A budget is telling your money where to go instead of wondering where it went.

..............*Dave Ramsey*
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INTRODUCTION

The budget is the primary instrument of fiscal control and, accordingly, contains all projected revenues and expenditures of the administrative and academic programs of the institute. The budget is prepared annually, it is expressed, in terms of Lakhs of Rupees. Annual budget is the formal operating plan expressed in financial terms and budgeting process has the following four major dimensions.

- To set up of the fiscal targets and level of expenditures compatible with targets.
- Formulation of the expenditure policies.
- Allocating resources in conformity with both policies and fiscal targets. This is the main objective of the core processes of budget preparation.
- Addressing operational efficiency and performance issues.

Budgeting helps the administration/management with respect to the following issues:

- Planning for the future and setting of the goals
- Motivating the employees of the organization
- Coordinating the activities between the departments of the organization
- Identification of the problem areas with performance evaluation
- Taking corrective actions in the areas where difficulties are expected.

OFFICE OF BUDGET & PLANNING

The Office of Budget and Planning reports to the Principal of the institute. Budget and Planning’s primary responsibilities are to:

- Prepare the annual budget and monitor.
- Support the Principal and Chairman and Governing Council of the institute.
- Manage resource allocation for the institute.
- Link institute budgets with strategic planning.
- Report on variances between actuals against budgets.
- Manage the adaptive insights system used for budgeting and reporting.
- Allocate funding to capital projects and plant reserves.

Members of the Budget Committee:

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Members of the Budget Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Dean Administration</td>
</tr>
<tr>
<td>2</td>
<td>Dean Purchase</td>
</tr>
<tr>
<td>3</td>
<td>Senior faculty</td>
</tr>
<tr>
<td>4</td>
<td>Senior faculty</td>
</tr>
<tr>
<td>5</td>
<td>Account officer</td>
</tr>
</tbody>
</table>

**BASIC CONCEPTS**

**Accounting Standards:** The Auditing and Assurance Standards Board (AASB), operating under the Council of Institute of Chartered Accountants of India (ICAI), reviews the Standards time to time. Since 1st April 2008, Auditing and Assurance Standards are known by Engagement Standards and Quality Control Standards, which are in practice.

**Fiscal year and Accounting period:** The financial year begins on April 1 and ends on March 31 and is identified by combining the year in which the fiscal year starts and ends. For example, the fiscal year that will begin on April 1, 2017 and end on March 31, 2018 is called FY2017-18. Each summer, the institute closes one budget and opens a new budget for the coming fiscal year. Within a fiscal year, there are 12 accounting periods, one for each month.

**Fund accounting**

Fund accounting is the method of classifying resources into categories according to the purpose of use. Each fund is self-balancing and has separate assets, liabilities and a fund balance. The broad fund groups currently being utilized by the Institute are Aided salary fund, General fund, Corpus fund, and TEQIP fund.

Aided salary fund: 85% salary of the aided faculty and staff disbursed by the State Govt. will be deposited to this account. In addition to this 15% salary component shall be bearded by the Institute.
General fund: Fund from the Government agencies such as KEA, AICTE, VGST etc.; are credited to this account.

TEQIP fund: Technical Education Quality Improvement fund, is the grant released by the AICTE to augment the Technical Education in the college.

Staff development fund, Maintenance fund, Depreciation fund and Corpus fund, are the part of money from the third party inspection, consultancy, testing etc.; are credited to these funds. These funds are reserve funds.

**Revenue, Expense, Net Income – A Balanced Budget:**

Proper accounting practice requires that institute, keep track of and classify financial activity. Some basic classifications used in managing budgets day-to-day are:

**Revenues** are earnings that come into an institution, from an external source. In a institute, revenues may include tuition, fees, donations, grants from State Govt. and Central Govt., TEQIP fund, interest earned, program incomes, consultancy etc.

**Expenses** represent purchases and other costs paid out by the institute to a variety of entities such as employee payroll, supply vendors, consultants, and so on.

**Net Income** is the mathematical difference between revenue and expense. When revenues are greater than expense, the amount represents a “surplus” or in the corporate sector, “profit.” When expenses exceed revenue this is a “deficit.”

**Balanced Budget** Not-for-profit and non-profit organizations, such as accredited institutes, may not earn profits. Nor should they run deficits. Therefore the budget must be balanced to establish the discipline of maintaining expenditures within the expected revenues for the fiscal year.

**Department and Department Hierarchy (roll-up) revenues, expenses and net income are reviewed for specific departments (e.g. Civil Engineering, Mechanical Engineering, etc.) as well for a “roll-up” of multiple departments such as an entire College.**

**Account Revenues and Expenses** are further subdivided by the chartfield “account” to provide greater detail on the source of revenues, or kinds of expenditures.

**ANNUAL BUDGET CALL PROCESS & GUIDELINES**

**Budget call – annual budget development process**

Every summer, the Institute develops a new unrestricted operating budget for the ensuing financial year. The institute constitutes the Budget Committee and begins its internal budget
development process on or about February last week. Budget Office distributes a memorandum of guidelines and deadlines, referred to as the Budget Call. The Budget model is from Down to UP. All the faculties and staff of the college directly participate in Budget preparation. The budget call details are as follows.

**Revenues:** This head includes the estimated revenue such as tuition fees, examination fees, registration and re-registration fees, of UG, PG and PhD students. It includes the anticipated 85% of the salary to be borne from the State Govt. and AICTE grants under TEQIP and other such scheme. Appropriate revenues from consultancy, testing, gifts, inspection, and funding from the management shall be included.

**Expenses:** The anticipated expenses from the Departments, Examination section, Office establishment, Library, Sports, Garden-building-electrical maintenance etc. shall be called in the format required.

**Budget preparation and approval:** The Budget Committee shall summon quite a few times and finalize the draft Budget for the Institute before March second week. The revenues and expenses shall be grouped in the following heads and allocation shall be made based on the revenue generation. The draft Budget shall be reviewed in the Heads of the Department meeting and correction needed may be brought to the notice of the Committee for necessary changes. The finalized draft Budget shall be placed before the Governing Body of the college for approval with necessary modification if required. The approved Budget shall be distributed to all the concerned units of the institute.

**FORMAT OF THE BUDGET**

<table>
<thead>
<tr>
<th>Revenues (Rs in Lakhs)</th>
<th>Expenses (Rs in lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant from the State Government</td>
<td>Salary to the staff</td>
</tr>
<tr>
<td>TEQIP grants</td>
<td>Equipment</td>
</tr>
<tr>
<td>Tuition Fees</td>
<td>Laboratory Consumables</td>
</tr>
<tr>
<td>Examination fees</td>
<td>Stationeries</td>
</tr>
<tr>
<td>Registration fees</td>
<td>Library</td>
</tr>
<tr>
<td>Re-registration fees</td>
<td>Research and Development</td>
</tr>
<tr>
<td>Gifts</td>
<td>Software</td>
</tr>
<tr>
<td>Donations</td>
<td>Training and Travel</td>
</tr>
<tr>
<td>Financial support from the management</td>
<td>Infrastructure Build-up</td>
</tr>
<tr>
<td></td>
<td>Others (Specify)</td>
</tr>
</tbody>
</table>
AT the end of the financial year the prepared income and expenditures will be audited by Chartered Accountant. The income and expenditures for the aided department will also be audited by the State Government and by CAG. The final audited income and expenditure statements will be published in the college web site.