



Malaysia Open Budget Index (MyOBI): Methodology Note

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I. INTRODUCTION

Malaysia Open Budget Index (MyOBI) is a research tool developed by the Institute for Democracy and Economic Affairs (IDEAS) by adapting the International Budget Partnership's Open Budget Survey. The Open Budget Survey is a globally recognised standard in assessing the level of transparency, public participation and oversight in the budget process. MyOBI assesses the level of transparency and oversight of the budget process at the sub-national level.

The primary objective of MyOBI is to measure the degree of budget transparency in 13 Malaysian states. The level of transparency is indicated by the public availability of four types of key budget documents: the Executive Budget Proposal, Enacted Budget, Year End Report and Audit Report and the adequate involvement of state assemblies and their Public Accounts Committees (PACs) in budget oversight. The index also assesses the level of information provided in the Executive Budget Proposal.

II. FOUR TYPES OF BUDGET DOCUMENTS IN THE BUDGET CYCLE

As mentioned earlier, MyOBI evaluates public availability of four types of budget documents: Executive Budget Proposal (EBP), Enacted Budget (EB), Year End Report (YER) and Audit Report (AR). These documents are produced by the governments throughout the budget cycle.

The federal government of Malaysia's budget year begins in January and ends in December annually. The budget cycle starts with the preparation and formulation stage which usually runs from February-September every year. (See Figure 1). Within this stage, the government produces the Executive Budget Proposal (EBP), comprising the Estimates of Revenue and Expenditure, the Budget Speech, and the Supply Bill.

The EBP is then tabled to the Dewan Undangan Negeri (DUN), which is the state's legislative assembly. The EBP undergoes debate and scrutiny by the DUN, and must be approved by majority vote of the DUN.

The indication of approval by the DUN of the EBP is the passing of the supply bill. The passed supply bill, which in some states is called "Supply Ordinance" or the "Supply Enactment" is the Enacted Budget for that state.

The Supply Ordinances or Enactments contains the amount of operating expenditures allocated to different ministries/departments/units in the state governments.

After the end of the fiscal year, a financial statement showing the actual expenditures and other relevant financial information will be produced by the state governments. This

financial statement is considered as the **Year End Report (YER)** in this study. At the same time, an **Audit Report** will be produced by the auditor general which is a report that measures the accuracy of the state government's financial statements and its compliance with relevant laws and regulations.

Figure 1: The general budget cycle process in Malaysia

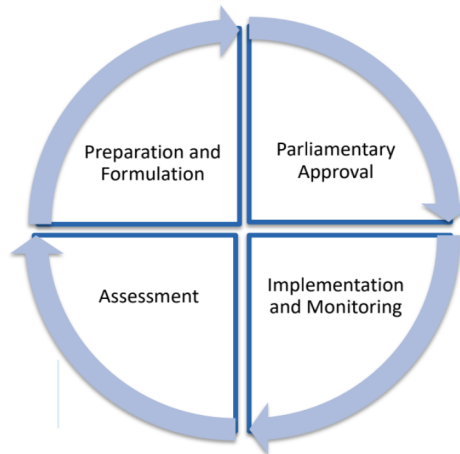


Figure 2: Documents published within the budget cycle

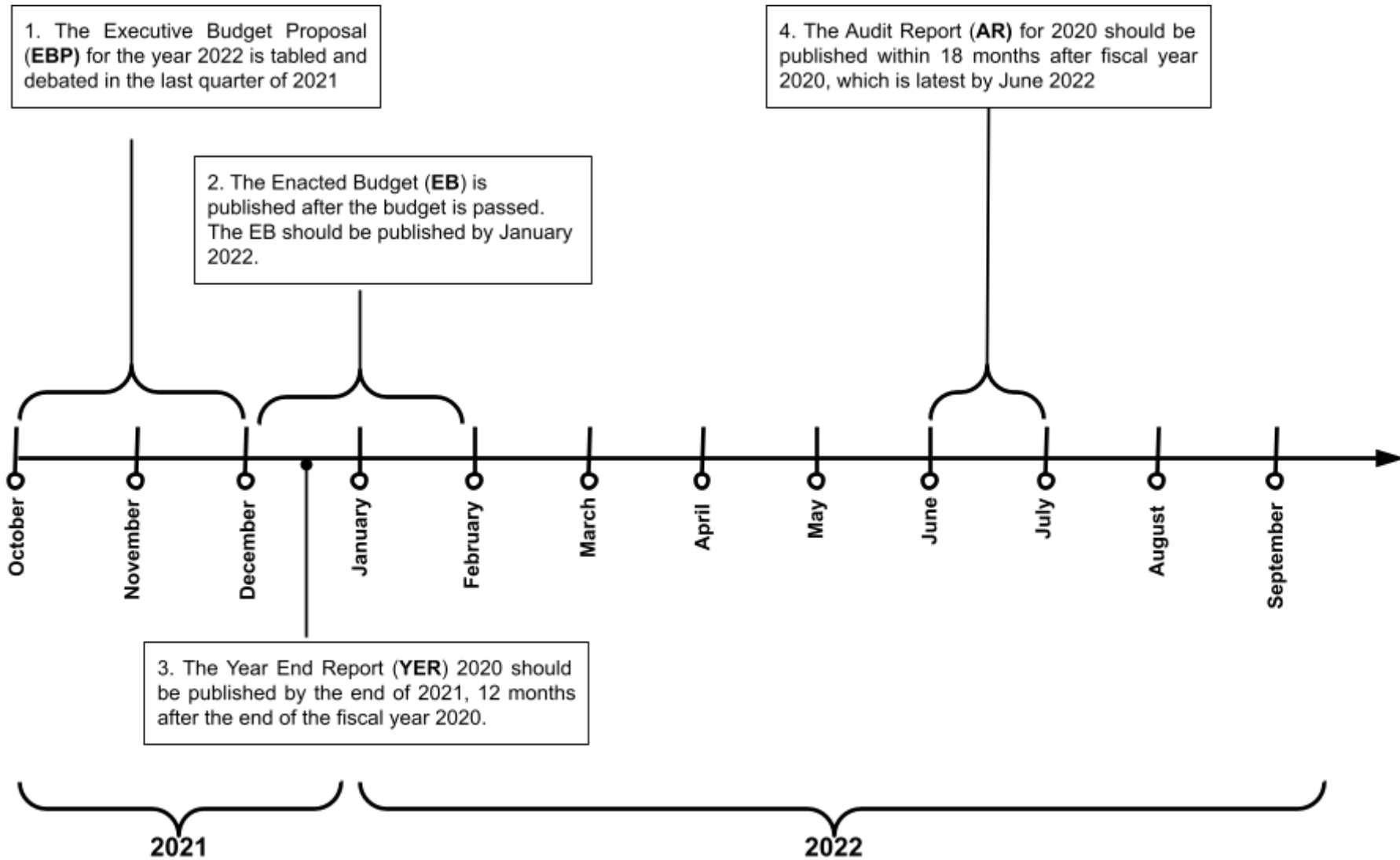


Table 1: The description of different budget documents

Budget Documents	Description	Example
Executive Budget Proposal	A comprehensive document (or set of documents) that specifies the government's plans for the forthcoming year, and is submitted by the government to parliament for approval. It usually contains measures for raising revenue and the revenue estimates, spending plans and potential borrowings.	<ul style="list-style-type: none"> ● <i>Rang Undang Undang Perbekalan</i> (Supply Bill) ● <i>Ucapan Bajet / Belanjawan</i> (Budget Speech) ● <i>Anggaran Perbelanjaan dan Hasil Negeri</i> (Estimates of Revenue and Expenditure)
Enacted Budget	A document or a set of documents that shows the legislature's approval of the EBP. It is the law of the country that provides authority for the government to spend taxpayers' money.	<ul style="list-style-type: none"> ● <i>Enakmen Perbekalan</i> (Supply Enactment)
Year End Report	A document or a set of documents that discusses the performance of the budget implementation in general including actual revenue and expenditures, financial obligations and assets. This document helps the public and the government to see whether or not the government has realised the policy objectives set out in the budget.	<ul style="list-style-type: none"> ● <i>Penyata Kewangan Kerajaan Negeri</i> (Statement of Accounts)
Audit Report	A document or a set of documents that provides the Supreme Audit Institution's evaluation of the accuracy of the financial statements of the government, its compliance with financial management laws and regulations, and the efficiency and effectiveness of government spending.	<ul style="list-style-type: none"> ● <i>Penyata Kewangan Kerajaan Negeri & Pematuhan Agensi Negeri</i> ● <i>Aktiviti Jabatan & Pengurusan Syarikat Kerajaan Negeri (Siri 1), (Siri 2), and (Siri 3)</i>

III. THE QUESTIONNAIRE

The Malaysia Open Budget Index (MyOBI) involves 21 scored questions that cover the public availability of 4 types of budget documents and oversight practices of the budget process by the state governments. The breakdown of the questions can be referred below:

Table 2: The breakdown of questions according to different budget documents and oversight practice

Category	Sub-category	Number of Questions
Public Availability	Executive Budget Proposal	10
	Enacted Budget	2*
	Year End Report	3
	Audit Report	2
Oversight	N/A	5
Total Number of Questions (Scored)		22 (21)

** Note: One of the questions on the Enacted Budget (EB-2) is recorded for research purposes but not calculated in the final score for the assessment.*

IV. THE ASSESSMENT PROCESS

MyOBI assessment starts with researchers locating the budget documents and then assessing the information provided and practices of oversight using the questionnaires. The completed questionnaires will undergo a review process. After the review is completed, the assessment is completed by finalising the scores for each state. The sections below describe each process in detail.

4.1 Assessing Budget Documents and Oversight Practice

In order to locate the budget documents, researchers are required to visit the state government's official websites such as **the websites of the state financial secretary, state assembly, or any official social media pages endorsed by the state government.**

Researchers are required to check the websites of any relevant government departments or agencies who may be responsible in providing the information relating to the budget. Researchers are also recommended to use the website's search features to look for the relevant documents or locate the archive of publications (if available), to see if they contain any listing of documents.

A document is only considered publicly available if it can be assessed online freely, without any requirements for payment nor restrictions. However, researchers are also encouraged to request the documents from the state governments or members of the state assemblies (ADUN). If they manage to obtain the documents, they still have to consider the documents to be publicly available, but write down the experience in their answers.

4.2 Answering the questionnaires

For every response to the questions, researchers are required to provide sources and comments:

i) **Sources** are documents/information that can justify the answers. Researchers should put the link to the documents or information, for example <https://www.perlis.gov.my/phocadownload/DUN/Enakmen%20Perbekalan%20Tahun%202022.pdf>

ii) **Comment** is A concise comment to the project or any additional information that could provide more context to the answer scored, for example

“The Enacted Budget for Perlis was available during the time of assessment, however upon reviewing the source, it was removed from the state government’s website”

Sources are intended to support and supplement the comments, but one should be able to fully understand the comment without looking at the sources. This will support reviewers to check the answers given.

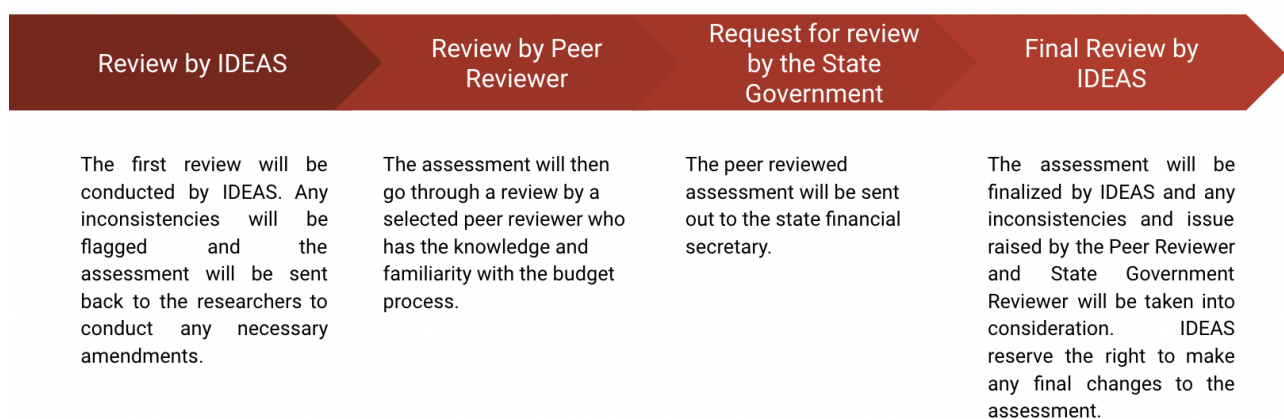
Researchers should always provide a comment, even when scoring a question zero (0). In these cases, researchers are required to explain how it was located in order to answer the question. For example, the researchers will describe the websites visited before concluding that the information is unavailable.

Researchers must provide comments in English. The sources (i.e., link to information) can be in other languages. These comments should be written in clear prose and a neutral tone, avoiding the use of first person. Researchers need to create their own justifications based on

the findings, using quotes from the content when needed to support their argument. All comments need to be self-contained and self-explanatory..

4.3 Review Process

MyOBI undergoes a four step review process, illustrated below:



4.4 Scoring

Each question in MyOBI has different multiple options ranging from five (5) to two (2). The options are assigned numerical scores from 0-100, divided in equal number proportions according to the number of options. However, certain questions provide an option to respond “not available”. This option is available for questions on the date of publication of the budget documents as there are instances where the budget document is published but the date of publication is not determinable by the researcher. For this type of questions, no score is assigned for the “not available” option. For a clearer scoring system, see Table 3.

Table 3: Scoring system according to the answer options provided

5 options	
a	100
b	75
c	50
d	25
e	0

5 options (with N/A option)	
a	100
b	67
c	33
d	0
Not Available	Not Available

4 options	
a	100
b	67
c	33
d	0

3 options	
a	100
b	50
c	0

2 options	
a	100
b	0

Most of the questions have four and two options, while the questions with “not available” options are only four (See Table 4).

Table 4: Breakdown of questions according to the answer options provided

Answer options	Number of questions
5	2
N/A	4
4	10
3	0
2	6

Scores for public availability and oversight categories are calculated separately. The scores are obtained by a simple average of all scores obtained.

MyOBI scores are not comparable to scores of the global Open Budget Survey (OBS). The scores obtained by states in Malaysia in MyOBI can not be compared with score obtained by the Federal Government in the OBS. Similar scores obtained in MyOBI and OBS does not indicate similar level of transparency and oversight.