. patients treated in a clinic, TEU in Ports, passenger arrivals at airports. Outcome and output delivery strategies are also tied closely with the timelines and durations of their delivery and data collection. Generally, these must be guided by the annual budget cycle. While targets are set against all outcomes and outputs, they can seldom be expressed as a finite number. This is especially so for outcome targets. Check all outcomes and output targets and assess their accuracy in measuring the indicator. Encourage the use of targets using a range where needed instead of absolute or finite numbers, which are often not practical in real life; Problem-based outcomes must preferably show a target improvement over a period of time to reflect the program's gradual resolution of a problem situation it is addressing; 		
	<ul style="list-style-type: none"> Column 8: Variance The use of the Variance feature is critical to ensure the reliability of outcomes and output delivery. Assess the authenticity and reliability of the targets set for the outcomes and outputs; 	Section 8.1	

Nos	Detail to be Reviewed	References	
		MSP/PSPP	RBBTG
4	Monitoring Plan		
	<ul style="list-style-type: none"> • Is the suggested variance too wide? • Do the variance figures look repetitive (e.g. 10% across the board) • Does the variance figure against the target figure look disproportionate? • Is the variance justified against the potential risk and assumptions of achieving the targets? • Does the variance reflect the gradual success of the program, which would then entail a reduced variance figure? • Compare the target against the variance and baseline to ensure that they are logical and comparable. 		
	<ul style="list-style-type: none"> • Column 9: Tolerance • Where relevant, the Tolerance cannot be within the variance or the baseline • Check to see if the tolerance levels set are reflective of the minimum performance standards for an indicator. • Tolerance levels set should be reflective of minimum levels of performance beyond which remedial or corrective actions must be taken. • Check to ensure that all critical outcomes and/or outputs have tolerance levels established. • Unlike variance, where it can be bidirectional in some circumstances, the tolerance must be unidirectional depending on the nature of the indicator. 	Section 8.1	
	<ul style="list-style-type: none"> • Column 14: Budget • This refers only to the budget needed to manage all data aspects for an indicator. Some data collection and analysis may be costly, and a relevant budget for it must be determined in the budget process. • The cost of data collection/management must be justified. • Is it a one-off requirement or annual? • Are there cheaper options to collect the data? 	Section 8.1	

7.0 Reviews Related to Functional Areas of SBC Members

The results-based budget examination is a structured and integrated process covering the systematic assessment of different components of the budget. It must involve the financial resources, human resources, materials resources, methodologies and also the use of systems for enhanced value-based allocative efficiency decisions.

The SBC is the key policy mechanism in RBB. The members are made up of key representatives from various Central and selected Agencies. These agencies have specific budget review responsibilities that are relevant to their role in the SBC. Along with the Terms of Reference of the SBC, respective agency responsibilities have also been identified as shown below. These functions are specific and vital to the respective departments. The review process will also include these specifics as outlined below.

7.1 Members of the SBC

Due to the critical nature of the role and function of the SBC in examining and approving the strategic plan, the resource requirements and the monitoring plan, the SBC is comprised of the following key agencies:

- I. State Financial Secretary – Chairman
- II. Human Resource Development and Management Unit
- III. Administration Unit
- IV. Economic Planning Unit
- V. Sarawak Implementation Monitoring Unit
- VI. Land and Survey Department

7.2 Role and Function of the State Budget Committee (SBC)

- I. Ensure the Budget reflects the State's financial policy.
- II. Ensure that the request for resources is in line with the policy priorities of the ministry and respective programs.
- III. Ensure that all of these policy priorities, the strategies, linkages and the requests for resources are well articulated in the respective Strategic Performance Plans (MSPP and PSPP).
- IV. Formulate and lay down the policy guidelines for budget preparation.
- V. Review annual budget submissions.
- VI. Analyse and evaluate the adequacy/deficiency of the budget.
- VII. Recommend annual budget allocation for the consideration of the State Financial Authority.

7.3 Current Roles of Specific Departments Represented in the SBC

7.3.1 State Financial Secretary

- I. Develop technical guidelines and criteria for the preparation, evaluation and approval of budget proposals.
- II. Prepare draft budget policy and strategy for discussion by the State Budget Committee.
- III. Prepare a budget summary by ministries by submitting a highlight paper to the SBC to facilitate the review process.
- IV. Brief the Budget Committee on past years' program and financial performance and the forecasted revenue and finances in the budget year.
- V. Consolidate and synthesise the final annual budget.
- VI. Prepare budget documents, budget speech and cabinet paper for the annual budget.

7.3.2 Economic Planning Unit (EPU)

- I. Ensure budget proposals are based on an accurate interpretation of policy mandates and approved development programs/projects as in the 5-year development plan.
- II. Ensure all programs/projects included in the budget proposals comply with the decision of the MMKN/SDEC.
- III. Assess and establish the critical vertical and horizontal linkages of all development initiatives under the State's medium-term development priorities;
- IV. Establish and harmonise the cascading and assignment of roles and responsibilities of all lower-level implementation levels and institutional mechanisms towards the achievement of the mandated State policies and priorities within the prescribed medium-term timelines.
- V. Verify the accuracy and correctness of all scheme values, project costs, and 5-year plan project allocations as approved by the Government.
- VI. Contribute to the preparation of the Budget Speech with a special focus on socio-economic development policies and performances;
- VII. Monitor and ensure the credibility of the macro policy priority plans and their execution;
- VIII. Carry out evaluations and periodic adjustments of delivery strategies by all implementing mechanisms;
- IX. Advise the SBC on any adjustments needed for policy priorities and resource implications for the achievement of State priorities and outcomes;

7.3.3 Sarawak Implementation Monitoring Unit (SIMU)

- I. Advise and report on the progress of development programmes/projects submitted by Ministries/ Departments and Government Agencies.

- II. Advise and report on the performance of all macro priorities and results as well as the performance of key outcomes across government;
- III. Identify and make recommendations on any policy or program adjustments needed to the strategic plans and their delivery by all government institutions.
- IV. Give input for budget allocation for development programmes/projects to achieve optimal resource allocation amongst Ministries/Departments and Government Agencies in line with the 12th Malaysia Plan scheme value and provision.
- V. Contribute to the preparation of the Budget Speech with a special focus on the performances of development programmes/ projects.

7.3.4 Land and Survey Department

- I. Ensure adequate allocation is provided for the production of maps and land information required for development purposes.
- II. Ensure sufficient funds are provided for the survey, administration, evaluation and acquisition of land required by all Government Agencies for development use during the budget year.
- III. Evaluate and examine budget proposals with special reference to the provisions for land and project site and the problems and issues in relation to project implementation.

7.3.5 Human Resource Development and Management Unit (HRDMU)

- I. Ensure requirements are in accordance with human resource policy and planning of the State.
- II. Ensure sufficient funds are provided to cover the cost of maintaining the current workforce, including financial provision for Sarawak Civil Service (SCS) training.
- III. Ensure posts included in budget submission are in accordance with Government policies and decisions.
- IV. Identify and prepare a detailed HRM strategic plan for the State as well as for all Ministries/Programs to ensure the HR requirements are met.
- V. Manage the performance of all HR delivery mechanisms to ensure the delivery of results by all delivery mechanisms (Ministries/Programs/Agencies).

7.3.6 Administration Unit

- I. Determine and advise policies and guidelines on matters relating to general administration and staff-related expenses.
- II. Ensure that sufficient fund is provided to cover the cost of rental of government offices, provision for motor vehicles and major state celebrations.

**State Financial Secretary's Office
July 2025**

Appendix 1: Program Logic and Linkages Model (ProLL)

