



Key Indicator 6.4- Financial Management and Resource Mobilization

METRIC NO.:- 6.4.3: - Institutional strategies for mobilization of funds and the optimal utilization of resources

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Guidelines regarding Budget

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Standing orders:

LTJSS/ED/Stdg-ord/ Budget/2006/0750 Date 28-02-2006

Subject: Guidelines for preparation of Annual Budget for the institute

1. Introduction:

It has been observed that institutions go on making various recurring and non recurring expenses throughout the year without keeping track of the availability of funds. Similarly various students' activities are carried out without prior provision. Therefore the management has to sustain a lot of pressure at the fag end of the year. This situation is not desirable. Therefore during the meeting of Principals of the institutes at Nagpur held on 20-02-2006, Hon'ble Chairman directed to the principals to prepare budget and get it approved by the Managing Committee every year before the academic session commences. It was therefore felt it necessary to issue guidelines on this subject. The Principals, HoDs and Account staff are directed to please study these guidelines thoroughly.

2. Importance of Budget-Everybody's concern:

- Budgeting is a very important tool for the efficient cost management and effective cost control. The preparation of the budget involves every component of the organization.
- Once the budget is approved, it becomes easy for the principals, accounts staff to operate.
- It helps the management to make organize funds to be made available at the disposal of the principal.

3. Classification of Expenses:

Expenses can be classified normally in three categories. 1) Non-Recurring 2) Recurring 3) Construction.

4. Period of Budget:

01st July to 30th June

5. Non-Recurring Expenses:

- Non Recurring expenses are normally one time expenses made at a time.
- Similar type of other expenses, if any shall be considered as non-recurring expenses.
- A few examples of non recurring expenditure are given in the following table as a guideline. Expenditure should be classified accordingly.

Non Recurring items:

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SN	Nature of Item
N1	Equipment, Machinery, Instruments In Laboratories / Workshop, Kits, Models, Charts, Instruments made of glass, Air Conditioners anywhere in the department, Gift items received by Institute etc
N2	Servers, Computers (Complete Assembly of CPU, Monitor etc.), Monitors (Independent Monitor), Printers, Plotters, Keyboards, Scanners, Drives, Zip drive, Modems, Speakers, Multimedia kit, Stabilizers, CVT, UPS, Hubs, Switches and networking components etc
N3	Readymade Software like Training software such as MATLAB, Legal software such as MS Office, Novell, Window NT etc, or any other tailor made Software
N4	Tools such as spanner, screw driver, files, hammers, pliers etc. required for workshop except Hacksaw blades or required for any other laboratories etc
N5	Office equipment such as Xerox machine, Cyclostyling m/c, Type writers, Telephone instruments, Clocks, Water Coolers, Aqua Guards, Air Conditioners for any other room other than Department etc
N6	Furniture Such As Tables, Chairs, Racks, Cupboards, Shelves, Stools, Desk benches etc
N7	Books, Periodicals, Magazines

6. Recurring Expenses:

- The Recurring expenses are normally the expenses of repetitive in nature.
- Normally they arise at short intervals and occur at fixed period.
- Some examples of recurring expenses are given below. Similar type of other expenses, if any shall be considered as recurring expenses.

SN	Nature of Item
R1	Electronics Components such as IC, Transistors, Diodes etc.
R2	Workshop Consumable such as Wood, M.S. flat / pipe / bars, Diesel, Petrol, Oils, Coal, Molding sand, Hacksaw Blades, Welding Rod etc.,
R3	Chemicals for laboratories, Medicines for first aid
R4	Glassware such as Burette, Pipettes, Test tubes, Beakers, Stands, Funnels etc.
R5	Stationery Items papers, pins, punching m/c, stapler, tags, Ready made registers such as ledger, cash books, files, folders, photographs, Refills, cartridges, toners, floppies, CDs, Pen drives etc
R6	Printed forms, Examination-stationery, Registers / Receipt books / Gate pass books / Attendance Registers / D/S or Consumable registers / Prospectus / Information brochures / Leaflets / Handouts got printed by the institute or printed registers received from the o/o ED.
R7	Sanitary Items such as phenyl, Acid, Naphthalene -balls, Brooms etc
R8	Fertilizers, Pesticides, Manure, Earth, Murum, Boulders etc.
R9	Salary to staff, Security, Service Contractor, Honorarium to Guest faculty, Conveyance allowance, Electric Bills, Telephone bills, Water Bills, Corporation taxes, Transportation cost, Repairs, Office expenses, Reception expenses, Meeting expenses, Traveling expenses, Seminar / Conference expenses, Functions, donations given to social organizations, Special scholarships awarded by the institute, Legal expenses, Advertisements, Octroi, Parents' meet, alumni meet etc.
R10	Maintenance of coolers, water coolers, Maintenance of ACs, Maintenance of Xerox machines etc.



7. Construction :

C1	Maintenance of Building, Maintenance of Electrical Installation, Pumps, Purchase of Cement, Steel, Plywood, Sunmica etc.
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8. Schedule must be followed:

The following schedule shall be followed scrupulously.

Date	Activity
10 th March	Principal shall issue circular for HoDs and Section In charges for requirement with cost and probable income.
20 th March	HoDs and all concerned shall submit their requirements with approximate costs in formats.
22 nd March	Principal shall hold a meeting of all concerned and finalize the requirement and approximate cost.
27 th March	Principal shall prepare final budget for the institute
31 st March	Principal shall submit to CAFO LTJSS
05 th April	Date of power point presentation by principal to Hon'ble Chairman will be communicated to institutes by ED

9. Approval of the Management:

- Once the presentation of the budget is given to the Hon'ble Chairman, actual budget what so ever will be approved.
- Actual approved budget may vary from that submitted.
- The approval shall be communicated by Executive Director to individual Principal in writing.

10. Sanctity of Budget:

- Once the budget is communicated to the Principal in writing, it will be the responsibility of the Principal to adhere to the sanctioned budget.
- The Principal shall not make any expenditure beyond the budget.
- No additional funds will be provided beyond the approved budget during that year.
- The Principal shall take a review of expenditure every three months.
- The Principal shall communicate to the concerned HoD if the amount provided at his disposal is exhausted or likely to exhaust.

11. Additional Expenditure beyond Budget:

- In case of any foreseen item of expenditure which was not included in the budget but Principal thinks it inevitable or must, he shall submit a separate note sheet giving the factual position about the approved budget, what is the status at that point of time - means how much is the saving or excess in other items, why this expenditure is necessary and when it will be necessary.
- The requirement of such additional provision must reach office of Executive Director before at least 7 days in advance.
- No urgency beyond this period will be entertained.



12. Format for the Budget:

- The format in which budget shall be submitted is enclosed herewith for guidance and necessary action.
- Format should not be changed.
- Order of items mentioned in the format should not be changed.
- The Principal shall take enough care to foresee all the probable expenditures so as to include in the budget.
- The Principal may add additional items of income or expenditure in continuation below the prescribed items, if he thinks it necessary.

13. Budget Documents:

- Statement of probable income from all the sources
- Statement of probable non recurring expenses
- Statement of probable recurring expenses
- Certificate from principal in the prescribed format
- Detailed breakup of all items justifying the amount shown in the budget.

14. Certificate from Principal:

- The Principal shall submit a certificate duly signed as below.
- This is to certify that I have held the meeting of all Heads of the departments and all the concerned section heads before the budget is prepared. I further certify that all the probable incomes and expenditures have been included in the budget and I am fully convinced that all the figures shown in the budget are fully justified. I will strictly adhere to the approved budget and in case any additional amount beyond the approved budget is required, I shall communicate before 7 days.

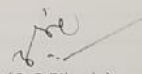
15. No Advances - No Excess:

- Once the budget is approved and necessary provision is made there is no question of advances or excess expenditure.
- However 5 % variation in individual item may be allowed.

16. Budget for Construction Activities:

- The budget for construction and maintenance activities shall be prepared by the Construction division.
- The Principals shall submit their plans of additional construction / alteration, renovation, painting, distemping etc to the Construction division of LTJSS on or before 15th March every year.
- The construction activity also include cabins, interior etc

By the Orders of the Management.


(O. S. Bihade)
Executive Director

- Copy submitted to Hon'ble Secretary, L.T.J.S.S., for information
- Copy with compliments to the Director (Projects) with a request to prepare budget for construction and maintenance of all the colleges.
- Copy to Principal PCEA, LTCE, PIET, JLCCP (Deg), PPN, JLCCP (Dip) for information and necessary action.
- ED file, Stores, CAFO

Standing orders for Budget preparation

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