

# [Eit implementation. (2) it is also defined](https://assignbuster.com/eit-implementation-2-it-is-also-defined/)

eIt helps the management in efficiently performing its various functions through formulations of plans, co-ordination of activities and control of operations. A budget helps in determining how much and how should the funds be spent thereby ultimately helping in resource allocations. This in turn necessitates a budgeting procedure that requires us to identify and analyze what our aims and objectives are, what activities we are going to perform, make necessary operating decisions and evaluate changing roles, responsibilities, priorities and workloads before and during the budgeting procedure as an integral part of it.

Definition of Budget:(1) A budget is a quantitative expression of a plan of action and an aid to co-ordination and implementation. (2) It is also defined as a financial and/or quantitative statement, prepared prior to a defined period of time, of policy to be pursued during that period for the purpose of attaining a given objective. An analysis of the preceding definitions of a budget reveals that (1) The objectives of the institution and related policies need to be determined in advance. (2) It is prepared for a specific period.

(3) It is prepared in advance of this specific period. (4) It is expressed in terms of money and/or quantity. (5) It is a blend of creativity, analysis and operating knowledge. The objective of a budget is to present under different heads the estimated expenditure and receipts of a school/college in a particular financial year. It specifies the limits up to which expenditure may be legitimately incurred during the course of the financial year. Its purpose is to exercise financial control over admissible/approved items of income and expenditure.

In other words, it is an instrument of financial control. Its advantages are as follows: (1) It compels the institution to plan in advance. (2) It provides criteria to evaluate performance.

(3) It promotes communication and co-ordination among the various segments. An education institution is basically not a profit-making organization. It is aimed at enhancing educational effectiveness and efficiency. The essence of all financial transactions in a school/college, therefore, is propriety. Propriety involves two basic principles: (a) Not using public funds for one’s own personal gain or the personal benefits of one’s friends.

(b) Not spending excessive or unnecessary money. A budget may be prepared for the whole institution or for a specific activity (e. g. sports, annual day etc.

) or both.