

CHAPTER IX BUDGETING

9.1 A budget is a predetermined detailed plan of action developed and distributed as a guide to current operations and as a partial basis of the subsequent evaluation of performance. It is a statement expressed in monetary terms and physical units prepared for the implementation of policy formulated by the management. Thus, budget is prepared in advance and is based on a future plan of actions for objectives to be attained.

9.2 Budgetary control is the establishment of responsibilities of the executives with respect to the requirement of the budgeted objectives/targets and continuous comparison of actual with those budgeted in order to take remedial course of action, if need be, by way of pursuance or revision of budgeted targets in light of the changed circumstances.

9.3 PREPARATION OF BUDGET ESTIMATES

9.3.1 Each year in the month of November, a budget circular will be issued by the Chief Accounts Officer of the Corporation to all Unit officers and officers of Head Office for preparation of Budget estimates for the next financial year and Revised Budget estimates for the current financial year and submitting them to Head office by 15th January.

9.3.2. In the revised budget estimates figures of actual expenditure/revenue for nine months (April to December) will be taken and for remaining three months (January to March) probable figures of expenditure/revenue will be considered.

9.3.3 Details of sanctioned posts, names of incumbents, their present pay, dates of increment, total pay, allowances, etc. will be given in performa I as mentioned below:

Proforma I

S.N.	Name of Officer/Employee	Designation	Pay Scale	Pay as on 1 st April of Next FY	Budget Estiamtes of Next FY	Increment payable during next FY		Total Basic Pay for Next FY	Revised Budget Estimate for Current FY	Remarks
						Date of Increment	Amount involved			
1	2	3	4	5	6	7	8	9	10	11

Add;

1. Dearness Pay
2. Dearness Allowances
3. House Rent Allowance
4. City Compensatory Allowance
5. Other Allowances

Total

9.3.4 A detailed head-wise statement of estimates of revenue receipt and expenditure will be prepared in performa II as given below, taking actual figures of revenue receipt and expenditure for last financial year, actuals upto December during current financial year, probable figures of January to March of current financial year, revised estimates of current financial year (adding up actual of 9 months and probables of 3 months) and Budget estimates of next financial year, working out the variance and giving full justification for changes in a budget note:

Proforma II

S.N.	Detailed Head of Revenue/ Expenditure	Actual of Last FY	Budget Estimate of Current FY	Actuals (Apr to Dec.) of Current FY	Probables (Jan to March) of Current FY	Revised Budget Estimate for Current FY	Budget Estimate for Next FY	Variance (+) (-)		Reasons of Changes
								Between 4 & 7	Between 7 & 8	
1	2	3	4	5	6	7	8	9	10	11

A. Expenditure Heads

- 1.
- 2.
- 3.
- 4.

B. Receipt Heads

- 1.
- 2.
- 3.
- 4.

9.3.5 Work-wise detailed information will be prepared in Proforma III as given below for tendered and cost plus works, separately for buildings, Roads and Bridges works. Name of the work, Name of Agency, Estimated cost of the work, date of commencement and stipulated date of completion of work, actual expenditure upto last financial year, during 9 months (April to December) of current financial year, probable expenditure during next 3 months (January to March) of current financial year. Revised Budget estimate for the current financial year and Budget Estimate for next financial year giving variance and physical progress etc. will be taken in the proforma:

Proforma III

S.No.	Name of Work	Name of Agency	Estimated cost/Revised cost of work	Date of commencement of work	Stipulated date of completion of work
1	2	3	4	5	6

A. Building works

B. Road work

C. Bridge work

Actual expenditure upto last FY	Budget Estimate for Current FY	Actual expenditure in current FY (April to Dec)	Revised Budget Estimate for Current FY	Budget Estimate for next FY	Total expenditure upto Dec of currency FY
7	8	9	10	11	12

Total receipts upto Dec. of current FY	Variance between column			Status of physical progress of the work	Remarks
	8 & 11	4 & 10	12 & 13		
13	14	15	16	17	18

Note: In case of cost plus works, centage charges should be added in expenditure for the purpose of comparison with receipts.

9.3.6 Estimates of Revenue receipts will be prepared work-wise for cost plus works and tendered works in following proforma IV classifying the works in categories of Building works, Road Works and Bridge works. The Profit & Loss on a tendered work should be calculated carefully in accordance with the Accounting Standard 7 as explained in chapter IV on the percentage of completion of work method basis:

Proforma IV

S.No.	Name of Work	Actual receipts during last FY	Budget estimates of current FY	Actual earned during currently FY (April to Dec,)
1	2	3	4	5

A. Centage charges (Cost plus works)

B. Profit/Loss on tendered works

Note: Give each work wise detail under groups of Building works, Road works and Bridge works.

Likely to be earned now (January to April) in current FY	Revised Budget estimate for current FY	Budget estimate for next FY	Remarks (Rate of Centage charges)
6	7	8	9

9.3.7 An efficiency chart will be prepared by each unit giving estimated turnover (works expenditure) divided by total estimated establishment expenditure and working out the percentage.

9.3.8 New items of expenditure, if any, will be proposed by the Unit officer giving full justification and financial liability (non recurring and recurring) involved in the new item.

9.3.9 A list of new construction works which are in pipeline and likely to be awarded to the Corporation during the current and next financial year will be prepared and attached to budget proposals with estimate of profit/centage charges likely to be earned. However, these figures will not be incorporated in the Budget estimates.

9.3.10 Any other information which might affect the revenue receipt or expenditure of the Corporation during current and next financial year should be enclosed with the budget proposals in a separate note.

9.4 COMPILATION OF BUDGET ESTIMATES AT HEAD OFFICE AND THEIR APPROVAL BY THE BOARD OF DIRECTORS.

9.4.1 The budget estimates received from the Unit offices and the concerned officers of the Head Office will be compiled at the Head office by Accounts Organization and a consolidated statement of Revised Budget Estimates for the current financial year and Budget Estimates for the next financial year will be prepared and presented to M.D for his approval by 31st January.

9.4.2 The consolidated Budget document will contain the following

(i) Capital Budget:

From the information received from the Unit Offices and that prepared at the Head Office, a statement of the capital expenditure (revised for the current financial year and proposed for next financial year) to be incurred on purchase of new plant & machinery, vehicles, equipment, furniture, etc. and on BOT projects will be prepared with sources from which the expenditure is proposed to be financed, i.e. sources of funds, which may include loans from commercial banks/financial institutions, floating of debt instruments and from internal resources.

(ii) Revenue Budget:

Budget estimates for the next financial year and revised budget estimates for the current financial year will be prepared for Revenue Receipts and Revenue Expenditure. The estimates of Receipts will be divided into various subheads of operational Receipts and Non-operational Receipts. Similarly, Expenditure will be divided into works expenditure, consultancy charges, administrative overheads of head office and those of unit offices.

9.4.3 Detailed sub-head-wise estimates of expenditure on overheads of Head Office and those of unit offices will be annexed to the Budget document.

9.4.4 Each work-wise estimate of expenditure will be annexed separately giving name of work, name of agency, estimated expenditure, etc.

9.4.5 Total amount of overheads will be compared with the amount of turnover and a percentage of overheads to turnover (efficiency of administration) will be worked out.

9.4.6 Amount of projected Revenue Surplus/Defecit (Profit/Loss) will be worked out, deducting depreciation amount.

9.4.7 The Budget estimates (Revised for the current financial year and estimates for the next financial year) after approval of the MD, will be presented before Board of Directors in the month of February before end of the current financial year for their approval.

9.4.8 Soon after the approval of the Budget estimates by the Board of Directors, the allotment of sub-head-wise allocation of revised budget and next year budget will be made to Head Office and Unit offices. The REs and Head of office at the Head Office will be authorized to incur expenditure as per the allotment of revised allocations for the current financial year and allocations for the next financial year.

9.5 BUDGETARY CONTOL

Control over the expenditure by Unit offices and the Head Office and monitoring of the Revenue Receipt will be exercised through monthly monitoring statements which will be received at the Head Office by CAO as described in Chapter X.