

Ongc budgeting assignment



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INTRODUCTION “ Not only had India.... set up his own machinery for oil exploration and exploitation.... an efficient oil commission had been build where a large number of bright young men and women had been trained and they were doing good work. ” -Pandit Janwarlal Nehru to Lord Mountbatten, on ONGC (1959)

ONGC Group of Companies comprising of ONGC Limited, and its subsidiaries ONGC Videsh Limited (OVL), ONGC Nile Ganga BV (ONGBV) and Mangalore Refinery and Petrochemicals Limited (MRPL) organize Import/International Sale of Crude Oil, Export of Petroleum Products and Petrochemical Products through Tendering Procedure for all the Group Companies of ONGC. ONGC Group presents a lot of business opportunities to prospective Business Partners in the area of international sale/import of Crude Oil and Export of Petroleum Products and Petrochemical Products.

ONGC Group is one of the fast growing groups in the world and its parent company ONGC is the only fully-integrated petroleum company in India, operating along the entire hydrocarbon value chain. It is not only the largest E&P Company in India but also one of the most valuable companies in India. Moody's has assigned ONGC Baa1-highest ever credit rating to any Indian corporate. Highest ever profit company in India since last many years, it produces value added products like Naphtha from its own plants, which are available for export. ONGC Videsh Limited (OVL) is an overseas arm of ONGC, engaged in Exploration & Production Activities.

It trans-nationally operates E Business in various countries across the globe. OVL has so far, acquired several properties in more than 12 countries across

the globe, and striving to reach out further OVL's projects are spread out in Vietnam, Russia, Sudan, Iraq, Iran, Lybia, Syria, Myanmar, Australia, Brazil, Cuba and Ivory Coast. It is further pursuing Oil and gas exploration blocks in Algeria, Australia, Indonesia, Nepal, Iran, Russia, UAE and Venezuela. Nile Blend Crude Oil from its Sudan Project and SOKOL Crude Oil from its Sakhalin 1 Project in Russia are available for sale in International Market.

Mangalore Refinery and Petrochemicals Limited (MRPL), located in a beautiful hilly terrain north of Mangalore city on west coast of India, have a State of Art Grass root Refinery at Mangalore and is a subsidiary of ONGC. The Refinery has got a versatile design with high flexibility to process Crude oils of various API and with high degree of Automation. MRPL has a design capacity to process 9.69 million metric tones per annum and is the only Refinery in India to have 2 Hydro crackers producing Premium Diesel (High Cetane).

It is also the only Refinery in India to have 2 CCRs producing Unleaded Petrol of High Octane. Lately it is venturing into production of Petrochemicals Products (Mixed Xylene, Para Xylene, Propylene, Benzene) LOBS and Petroleum Coke, which are in addition to its production of the whole range of Petroleum Products (Naphtha, Jet Kero, HSD/Gas Oil, FO, Reformat, etc.). In future, it has plans to expand its capacity. Currently all type of Petroleum Products viz. Naphtha, Jet Kero, HSD/Gas Oil, FO, Reformat, VGO and Mixed Xylene under Petrochemical Products are available for export.

ONGC is an organization which has joint ventures domestic as well International like:- a. Domestic Joint Venture: – ONGC Tripura Power

Company (P) Ltd. (OTPC) Petronet LNG Limited Petronet MHB Limited Pawan Hans Helicopters Limited b. Overseas Joint Venture: – ONGC – Mittal Energy Ltd. (OMEL) ONGC – Mittal Energy Services Ltd. (OMSEL) THE COMPANY COMPANY HISTORY 1947 – 1960 During the pre-independence period, the Assam Oil Company in the northeastern and Attock Oil company in northwestern part of the undivided India were the only oil companies producing oil in the country, with minimal exploration input.

The major part of Indian sedimentary basins was deemed to be unfit for development of oil and gas resources. After independence, the national Government realized the importance oil and gas for rapid industrial development and its strategic role in defense. Consequently, while framing the Industrial Policy Statement of 1948, the development of petroleum industry in the country was considered to be of utmost necessity. Until 1955, private oil companies mainly carried out exploration of hydrocarbon resources of India. In Assam, the Assam Oil Company was producing oil at Digboi (discovered in 1889) and the Oil India Ltd. a 50% joint venture between Government of India and Burma Oil Company) was engaged in developing two newly discovered large fields Naharkatiya and Moran in Assam. In West Bengal, the Indo-Stanvac Petroleum project (a joint venture between Government of India and Standard Vacuum Oil Company of USA) was engaged in exploration work. The vast sedimentary tract in other parts of India and adjoining offshore remained largely unexplored. In 1955, Government of India decided to develop the oil and natural gas resources in the various regions of the country as part of the Public Sector development.

With this objective, an Oil and Natural Gas Directorate was set up towards the end of 1955, as a subordinate office under the then Ministry of Natural Resources and Scientific Research. The department was constituted with a nucleus of geoscientists from the Geological survey of India. A delegation under the leadership of Mr. K D Malviya, the then Minister of Natural Resources, visited several European countries to study the status of oil industry in those countries and to facilitate the training of Indian professionals for exploring potential oil and gas reserves.

Foreign experts from USA, West Germany, Romania and erstwhile U. S. S. R visited India and helped the government with their expertise. Finally, the visiting Soviet experts drew up a detailed plan for geological and geophysical surveys and drilling operations to be carried out in the 2nd Five Year Plan (1956-57 to 1960-61). In April 1956, the Government of India adopted the Industrial Policy Resolution, which placed mineral oil industry among the schedule ' A' industries, the future development of which was to be the sole and exclusive responsibility of the state.

Soon, after the formation of the Oil and Natural Gas Directorate, it became apparent that it would not be possible for the Directorate with its limited financial and administrative powers as subordinate office of the Government, to function efficiently. So in August, 1956, the Directorate was raised to the status of a commission with enhanced powers, although it continued to be under the government. In October 1959, the Commission was converted into a statutory body by an act of the Indian Parliament, which enhanced powers of the commission further.

The main functions of the Oil and Natural Gas Commission subject to the provisions of the Act, were “ to plan, promote, organize and implement programmes for development of Petroleum Resources and the production and sale of petroleum and petroleum products produced by it, and to perform such other functions as the Central Government may, from time to time, assign to it “. The act further outlined the activities and steps to be taken by ONGC in fulfilling its mandate. 1961 – 1990

Since its inception, ONGC has been instrumental in transforming the country’s limited upstream sector into a large viable playing field, with its activities spread throughout India and significantly in overseas territories. In the inland areas, ONGC not only found new resources in Assam but also established new oil province in Cambay basin (Gujarat), while adding new petroliferous areas in the Assam-Arakan Fold Belt and East coast basins (both inland and offshore). ONGC went offshore in early 70’s and discovered a giant oil field in the form of Bombay High, now known as Mumbai High.

This discovery, along with subsequent discoveries of huge oil and gas fields in Western offshore changed the oil scenario of the country. Subsequently, over 5 billion tones of hydrocarbons, which were present in the country, were discovered. After 1990 The liberalized economic policy, adopted by the Government of India in July 1991, sought to deregulate and de-license the core sectors (including petroleum sector) with partial disinvestments of government equity in Public Sector Undertakings and other measures. As a consequence thereof, ONGC was re-organized as a limited Company under the Company’s Act, 1956 in February 1994.

After the conversion of business of the erstwhile Oil & Natural Gas Commission to that of Oil & Natural Gas Corporation Limited in 1993, the Government disinvested 2 per cent of its shares through competitive bidding. Subsequently, ONGC expanded its equity by another 2 per cent by offering shares to its employees. During March 1999, ONGC, Indian Oil Corporation (IOC) – a downstream giant and Gas Authority of India Limited (GAIL) – the only gas marketing company, agreed to have cross holding in each other's stock.

This paved the way for long-term strategic alliances both for the domestic and overseas business opportunities in the energy value chain, amongst themselves. Consequent to this the Government sold off 10 per cent of its share holding in ONGC to IOC and 2.5 per cent to GAIL. With this, the Government holding in ONGC came down to 84.11 per cent. In the year 2002-03, after taking over MRPL from the A V Birla Group, ONGC diversified into the downstream sector. ONGC will soon be entering into the retailing business. ONGC has also entered the global field through its subsidiary, ONGC Videsh Ltd. (OVL). ONGC has made major investments in Vietnam, Sakhalin and Sudan and earned its first hydrocarbon revenue from its investment in Vietnam.

MISSION & VISION “ To be a world-class Oil and Gas Company integrated in energy business with dominant Indian leadership and global presence. ”

World Class

- Dedicated to excellence by leveraging competitive advantages in R&D and technology with involved people.
- Imbibe high standards of business ethics and organizational values.
- Abiding commitment to safety, health and environment to enrich quality of community life. Foster a culture of trust, openness and mutual concern to

make working a stimulating and challenging experience for our people.

- Strive for customer delight through quality products and services.

Integrated In Energy Business • Focus on domestic and international oil and

gas exploration and production business opportunities. • Provide value

linkages in other sectors of energy business. • Create growth opportunities

and maximize shareholder value. • Dominant Indian Leadership • Retain

dominant position in Indian petroleum sector and enhance India's energy

availability. MANAGEMENT STRUCTURE CRC(CORPORATE REJUVENATION

CAMPAIGN) STRUCTURE pic] ORGANISATION STRUCTURE IN AHMEDABAD

ASSET Organization Chart of Finance Department Ahmedabad Asset

GEOGRAPHICAL SPREAD OF FACILITIES • Assets / Plants o Mumbai High

Asset, Mumbai o Neelam & Heera Asset Mumbai o Basin & Satellite Asset,

Mumbai o Uran Plant, Uran o Hazira Plant, Hazira o Ahmedabad Asset,

Ahmedabad o Ankleshwar Asset, Ankleshwar o Mehsana Asset, Mehsana o

Rajamundry Asset, Rajamundry o Karaikal Asset, Karaikal o Assam Asset,

Assam o Tripura Asset, Agartala • Basins o Western Offshore Basin, Mumbai

o Western Onshore Basin, Baroda o K G Basin, Rajamundry o Cauvery Basin,

Chennai Assam & Assam Arakan Basin, Jorhat o CBM – BPM Basin, Kolkata o

Frontier Basin, Dehradun • Regions o Mumbai Region, Mumbai o Western

Region, Baroda o Eastern Region, Nazira o Southern Region, Chennai o

Central Region, Kolkata • Institutes o Keshava Deva Malaviya Institute of

Petroleum Exploration, Dehradun o Institute of Drilling Technology, Dehradun

o Institute of Reservoir Studies, Ahmedabad o Institute of Oil & Gas

Production Technology, Navi Mumbai o Institute of Engineering & Ocean

Technology, Navi Mumbai o Geo-data Processing & Interpretation Centre,

Dehradun o Institute of Management Development, Dehradun Institute of

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Petroleum Safety, Health & Environment Management, Goa • Services o Drilling Services, Mumbai o Well Services, Mumbai o Geo-Physical Services, Dehradun o Logging Services, Baroda o Engineering Services, Mumbai

FUNCTIONAL AREAS Production/Operation ONGC has mainly production of various Oil, Petroleum products, and Gas from raw material called crude. It is obtained from onshore and offshore wells. There are mainly two types of wells, (a) Exploratory Wells (b) Development Wells Exploratory Well is a well that is not a development well, a service well or a stratigraphic test well i. . a well drilled in an unproved area for the purpose of finding and producing Oil or Gas. Development Well is a well drilled within the proved area of an Oil & Gas reservoir to the depth of a horizon known to be productive. The price of indigenous Offshore and Onshore crude oil payable to ONGC is inclusive of Royalty, Cess, NCCD(Natural Calamity Contingency Duty) and Sales Tax. The royalty rate on crude is dependent on well head value and is calculated on dispatched quantity and is paid to the state government, Cess is Rs. 1800/MT of sold quantity and is paid to Central Government, NCCD is Rs. 0/MT of sold quantity and is paid to the Central Govt. , and rate of sales tax is 4% of the sales value. Sales tax is paid to State govt. The price payable to ONGC on the quantity to be sold to the customer (IOCL) is received by the regional office. Supply Chain and Logistic The crude produced from wells is supplied through the below shown process, Crude Form Water Elimination Process Heating Treatment: Water Elimination, Removal of Salts & Basic Sediments. (Dispatched Quantity) Elimination of Salts & Sediments The crude is extracted from the field & sent to GGS (Group Gathering Station) through pipelines. • In GGS, water elimination process takes place. Thereafter, the crude is sent to CTF (Central Tank Farms), where it is given

heating treatment to remove water, and basic sediments. From CTF, Crude is sent to Desalter Plant for removal of salts and basic sediments. • From Desalter Plant, Crude is finally sent through pipeline to Koyali Refinery Plant Situated near Baroda. Here the final refining takes place where crude is separated into oil, petrol and other value added products like ethane, propane, natural gas & LPG. Regional Office Baroda makes the billing for crude and receives revenue. Crude has closing stock. The pricing of Crude is done monthly and the billing is done weekly Pricing As per the instructions of MOP, vide letter no. L-12015/5/97-GP (Pt.) dated 09 November 2000, to continue with the existing gas pricing system, the following Consumer and Producer price of natural gas supplied by ONGC/OIL have been fixed on provisional basis for the month of May'07: (A)For supplies in states other than North East Consumer Price for natural gas supplied by GAIL with a Calorific value of 10000 K. Cal. /M3: Rs. 2850/MCM Producer price (Payable to ONGC/OIL) for natural gas Supplies with calorific value of 10000 K. Cal. /M3: Rs. 2384/MCM (B)For supplies in North East Consumer Price for natural gas supplied by GAIL with a Calorific value of 10000 K. Cal. /M3: Rs. 1700/MCM Producer price (Payable to ONGC/OIL) for natural gas Supplies with calorific value of 10000 K. Cal. /M3: Rs. 1700/MCM The above prices would be subject to adjustment as per final decision of the Government on the gas price levels. Note: – Prices are proportionally adjusted based on NCV.

LEVIES Levies are paid only on gas supplies and not on gas flared or internally consumed except for Royalty on colony consumption. Approx 95% of the gas supply goes to GAIL while to the direct consumers. Levies include 10% royalty for GAIL and other customers. It is charged only on the total

quantity of gas supplied but not on gas flared or internally consumed. Bills receivable from private consumer include 10% royalty, 20% sales tax (in Gujarat). Billing Procedure Billing is done every fortnightly. The first fortnight bill includes data from 1st to 15th of the month.

The second fortnight bill includes the data for the whole month (i. e. , from 1st to 30th/31st of the month.) Thereafter, the initial bill is deducted from the later to get the amount for the second bill. The invoice is prepared and sent to the parties. The other procedure is undertaken in respect of MGO claim i. e. , Maximum Guaranteed Off-take. Under this, a minimum guaranteed supply quantity is fixed. The customer has to make payment on the basis of the basic rate. If the quantity lifted is more than the guaranteed qty. , payment shall be made for full quantity.

But if the quantity taken is less than the minimum guaranteed, first the payment will be made for the actual lifted amount and then for the balance (i. e. , the difference between actual lifted qty. and maximum guaranteed qty.). This difference in the qty. is known as Short lifted Gas. Maximum Guaranteed Off-take is 80% of Maximum Contracted Quantity. Human Resource Management – AHMEDABAD The smooth functioning of any organization is dependent on the convergence between the objectives set by the company and its day to day functioning towards achieving these goals .

The onus in this regard, equally lies on the HR which plays a pivotal role in the working of the organization. The measure of any organization's success is its HR practices. Policies, concepts, processes, techniques, and even technology can be adopted and benchmarked from other organizations. HR –

GENERAL ADMINISTRATION The work of the Administration in an organization as large as ONGC in particular and Ahmedabad Asset in general, has its own challenges as it involves dealing with complex administrative affairs and maintaining cordial relationship among the employees as well as with other interfaces of the company.

The various functions of General Administration are as under - a) Allotment and vacating orders for colony accommodation. b) Maintenance of Asset Estate. c) Requisition of new office or housing accommodation. d) Hospitality which includes arrangements for official parties, meetings, seminars, hotel bookings, air / train ticket bookings, and smooth functioning of transit accommodation. e) Preparation of Indent for new articles, machinery, office / residential accommodation, Kits & Liveries, job contracts etc along with the support of MM, Finance, and concerned department.) Monitoring of house keeping, garbage disposal, and horticulture contractual workers.

FINANCE AND ACCOUNTS FINANCE DEPARTMENT OF ONGC ONGC consists of many departments i. e, " Production department, HR department, Finance department, Marketing department". Finance department have its own importance in the organization. All the activities related to the salary of the employees, or allocation of cost, posting the entries of daily transactions, all the data's related to the Sales of product etc. Hence finance has its vital importance in the functioning of the organization. **ORGANOGRAM**

Finance & Accounts Department, Ahmadabad asset General Manager Chief Manager Incharge Incharge Incharge Incharge Incharge Incharge Incharge Incharge Central Asset Costing/Wells Cash/Bank Pre-audit Budget EDP PCS Acc. Acc. Unit The above is the organogram of finance department of ONGC.

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It shows the hierarchy of the finance department. The different Incharge of various sections are described. All the different sections have its different functions. All the activities are interrelated without any of the section the work cannot be completed.

The main function of Finance section is to reduce the cost of the organization. The first work is done by the Incharge of budget because firstly the budget has to be prepared on that basis only the target can be decided and exploration or production can be done by the Onshore or Offshore Employees. And after the production had been done then after that the selling of the product is done. As ONGC deals with the selling of two products only Oil & Gas. Sales accounts are prepared on the basis of sold quantities. The PCS(Personal Claim Section) department deals with the earnings of employees like Salary, Loan, Advances etc.

Costing section deals with the allocation of costs, when the production work is done the cost of each activity is allocated to the cost center. Ahmedabad finance has developed in house website (www 10. 205. 67. 54) which gives useful information regarding PCS claims, circulars etc. As every Asset prepares its financial report and send it to the main Head quarter Dehradun and the consolidated balancesheet is prepared after compiling all the different asset's financial balancesheet is prepared and it is shown in the annual report as ONGC's financial status. Finance & Controlling

Finance & Controlling module of SAP is divided into two main sections- (1) Financial Accounting (2) Controlling. The financial accounting module handles the financial transactions for the organization. Balance Sheets are

traditionally produced from this module in SAP, as this is where the legal entity is registered. The controlling module handles the cost and profitability accounting for the organization. It specifically caters to internal management reporting requirements on areas of cost analysis and control, evaluating profitability of business segments, variance analysis and budgeting.

DIFERENT FINACIAL SECTION IN ONGC 1. General Ledger 2. Cash & Bank 3. Costing – Material & Asset 4. Sale Accounting & Receivable Management 5. Pre-Audit Section 6. Asset Accounting 7. Budget 8. PCS I) GENERAL LEDGER:- General ledger is the centralized, up-to-date reference for rendering of the accounts. In SAP actual individual transactions can be checked at any time in real-time processing by displaying the original documents, line items and monthly debits and credits at various levels such as: Accounts Journals Summary of monthly debits and credits balances

Balance sheet/profit & loss evaluations The SAP FI General Ledger has the following features: 1) Free choice of level: corporate group or company 2) Automatic and simultaneous posting of all sub-ledger items in the appropriate general ledger accounts (known as ‘reconciliation accounts’ in SAP) Real-time evaluation of and reporting on current accounting data, in the form of account displays, financial statements with different balance sheet versions and additional analysis. Document Types: | Posting Keys | | | Dr. | Cr. | Normal | 40 | 50 | | Vendor | 29 | 39 | | Costing | 91 | 101 | | Sales a/c | 01 | 15 | | Pre-audit | 21 | 31 | Document Process:- Accounts Heads:- Charts of Accounts ? 01-FA ? 03-Depreciation ? 05-Capital WIP ? 07-Producing Property ? 09-Inventory ? 10-Advances ? 12-IUT ? 14-DRE ? 16-P&L A/c ? 19-Liability ? 20-Expenses ? 21-Workrelated 22-Depreciation for the year ? 23-
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Revenue Company Codes in IUT:- ? 120112-For all Cross Company Codes ? 120102-Receivables ? 120103-Payables ? 120115-IUT for transfer for other projects. Park document Menu: (T Code F-65): Accounting > FinancialAccounting > GL > Documen Entry > Park 1. All documents involving a bank or cash transaction have to be initially parked. 2. All documents involving Inter Unit Transaction(IUT) have to be initially parked. 3. Once a normal document has been parked ? Note the Document number ? Display the line items of the document Take a print of the document, attach supporting documents and forward the document to relevant officer for approval on paper and release/posting in the system. (Normal Documents: SA, BP, BR, CP, CR and KS). 4. Once an Inter Unit Transaction (IUT) document has been been parked. ? Note the document number ? Display the line items of the document take a print of the document, attach supporting documents and forward the document to relevant IUT Manager for approval on paper and posting in the system. Role of Asset Accounting in ONGC The functions of ONGC Ltd. Being an E&P co. have spread over big area and have great significance in context of fixed assets as major portion of its investments blocked in fixed assets. Hence, the role of asset accounting is very vital. The maintenance of accounts for all these fixed assets, spread over various work centers, involves great efforts and proper understanding of the system. Various functions of Asset Accounting in ONGC: - Pricing and Processing of GRV (Good Receipt Voucher). 1. Processing of issue vouchers. 2. Processing of vouchers pertaining to ' In-Transit' items. 3. Processing of condemnation vouchers. . Processing of vouchers pertaining to inter-indenter transfers. 5. Calculation of depreciation and allocation to cost activities. 6. Maintenance of records pertaining to fixed assets. 7. Generation of various reports. 8.

Furnishing various types of information's to services from time to time. 9. To provide information to meet statutory requirements as regards to payment of tax under Income Tax Act and Wealth Tax Act. Objectives of Asset Accounting in ONGC: – • To account for all items of expenditure and associated costs that goes to create fixed asset. To calculate depreciation as per the provision of schedule of Companies Act, 1956. • To track the location of an asset and its movement thereof. Asset Accounting Process Map GRV Capital in Stock Verified Indent Job Completion Note Issue e. g. , Fabrication jobs CWIP Job completion note e. g. , building GGS Assets Accounting include various steps in processes:- 1. Asset Master: Asset master is needed for entering the asset related transactions.

Normal Asset master record will be created by using the transaction code AS01. Asset Master Maintenance:- Maintenance of asset master includes creation of asset master for item procured. Asset master contains following details: • Asset description • Source of purchase i. e. Indigenous or Imported • Date of purchase & capitalization • GRV/ I. V. number • Vendor name • Depreciation • Indenter code & cost center • Location and other details 2. Acquisition and capitalization of the asset acquired from external and internal Sources: – Asset acquisition through MM capitalization process . Retirement of asset after its useful life and posting of loss from the scrapping of asset: – • Process of condemnation of asset will start with identification of asset, to be condemned, by the indenter. • The indenter will take the approval for condemnation of asset from the competent authority. • The indenter will prepare Asset condemnation note (A C N) & return the asset to store department . The copy of A C N will be sent to finance for writing off

the asset from books. • Discarded asset will be uploaded as scrap material in MM for tracking. 4.

Calculation of depreciation and posting it to relevant accounts. •

Depreciation is charged on each asset on monthly basis by executing a program. • The rate at which the depreciation is to be charged on particular asset is decided by the system on the basis of depreciation key attached to the asset. • The accounting entries are automatically generated once the depreciation runs program is executed. Asset Master stores the following information about an asset: • General information (description, quantity, etc.) • Account assignment information. • Posting information (e. . capitalization date, date of completion of capital works, date on which depreciation started) • Time-dependent assignments (e. g. cost center) • Information for financial asset management • Real estate information • Leasing conditions • Investment support measures • Information on the origin of the asset • Physical inventory data • Insurance data Mode of payments:- Payments are done to both employees and vendor through different modes. For employee the payments could be made by cash if its below Rs. 5000 and if it is above Rs. 5000 the payment is done through cheque.

But for the vendors the payment is done only by cheque and dispatch through registered post. Process of Payments:- The payment is done on the basis of duly authorized invoices/vouchers received from pre audit section after verification of the credentials like correct payee name, amount etc. the payment is released. It is done through different modes. 1. Automatic Payment Programme 2. Manual outgoing payment through workflow. 3. Through bank payment document in cash section for Earnest Money Deposit

(EMD) release In Automatic payment programme the transaction code is 110. Receipts:- Earnest money/Security Deposit/Tender:- Bank receipt voucher is prepared in cash section. Pay in slip is generated in duplicate and submitted to bank and instrument is deposited in bank. In this bank a/c is debited and the vendors a/c with special indicators. • Receipt of gas sales, scrap sales is prepared through bank receipts, vouchers and BPR is prepared at Pre-audit. • Receipts from employees against advance and adjustment. • Foreign currency receipt against international tenders. Types of cash credit account with SBI:- 1. Main account – 91501 2. Clearing account – 90502 3.

Clearing Forex receipts – 91503 In case of cheque issued 91502 a/c is credited while cheque for cheque deposited 91501 a/c is debited. Bank credits our a/c with them for cheque deposited and debit our a/c for cheque issued. Therefore in bank account with bank there is net debit only. On daily basis, the bank transfers the balance to its Head Quarters to make the balance nil. PCS SYSTEM (Personnel Claims Section) PCS Mission: • To maintain centralized record of claims, advances and loans disbursed to facilitate monitoring of recovery/settlement and approvals for subsequent loans/advances applications. To ensure that Claims/Entitlements are allowed as per rules and regulations, withholdings, and tax calculations. PCS are broadly divided into three categories: 1. Loans/Advances • Interest bearing (HBA, Car loan, Two Wheeler Loan, etc.) • Non-interest bearing (TA Advance, Salary Advance, etc.) 2. Official Claims • Travel Claims, Training etc. 3. Entitlement Claims • LFA, Leave Encashment, Medical, Holiday Home, etc. The PCS system consists of an ' Employee Master', which is known as ' Vendor Master' in SAP. The function of Vendor Master is to: Maintain

Employee-wise Loan/Advance details on the basis of Loan/Advance type. •
 Keep the Employee Sub-Ledger Accounts Always reconciled with the corresponding G/L reconciliation Account. STAGES STAGES The preparation of Revised Budget Estimates and Budget estimates has to be accomplished in three stages. The followings are the recommended stages in preparation of Revised Budget Estimate for the Year 2009-10, Budget Estimate for the Year 2010-11 and Commitment Budget FY 2011-12 and beyond. The time schedule for various stages of completion of budget exercise is given as under:-

STAGE	ACTIVITY	DESCRIPTION OF ACTIVITY	TIME SCHEDULE
Stage 1	Determination of physical targets.	Determination of physical targets	30th June
Stage 2	Formulation of activity wise indicative financial outlays corresponding to approved physical targets.	Formulation of activity wise indicative financial outlays corresponding to approved physical targets.	31st July
	Examination of activity outlays by CBC and communication of indicative financial outlays to virtual corporate.	Examination of activity outlays by CBC and communication of indicative financial outlays to virtual corporate.	14th August
Stage 3	Determination of financial outlays based on approved indicative financial outlays.	Determination of financial outlays based on approved indicative financial outlays.	10th Sept.
	Presentation of draft budget proposals by CBC to the EC.	Presentation of draft budget proposals by CBC to the EC.	30th Sept.
	Submission of budget proposals by virtual corporate based on EC's approval.	Submission of budget proposals by virtual corporate based on EC's approval.	15th Oct.
	Submission of budget agenda by CBC for consideration of FMC and BoD	Submission of budget agenda by CBC for consideration of FMC and BoD	30th Oct.

It is emphasised that scheduled date of submission of budget data should be strictly adhered, else any delay will result in corresponding delay in budget approval process. STAGE 1:

DETERMINATION OF PHYSICAL TARGETS:-

The targets for RE 2007-08 and BE 2008-09 shall be framed by the Assets/Basins in consultation with the concerned Heads of Services (with reference to resource availability) keeping in view the overall Corporate Objective, The targets shall be considered and approved by the Virtual Corporate' in their meeting where location managers of the services will also be present Thereafter the Physical targets shall be got approved by the Virtual Corporate from the concerned Directors and submitted to Corporate Budget by 15th June'2007 in the formats It may be emphasized that the physical programmed shall form the basis both for Budget and Annual Plan to be submitted to Planning Commission. Hence, the physical programmed compiled in the Annexure above should be maintained for Corporate Planning requirement also. Major deviations in RE 2007-08 and BE 2008-09 targets Vis a vis BE 2007-08 targets are also to be explained in the separate explanatory note. STAGE 2: FORMULATION OF ACTIVITY-WISE INDICATIVE FINANCIAL OUTLAYS CORRESPONDING TO APPROVED PHYSICAL TARGETS:-

Virtual Corporate will work out Activity wise Financial Outlays corresponding to approved Physical targets based on the per unit cost of the inputs required to be used in accomplishing the activities of Survey, Exploratory drilling, Development drilling and Operating cost. Actual cost as per finalized accounts for F. Y, 2008-09 will form the basis for working out financial outlays for RE 2009-10 and BE 2010-11. However, in case of uncontrollable exigencies like increase in charter hire rates as per Contracts already finalized, etc, higher increase may be considered with detailed reasons to be furnished for While allocation of additional resources. Working out activity wise financial outlays, cost of services provided by services/expenditure

incurred by other locations also need to be considered and the same will form the basis of resource allocation to services.

Accordingly, it is suggested, that service cost considered in activity wise financial outlays be arrived at after due deliberations between the service providers and service users and approved by respective Asset/Basin Managers. Virtual Corporate will also work out total financial outlays for funds allocations after adjusting for inter unit transfers. The information is required for allocation of financial outlays to Virtual Corporate for expenditure sanction and availability control. Activity wise financial outlays for funds allocation and details of Opex were submitted by Virtual Corporate to Corporate Budget Cell latest by 15th June' 2009. Examination of Activity wise Financial Outlays by Corporate Budget:

Activity wise Financial Outlays submitted by Virtual Corporate will be examined by Corporate Budget Cell considering approved physical work programmed, cost of activities, availability of resources, etc. Based on above parameters, Corporate Budget Cell will communicate level of indicative financial outlays to Virtual Corporate after obtaining approval from Director (Finance). Item wise Financial Outlays: Virtual Corporate will work out item wise budget requirements under Natural heads within the limits of recommended activity wise financial outlays. Line item wise budget proposals under natural head will be converted into activity wise budget outlays and per unit budgeted cost of activities by allocation of common costs to the activities through the budget software.

Line item wise budget requirements will be iteratively reviewed and moderated at the work centres so that budgeted cost of activities fall within the acceptable level of last year's actual costs and also that natural head budget remains within the limits of recommended activity wise financial outlays. It is reiterated here that for working out budgeted cost of activities, consumption of stores and spares during the financial year is to be considered and inventory variation will be reflected as working capital changes. Similarly, in case of Contractual services spreading beyond one financial year, actual utilization of services during the budget period will be considered while working out the budgeted cost of activities.

Accordingly, phasing of expenditure should be carried out to RE 09-10, BE 10-11 and CBE 11-12 and beyond so that budget outlays and budgeted activity costs are kept at realistic levels. After review and moderations, final budget proposals will be approved by respective Asset Managers/Basin Managers/ Heads of Institutes/Chief of Services. After approval by Virtual Corporate, item wise financial budgets under natural heads, corresponding activity outlays and budgeted cost of activities will be submitted to Corporate Budget Cell. **STAGE 3: DETERMINATION OF FINANCIAL OUTLAYS BASED ON APPROVED INDICATIVE FINANCIAL OUTLAYS:-** Corporate Budget Cell will present the draft budget proposals to the Executive Committee.

Assets/Basin Managers and Service Chiefs need to justify their budget requirements in detail in case of variation over the previous years actual along with procurement status of cases processed. Work centers will revise the budget proposals in accordance with the decisions of EC and submit the same to the Corporate Budget Cell latest by 31. 8. 2009. Corporate Budget

Cell will then finalize the budget agenda for obtaining approval of PAC and Board. 2. 2 DEFINITION OF BUDGET According to Shubin, “ A budget is a comprehensive overall plan in which management on the basis of estimated sales volumes and receipts establishes cost and expense allowances for future operations. In this way effectively integrating and directing activities towards carefully determined goals”.

According to Cost and Management Accountants, England “ A budget is a financial and/ or quantitative statement, prepared and approved prior to a defined period of time, of the policy to be pursued during that period for the purpose of attaining objectives. It may include income, expenditure and employment of capital”. INTRODUCTION: A budget is a valuable tool to help plan for upcoming year. It provides a structure to forecast and measure the activities of the organization. Once a budget is approved and implemented, it becomes a standard with which to measure the chapter’s performance on a monthly, quarterly or yearly basis. In addition, a budget can provide an early warning if adjustments in spending or revenue collection are necessary.

Budget means the future plan or estimation.

Budget covers action in the whole of the organization for a definite period of time, being a sum total of all assets, Basins, Services, Institutes and Regional offices put together in case of ONGC. The earlier approach i. e. the traditional or incremental approach:- In the traditional approach, the budget was prepared on the basis of previous year’s figures. The past spending was extrapolated every year. This carried forward the inefficiencies of previous year to current year. This was functionally oriented (by division and

department) and accounting oriented (Primary focus was on how-much) the justification was required only for the incremental programmers'.

Because the price rises, increment for inflation was given only on demand by the departments. This approach rarely made an attempt to reconcile or rationalize the budget to long range strategies and objectives. The burden of proof was placed on top management to decide how much should be spent for what and why. The new approach i. e. The Zero Based Budgeting (ZBB) approach:- ZBB is an operating planning and budgeting process which requires each manager to justify his entire budget request in detail from scratch (zero) and decide why he should he spent any money at all. It is a method of budgeting whereby all activities are re-evaluated each time a budget is set.

It is essentially a planning and budgeting mechanism employing cost benefit evaluation of projects and activities to enhance the allocation of resources within the organization into high priority efforts. It is a system whereby each budget item, regardless of whether it is a new or existing, must be justified in its entirety each tie a new budget is prepared. Advantages of Zero-Based Budgeting Efficient allocation of resources, as it is based on needs and benefits. Drives managers to find cost effective ways to improve operations. Detects inflated budgets. Municipal planning departments are exempt from this budgeting practice. Useful for service departments where the output is difficult to identify.

Increases staff motivation by providing greater initiative and responsibility in decision-making. Increases communication and coordination within the

organization. Identifies and eliminates wasteful and obsolete operations. Identifies opportunities for outsourcing. Forces cost centres to identify their mission and their relationship to overall goals. Major processes:- The development and implementation of the ZBB requires managers and others in the organization to engage in following major planning, analytic and decision making process:- 1. Definition of the mission and goals of the working unit. 2. Identification of the decision package. 3.

Analysis of each decision package. 4. Ranking of decision packages. 5. Acceptance of three decision packages for allocation of resources. 6. Budget preparation. 7. Monitoring and Evaluation. BUDGET PROCESS IN ONGC ONGC prepared the budgets are as follows: Revised budget estimate (Current year) Budget estimate (Next year) Commitment budget (Next to next year) Broad overview of budget formulation process: In the context of ONGC Ltd. , the Budget can best be defined as a statement of targets both physical and financial, intended to be achieved, in terms of exploration, drilling, production and other allied activities as also connected expenditure vis-a-vis revenue.

Considering the dynamic and complex nature of the organization, budgeting can be identified as the principal tool available to the management for Planning and control of physical operations and financial resources. A vital feature of Budget is the mutual enrichment of function between management and accounting. Projections of Physical targets intended to be achieved during the budget period and decision as to their exact shape and content is the purgative of the management after, of course, careful and in depth consideration of all relevant factors. The Accountant is like a Chief

navigator. He provides the log of past recorded fact, allows for variations and gives the answers, in terms finance, about the results of taking specified course of action. He helps the management by converting the Physical Plan into financial figures i. e. the budget.

It has, however, to be noted that Budget is only an aid and not a substitute for managerial judgment. The process of budget formulation, in ONCC is a detailed, exhaustive and voluminous exercise; the exercise normally starts after completion of Annual Accounts in order to have actual utilization of budget and actual cost of various activities. It is envisaged to have the Board approval for the Budget Outlays of RE of the current period and BE for the next Financial Year by the end of September/ October of every year. The budget is prepared initially based on the resources requirements under natural heads and correspondingly financial outlays under various activities are prepared using the budget software.

Financial Outlays corresponding to the approved Physical Targets are prepared based on per unit cost of the inputs required to be used in accomplishing the activities. The budget activities consist of (i) Survey; (ii) Exploratory Drilling; (iii) Development Drilling; (iv) Capital; (v) R and (vi) JV's. The Asset/Basin level activities are converted into financial outlays taking the unit cost as per rate of contracts or realistic unit cost of the activity. Virtual Corporate Boards (VCB) reviews and approves item-wise budget requirement prepared by respective units under natural heads (Capital, stores, spares, contractual, Manpower and other charges) for submission to CBG within the limits of approved indicative Financial Outlays.

Activity wise financial outlays submitted by Virtual Corporate Boards (VCB) are examined/ reviewed by Corporate Budget Group considering physical work program approved by concerned Director and reasonable cost of activities, availability of resources, etc. Corporate budget Cell (CBC) presents the draft budget proposal to the EC. EC moderates the company wide total financial outlay based on the total internal resources likely to be available during the budget period at global level. The moderation is done without reviewing the unit wise physical activities proposed to be taken up and completed in the budget period. Corporate Budget Cell requests an the units to moderate the budget as per the directives of EC.

CBC then finalizes the budget agenda for obtaining approval of Fi'vIC and Board. After approval of the Board, the approved budget is communicated to all units so that the budget is uploaded in EXPLANATION THROUGH FLOW D1AGRAM:- SERVICEWISE / ASSETWISE SUBMITTED TO LBC (LINK WITH ACTIVITY WISE) SUBMITTED TO VC (BUDGET IS AGAIN PREPARED WITH INDICATIVE OUTLAY) SUBMITTED TO CBC SUBMITTED TO EC GIVEN TO CBC GIVEN LBC UPLODED IN SAP TYPES OF ACTIVITIES PERFORMED BY ONGC: 1. Survey 2. Development drilling 3. Exploratory drilling 4.

Capital/project/scheme 5. OPEX(Operating Expenditure) 6. Joint Ventures 7. R
 TYPES OF BUDGET [pic] [pic] LINE ITEM-WISE BUDGET | SR NO. DESCRIPTION
 | QUANTITY | EXPENDITURE UPTO | REVISED BUDGET ESTIMATE 2009-10 | | |
 | | Cementing Services | Cementing Hours, Cementing Jobs | | Mud Services |
 Drilling Rig Days/Work over Rig Days | | Work over Services | Rig Days | |
 WSS Services | Jobs, Weights | | Well Completion Services Wells Completed | |
 Logging Services | Logging Hours | | Engineering Services | Weights, Man

hours | | Logistic Services | Flying Hours, MSV Days, Tonnage Carried Vehicle Days, etc., | | Project Overheads | Budget outlays of various activities | | Regional/Hqr. OH | Budget outlays of various activities | Note: Wherever, these parameters are not applicable, users may feed their own parameters in unit/weight column. Final Activities: Survey | Line Kilometres(LK) | | Exploratory Drilling | Metres | | Development Drilling | Metres | | Operating Expenditure | MMT(Oil + OEG) | To avoid cyclical iterations, Logistics Services, Engineering Services and Project Overheads cannot be allocated inter-se but only to the other intermediate and final activities viz, Drilling, Work over, Geophysical, Survey, Exploratory Drilling, Development Drilling, Production, etc. However, in case of Mumbai, various offshore services have been created as separate locations in the budget software.

As these offshore services do not have any final activity of their own and software restricts retransfer of the cost JUTs to other locations, Offshore Logistics and Offshore E groups will allocate the expenditure directly to the Assets / Basins considering the composite weights of support provided by Offshore logistics / E to other offshore services and utilization of offshore services by Assets/Basins for their final activities. No allocation will be given by Offshore Logistics and Offshore E to other Offshore Services in Mumbai region. In the top side of the screen, in the amount available for allocation fields, the final amount available after stage 1 and stage 2 for Logistics and Engineering Services will be available. After allocation of stage 3, the balance available under Logistics Services, Engineering Services and Project Overheads will be nil.

Stage-4: Allocation of other Intermediate Activities to Final activities: This stage provides for allocation of all other intermediate activities to the final activities. The features available on the screen are the same as available in screen of Stage 3. Activity parameters may be Rig Days for Drilling, Work Over Rigs, Logging Hours for Logging Services, etc. In case direct activity parameters are not available, allocations can be carried out on the basis of the weights considering last year actual allocations in accounts change in activity levels, technical weights, etc. Regional & Headquarter Overheads will be charged to P Alc as per applicable accounting guidelines.

To avoid cyclical iterations, at this stage, intermediate activities can be allocated only to final activities and not to the other intermediate activities. In the top side of the screen, in the amount available for allocation fields, the final amount available after allocations at Stage 2 and Stage 3 for all intermediated activities of the locations will be displayed. After allocation of Stage 4, the balance available under all intermediate services will be NIL.

Stage-5: Incorporation of allocations received from other locations and change of activity codes if required: In order to facilitate for the running of allocations cycles for different locations independently, the software has been designed to allow the inter location allocations only to the final activities.

Accordingly, while making cost allocations to other locations at Stage 2, 3 and 4 the software allows the allocations only to the final activities and not to the intermediate activities. Stage 5 - Allows the budget coordinator of the transferee location to view the allocations received from other locations on the screen and if required to change the allocation from one final activity to

another. However, the software does not allow him to change the total amount of the allocations received from the other locations, and if required, the budget coordinator of the transferee location will interact with the budget co-ordinator of the transferor location for re allocation of the amounts.

In case, transferor location had earlier sent some allocation to a particular transferee location, and it subsequently decides that no allocations are to be sent to that transferee location, the transferee location budget coordinator will delete the earlier received allocations received from that location by running “ delete JUT received” option in the “ Utilities” Menu. (This has already been explained above under ‘ Utilities’) Step I Execute ‘ stage 5’ of the costing cycle for Incorporation of allocations received from other locations. Step II A pop up message will ask for restoring the allocations received from other locations before running Stage 5 of the costing Allocations. Execute Ok if the restoration has been done. Otherwise Restore the Allocations and then again come to Stage 5. Stage III Fill all the fields and Save the data.

Allocation is Complete. Stage-6: Physical targets for final activities to work out cost of activities: This stage provides a screen to feed the Physical Targets for final activities Survey, Exploratory Drilling, Development Drilling, Production, Finding Cost, etc and for Intermediate services like Drilling Services, Work over services, etc. for RE and BE. Accordingly, the physical targets data will be used by the system to work out the budgeted per unit cost of activities. COST CENTER: “ XXX_XX_XX_XXX”(10 digit) Where, XXX

Company Code XXAsset/Basin/Service XXClassification of Service

XXXRunning sr. no The following are the different cost centers at ONGC:

Level 1 (Company Code) AMD - Ahmedabad | Level 2 | Level 3 | Level 4 | |
 (Asset/ Service / Basin) |(Service Details) |(Running sr. no) | | AMD_DS=
 Drilling Services | AMD_DS_SP= Support | AMD_DS_SP_901= Sr. no | | |
 AMD_DS= Drilling Services | AMD_DS_CM= Cement | AMD_DS_SP_902= Sr.
 No | | AMD_DS= Drilling Services | AMD_DS_MD= Mud | AMD_DS_SP_903= Sr.
 no |
 FUND CENTER : ? Fund centre is a group of cost centre. ? Fund centre is
 formed at service level and each such fund centre includes several cost
 centre. ? Fund centre is a centre through which any expenditure is funded.
 The hierarchy of cost distribution is as follow Fund centre is in the following
 format: " XXX_X_XX_XX" (8 digit) Where, XXXCompany Code XAsset/ Basin/
 Service XXClassification of Service XXDepartment The following are the
 different fund centres at ONGC: Level 1 (Company Code)

AMD - Ahmedabad | Level 2 | Level 3 | Level 4 | |(Asset / Service / Basin) |
 (Service Details) |(Department Details) | | AMD_A = Asset | AMD_A_ST=
 Surface Team | AMD_A_ST_AM= Area Manager | | AMD_S = Service Services |
 AMD_S_DS= Drilling Services | AMD_S_DS_MD= Mud | | AMD_S = Service
 Serv. AMD_S_DS= Drilling Services | AMD_S_DS_CM= Cementing | | AMD_S =
 Service | AMD_S_EC= Engineering Serve | AMD_S_EC_WK= Workshop | |
 AMD_S = Service Stimulation Services | AMD_S_WS= Well Services |
 AMD_S_WS_WSS= Well | | AMD_S = Service Over | AMD_S_WS= Well
 Services | AMD_S_WS_WO = Workover |

BUDGET UPLOAD IN SAP
 INTRODUCTION OF SAP SAP stands for " Systemanalyse and

Programmentwicklung” – in other words, Systems, Applications and Product in Data processing – a little company started back in 1972, in Mannheim, Germany by three engineers. SAP’s headquarters is in Waldorf, Germany. Their idea was to produce and market standard software for integrated business solutions. It is the need of present and future.

It is something, which will take care of all your future needs to integrated business solutions. SAP has been dedicated to provide SAP users with a better return on information. Over the course of time, SAP evolved from small software to the world’s market leader in business application software. Through its own subsidiaries, branches, or representatives’ offices, it is now present in virtually world’s almost all industrialized markets. More than 6000 leading companies in 50 countries have chosen SAP client/ server business application to manage sophisticated financial, manufacturing, sales & distribution, & human resources functions vital to their livelihood.

SAP offers products for two fundamentally different architectures; R/2 for mainframes & R/3 for client server configurations. The “ R” in the names of both systems stands for “ real-time processing”. The company launched the R/2 system for mainframe computers. Its client/server R/3 system was launched in 1992. After the approval of RE and BE, the budget needs to be uploaded in the SAP. Since new system called Budgetary Control System (BCS) has been implemented from 1 st Apr’09. The guidelines for uploading budget in SAP (BCS module) are explained below : ? There is a single Tcode “ FMBB” for loading budget in BCS. This Tcode can be used for fiscal years 2009 and beyond. It replaces the old Tcodes FR50, FR52, FR53 and FR58.

The effect of this is the same as for FR50 transaction available up to fiscal year 2008. Step 2b: To post a return Go to FMBB screen and select the header data in SAP software window. The effect of this is the same as for FR53 transaction available up to fiscal year 2008. Step 2c : To post a supplement: Go to FMBB screen and select the header data. The effect of this is the same as for FR52 transaction available up to fiscal year 2008. Step 2d : To post a budget re-appropriation Go to FMBB screen and select the header data as shown below. The effect of this is the same as for FR58 transaction available up to fiscal year 2008. ANNUAL BUDGET ESTIMATES TO HAVE MONTHLY TARGETS To be an effective budgetary control system, we need to provide monthly targets of all the physical plans and the corresponding financial outlays. At the stage of annual budget formulation- at RE and BE, monthly targets would be fixed considering the expected scale and speed of operations, availability of resources (both owned and hired), availability of funds etc. The purpose is two folds- (a) efficient resource planning since monthly breakdown is available which calls for drawing up the daily resource deployment schedule including funds planning also; and (b) Variation analysis while comparing the budgeted activity with actual completed activity and comparison of cost.

This process will trigger the need for timely corrective action to (i) complete the physical activities in time; (ii) initiation/speeding up of cases of procurement of material and services to complete planned activity in time; (iii) Re-appropriation/surrender of budget so that the earmarked resources and funds can be deployed for alternative uses; and (iv) to reduce the cost of activity if the budgeted cost has exceeded. ? Presently, as long as the actual

expenditure remains within approved budget the SAP allows funds earmarking/release or creation of liability. With monthly budget utilization and review processes, an authorization process will be defined in SAP where in case the unit cost of activity increases even though the total monthly expenditure is within approved monthly budget, the approval would be required at corporate level. This is desirable to contain the cost of activities so that the budgeted physical activities are performed within the limits of budgeted/agreed unit cost of doing the activity. The monthly utilization would be generated budget activity wise so that budget targets are compared with actual performance. For this purpose, monthly closing of financial accounts would be done at all the locations including closure of all service entry sheets and running of cost cycles. This will also facilitate updating of unit cost. The present system of generating the report of budget utilization on cash basis would be done way and to be replaced by the expenditure on accrual basis. Since the accounts would be closed on monthly basis and location wise accounts consolidated at Corporate accounts level, the budget utilization received from various locations would be reconciled by Corporate Budget from Consol file of CA. Budget utilization for non procurement items like manpower costs and other charges has to be done with the accrual principle in SAP i. e. budget is utilized at the time of incurring expenditure and liability is provided in accounts even though actual payment may not have been made. Accordingly, budget provisions for such items are made commensurate to the expenses which are likely to be incurred in the respective FY. ? During the budget review process, the open PRs and PO would be reviewed in detail and if required the PR/PO not longer

required would be closed so that the funds are available for other activities.

Budget for Throw Forward Items

Cases of RE where supply orders have been placed advance purchase action has already been initiated during previous year, such cases should be covered through re-appropriation from overall budget of BE. However, re-appropriation may be made between Plan to Plan and Non-Plan to Non-Plan only. The throw forward cases, for which budget has been revalidated through re-appropriation from the budget of BE are to be shown under throw forward column of the budget software. As per process requirement in ICE, all open POs wherein delivery was falling due in current year but could not materialize will automatically be carried forward through central process in the 4th week of April of next year.

All such carry forward of POs will automatically consume the free budget of BE. However, in some of the commitment items where sufficient free budget (unassigned budget) is not available in BE, the available budget in such cases will become negative and system will stop all further processing of cases in respect of such commitment items with negative available budget. Accordingly, all work centers will be required to review such cases and make funds available through transfer from other commitment items wherever funds are available. ? As per system designed in ICE, budget utilization for procurement of materials and services takes place at the stage of LIV/ Down Payment. Unless

LIV is carried out or Do