

Principles cont..

- ✓ Budgetary process requires consistent delegation for which fixed duties and responsibilities are required to be allocated to managers at different level for framing and executing budget.
- ✓ Budget should include co-ordinating efforts of various departments establishing a frame of reference for managerial decision and providing certain criteria for evaluating managerial performance.



Principles cont..

- ✓ Selling budget target requires an adequate checks and balance against the adoption of too high or too low estimate, almost care is a must for fixing targets.
- ✓ Budget period must be appropriate to the nature of business or service and to type of budget.
- ✓ Budget is prepared under the direction on the supervision of the administration or financial officer.
- ✓ Budget are to be prepared and interpreted consistently throughout the organization in the communication in the planning process



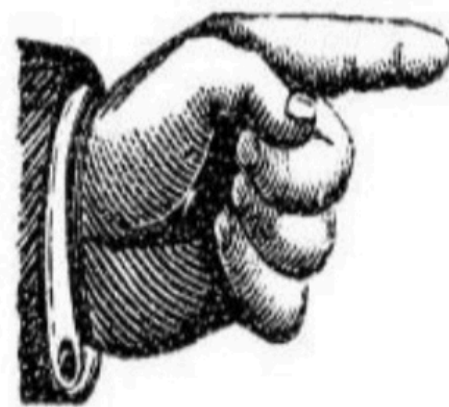
PRINCIPLE OF BUDGET

- ✓ Budget should provide sound financial management by focusing on requirement of the organization.
- ✓ Budget should focus on objectives and policies of the organization. It must flow from objectives and give realistic expression to the way of realistic such objective.
- ✓ Budget should ensure the most effective use of scarce financial and non- financial resources.
- ✓ Budget requires that programme activities planned in advance.



IMPORTANCE OF BUDGET

- Budget is needed for planning for future course of action and to have a control over all activities in the organization.
- Budget facilitates coordinating of various departmental and selection for realizing organizational objectives
- Budget serves as a guide for action in the organization.
- Budget helps one to weigh the values and to make decision when necessary on whether one is of greater values in the programmes than the other.



CHARACTERISTICS OF BUDGETING:

- Should be flexible.
- Should be synthesis of past, present and future.
- Should be product of joint venture and cooperation of executive/department head at different level of management.
- Should be in the form of statistical standard laid down in the specific numerical terms.
- Should have support of top management throughout the period of its planning and implementation.