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A detailed still-life composition featuring a quill pen as the central element. The quill is positioned diagonally, with its tip resting on a scroll of aged parchment. The scroll is secured with a red wax seal and a red ribbon. In the background, a lit candle in a brass holder casts a warm glow. In the foreground, a glass inkwell with a quill inside and a red wax seal are visible. The entire scene is set on a dark wooden surface.

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The Role of Budgeting in Enhancing Genuineness and Reliability in Financial Administration in Colleges of Thane District

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Abstract

Higher education is major industry which creates skilled and qualified human resources. Higher education, especially given through colleges and universities involve financial activities though their chore activity is catering education to their students. Financial transactions, methods and systems of accounting used by these colleges invoke interests in the minds of many. The Arts, Science and Commerce colleges in Thane District affiliated to University of Mumbai and are also aided by the UGC are selected for this paper. On the basis of the collected information, inferences are drawn regarding the usage of accounting systems and significance of budgeting in recording financial transactions, reporting it to higher authority and transparency/ reliability in the sample colleges. The present paper attempts to throw light upon the prevailing budgeting practices in the conventional colleges. Also, an attempt is made to evaluate the data gathered through questionnaire regarding the maintaining of accounts with respect to curricular activities, co-curricular activities and extra-curricular activities in colleges.

Arts, Science and Commerce colleges in Thane District prepare their budget for the financial year keeping in view the activities that the institute designs to conduct throughout the year. Some colleges prepare flexible budget whereas a few colleges design fixed budget for their financial administration and its reliability. Further, the present paper attempts to make certain suggestions and recommendations in order to overcome the deficit in finance faced by these colleges.

Key Words: Colleges, flexible budget, budgeting, financial administration.

Higher education becomes input to the growth and development of business and industry in particular and society in general. It caters a mechanism for qualified scientists and researchers who would continuously develop the frontiers of knowledge. Also, higher education flourishes an efficient management of teaching provision. Many educationists strongly believe that teaching is the base of educational institutions. According to Ronald Barnett, "The terms higher education includes college and university teaching learning towards which students' progress to attain higher

educational qualification. Higher education imparts in-depth knowledge in different walks of life (subject domains). It is about knowing more and more about less and less. It develops the student's ability to question and seek truth and makes him/her competent to critique on contemporary issues. It broadens the intellectual power of the individual within a narrow specialization, but also gives him/her a wider perspective of the world around."

Higher education, however, has been struggling with several problems like funds crunch, equity, reorientation of programmes,

ethics, value associated to delivering education, teaching-learning process, assessment and accreditation of institutions, academic standards of the students, quality of research, innovativeness and creativity in the curricula and the syllabi as well as research. Such factors are directly or indirectly connected with the budget and budgetary control system in higher education.

Every college requires effective financial mechanisms with a view to enhancing genuineness and reliability in financial administration. The role of budget in college cannot, therefore, be overstated. A budget is an important instrument of resource mobilization, allocation and economic management. It is an economic instrument for facilitating and realizing the vision of the college in a given financial year. If a college budget is to serve as an effective instrument for promoting growth and development of an educational institution, there should be proper linkage and management of all the stages of budgeting. A budget has to be well-designed, effectively and efficiently implemented, adequately monitored and its performance well evaluated with a view to ensuring the attainment of desired objectives, effectively, economically and efficiently. Budget is assessed by determining the extent to which the budget satisfies the economic rights and basic needs of the subjects; the extent to which the budget allocate resources equitably across sectors and sections of the institute; the extent to which people participate in the budget process; open to scrutiny and access to information; the extent to which specific targets of the budget are met.

Further, budgetary control refers to the technique of comparing budgeted standard with the actual results, with a view to taking necessary actions to address any variation, if any, which could affect the achievement of the objectives preserve in the budget. Effective budgetary control will, therefore, help to provide educational facilities to enhance the quality of education, improves hygienic conditions and health facilities, considerably engage the restless youths in productive activities and generally improves the overall good of the community by bringing about socio-economic growth and development.

In a long but scholarly article titled, "Integration of strategy, budgetary management and internal control system: A case of Sinochem Corporation," the writers Zheng Ting-ting, Chen Guo-gang and YU Zeng-biao exhibit the definition of budgetary management by keeping in centre the budgetary management with a number of other processes along with it. They ruminates, "Budgetary management is a dynamic repetitive process, including a series of sub-processes like settling down targets, implementing, evaluating, settling down new targets and so on. Budgetary control is the most important part of the whole internal control system. Budgets are based on strategies made by Strategy Programming Department. With budgetary management, the senior management could grasp the whole picture of the company as well as not be disturbed by trifles." (Zheng Ting-ting: 2009: 23) This definition looks at budgetary management as one of the processes of the organization. Budgetary management remains at the centre of all

other processes like, production, sales, purchase and quality control. Further, it helps the management to make the overall strategies of the organization and enhance honesty and integrity in financial administration.

The objective of this paper, therefore, is to assess the role of budgeting in enhancing honesty and integrity in financial administration in Arts, Commerce and Science colleges of Thane District affiliated to University of Mumbai. Also, to analyze and assess the areas of applications of the Budgetary Control System and techniques used thereunder, needs to be strengthened, for the effective and efficient financial management of the college administration, by Arts, Commerce and Science colleges in Thane District affiliated to University of Mumbai.

The present paper attempts to evaluate the role of budgeting in enhancing genuineness and reliability in financial administration in Arts, Science and Commerce colleges of Thane district. Budgeting and financial administration in colleges are the areas of financial activities which may rise doubts and often times fraud. Therefore, in order to have transparency and reliability in financial administration certain strategies are followed by colleges in Thane district which of course, are as per the directives given by UGC and University of Mumbai from time to time. The present paper attempts to show the practices and procedures of Arts, Science and Commerce colleges in Thane districts through questionnaires and interactions interviews and discussions with the principals and registrars of some select colleges prior to the declaration by the

Government of Maharashtra of splitting it into Thane and Palghar district.

Geographically Thane district is the biggest district in the state. Similarly, Thane city is the third largest city in Maharashtra. In Thane District 162 colleges are affiliated to University of Mumbai, of which 99 colleges have full-fledged faculty of Arts, Science and Commerce in isolation or in combination and the remaining includes Natural Science, Fine Arts, Physical Education, Education B.Ed., Engineering Colleges, Management Studies, Law, and B.Sc. Marine. Further, the district has 137 junior colleges, 799 secondary schools and 4288 primary schools. This signals the alarming rate of educational development of the district. The current enrollment across all the faculties in the district can traced taluka-wise is as Thane- 9588, Kalyan-9410, Ulhasnagar-7404, Dombivli-6425, Virar-4592, Bhayander-4287, Vasai-4021, Murbad-3816, Bhiwandi-3394, Palghar-3073, Shahapur-2640, Ambernath-1248, Bordi-Talasari-1006 and Dahanu-960. This also shows that the number of students in degree colleges is high. However, Thane district is declared as an adivasi or backward district but the number of students studying in different colleges indicates that this label will soon be removed.

Budget and its type on the basis of nature:

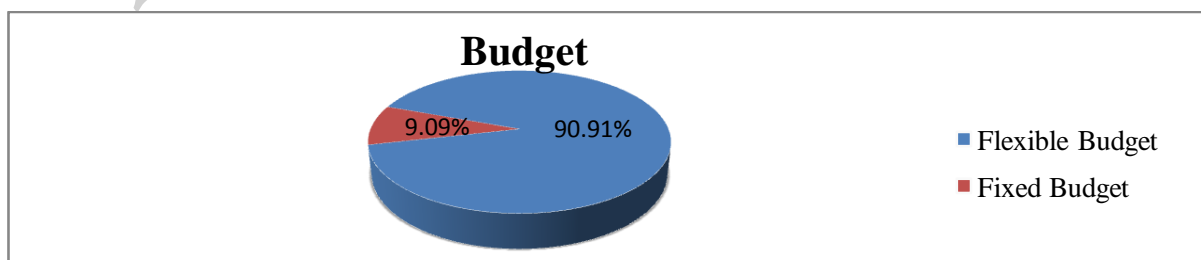
Every college has to make its provisional statement of receipts and expenditure for a year in advance. It is a budget, which functions as a parameter to measure, control and monitor the financial activities of an institute. The colleges taken for the present study prepare and follow budget for their

financial activities throughout a financial and academic year. This requires evoking the definition of budget. *Dictionary of Accounting Terms* defines budget as, “A Budget is a quantitative plan of activities and programs expressed in terms of assets, liabilities, revenues, and expenses. Budget participants will be involved in carrying out the plan, or in other quantitative terms such as units of product or service. The budget expresses the organizational goals in terms of specific financial and operating objectives. Advantages of budget preparation are planning, communicating company-wide goals to subunits, fostering cooperation between departments, maintaining control by evaluating actual figures to budget figures, and revealing the interrelationship of one function to another.” (Joel G. Siegel and Jae K. Shim:2000: 55) Similarly, these colleges do not stick to the rigidity of a single type of budget. They practice both fixed or static budget as well as flexible budget. It is, therefore, required to understand the definitions of both fixed budget and flexible budget. *Dictionary of Accounting Terms* defines Static (fixed) budget as “One based on a single level of activity (e.g., a particular volume of sales or production). It has two characteristics: (1) it is geared toward only one level of activity;

(2) actual results are compared against budgeted (standard) costs only at the original budget activity level.” (Joel G. Siegel and Jae K. Shim:2000: 416)

Further, these colleges also use flexible budget which accommodates changes as and when take place. Hence, it becomes necessary to see the definition of a flexible budget. According to *Dictionary of Accounting Terms*, “a flexible (variable) budget differs from a static budget on both scores. First, it is not geared to only one activity level, but rather, toward a *range* of activity. Second, actual results are not compared against budgeted costs at the original budget activity level. Managers look at what activity level was attained during a period and then turn to the flexible budget to determine what costs should have been at that actual level of activity.”(Joel G. Siegel and Jae K. Shim:2000: 416) Flexibility in budgets is necessary in order to accommodate and bear the changes that take place. Sometimes the traditional method of budgeting does not work satisfactorily; hence the institute has to resort to flexible budgets. The information given in the figure shown below form highlights the practice of preparing budget by the colleges under study.

The kind and Periodicity of Budget Preparation:



All respondent colleges prepare budget every year. As compared to the total respondent colleges, 03 (i.e.09.09%) have fixed budget system, whereas 30 (i.e. 90.91%) have flexible budget system.

The study indicates that all the colleges prepare their budget for the annual transactions to fulfill the legal and mandatory requirements. These colleges further state that they prepare their budget keeping in view the future possibilities, and, also to fulfill the requirements of their respective managements and the schedule provided to them by the university and the Director of Higher Education. As preparation of budget is mandatory for colleges in order to maintain and report their accounting all colleges prepare budget. It is seen that majority of colleges prefer flexible budget.

Periodical Review:

For reliability in accounting, budgeting and financial management periodic reviewing and reporting are the important. It is needed by Management for decision making, trustees of the institution for evaluating the performance. Even in this high information technology age, small educational institutes also need periodic review of their financial operations. Good budgetary control systems always have a periodic review of

transactions that have taken place and the transactions in process. This system enables the administrators to take proper decisions as well as plan well about the future expenses. The purposes of the periodic review are 'to provide confirmation at programme level of the curriculum's continued fitness of purpose and that annual monitoring and review processes are effective'. *Programme Monitoring and Review* defines periodic review as, "Monthly/Quarterly/Annual monitoring and review that focuses upon fitness for purpose and includes consideration of how effectively students achieve stated outcomes at specified levels, how well they are assisted in attaining these achievements and how the ways in which they do this can be enhanced; periodic review that has particular focus on confirmation of continued fitness of purpose of programme curricula and that annual monitoring and review processes are being effective; audit to check annually that key processes are being operated and periodically to review the continuing fitness for purpose of these processes."(www.port.ac.uk)

The information given below in the tabulated form states the present picture of the periodic reviews in the sample colleges of Thane district.

Status of Periodic Review:

Variable	Response	
	No.	%
Do you take periodic reviews from the Head of the Department/s and in-charge of the Activity or programme?		
Yes	32	96.97
No	01	03.03
Total	32	100.00

There are 32 (i.e. 96.97%) of the respondent colleges which insist upon taking periodical reviews from the head/s of department/s and in-charge/s of the activity or programme/s. However, there is 01 (i.e.03.03%) of the respondent colleges do not take periodical reviews from the head/s of department/s and in-charge/s of the activity or programme/s. It is seen that almost all colleges prefer to take periodic reviews of their financial transactions however; the period for the review varies from college to college.

Budgetary Control System and Quality Education:

Education is an ever changing and never ending process requires effort that keeps adapting to the changes around it. Likewise, the methodology used in teaching is equally transitory in nature and demands contemporary approaches, too. Educationists have to imbibe the essence of the evolutionary character of education in academic curriculum, empowering students to create a learning process that is experiential, effective and thoroughly impactful. Taking into consideration the changing face of global scenario, new

programmes/courses are introduced and so also new syllabi are framed. Almost every institute in higher education is pacing with the world in terms of technology and other educational facilities. Of course, NAAC is the apex body which monitors this. While catering these facilities to the students, higher allocation of budget is required. Similarly, budgetary control is equally essential to monitor and control the expense done under the jacket of quality education.

Rajan Velukar, the Vice Chancellor of University of Mumbai, on 30 Apr 2012 at Nagpur articulates, "Enhancing quality is a process and one needs to understand it properly. Expansion of current facilities, inclusion of more modules/units in syllabus and excellence are important for enhancing quality education."

(timesofindia.indiatimes.com: 2012) True to his statement, one finds that this venture requires higher investments in education and at the same time, budgetary control to monitor the misuse of funds. The data in the table states the application of budgetary control in the sample colleges.

Effects of Application of Budgetary Control System at Colleges:

Variable	Response					
	Yes		No		Total	
	No.	%	No.	%	No.	%
Do you agree with the statement – “Budgetary Control System facilitates and enhances academic standards and quality education through effective planning?”	31	93.93	02	06.07	33	100

There are 31 (i.e. 93.93%) of the respondent colleges consider that Budgetary Control System facilitates and enhances academic standards and quality of education through effective planning, whereas 02 (i.e.06.07%)

of the respondent colleges which do not agree with the statement. It is evident that majority of colleges consider that budgetary control system is inevitable in imparting quality education to the students of higher

education. Budgetary control facilitates the administrators to concentrate on academic standard and quality education with monitoring the directed flow of efforts towards the set targets.

Budgeting: Aim Orientation and Performance:

By providing target to every department, budgetary control provides a tool for measuring managerial performance. Budget targets are compared to actual results and deviations are determined. The deviation in budgeted and actual performance will enable the determination of weaker areas. Efforts are concentrated on those aspects that are creating problems. The performance of each department is reported to top level management.

The management may take corrective measures whenever there is discrepancy in performance. It creates budget consciousness among all employees. By fixing targets for the employee, they are made conscious for their responsibilities. Everybody knows what he/she is expected to do and he/she should continue his/her work without an outside disturbance. The planning of expenditure is done systematically and also economy is observed in spending, the performance is uplifted.

To achieve its goal, an enterprise must plan what it must do and how it will reach the

goal. In the processes of assessing the factors that will help reaching the goals, the enterprise should also anticipate problems that would make the process of reaching its goals difficult. Having identified some of these problems, it can decide well in advance how it would overcome them, if and when they came up.

Henri C. Dekker, Tom Groot, and Martijn Schoutein their scholarly article entitled, "Determining Performance Targets" (2012) define, "Performance targets direct organizational participants toward firm strategy, provide guidance for allocating effort, and induce effort toward performance goals. Key aspects of the setting of performance targets are how specific they should be and at which levels they should be set. We develop a structural model that aims to explain the specificity of targets set for subordinate managers and the information sources used to set target levels for defined performance dimensions, which sources include past performance, future planning, and benchmarking information." (Henri C.: 2012: 21-46)The tabulated information stated below showcases the present scenario of acceptance and its application of budgetary control system in determination of aims and measuring the performance of the departments/groups or/ and individuals in the sample colleges.

Effects of Budgetary Control System at Colleges:

Variables	Response					
	Yes		No		Total	
	No.	%	No.	%	No.	%
Does Budgetary Control System determine targets of performance of each department, in this sense; is it aim oriented for achieving given objectives?	31	93.93	02	06.07	33	100

Out of 33 respondent colleges, 31 (i.e. 93.93%) colleges agree with the view that Budgetary Control System is an aim oriented and is very useful in achieving a given objective. They also agree upon the idea that each department's performance becomes target oriented due to Budgetary Control System. It becomes clear that the almost all the colleges agree that the role of budgeting in enhancing genuineness and reliability in financial administration is very vital.

Suggestions:

While preparing the budget a college should follow certain charter like: an introductory note with the salient features with the abstract. Budget should contain separate columns for – i) Actuals for the previous year, ii) Budget estimates for the current year and iii) Budget estimates for the ensuing year. It is suggestive that all colleges should follow both programme and performance budgeting because programme budgeting helps the institute to plan its

budget according to its activities, i.e. micro level, whereas performance budgeting aids them to analyze the importance of the activity, i.e. value based. Hence, the colleges can allocate their funds by judging these. It is also suggested that the Budget Committee and the Principal of every college concerned should monitor the budgeted revenue and expenditure and the actual expenditure from time to time as it will help them to control excess expenses on certain activity/department. All colleges should compulsorily compare their budgeted revenue and expenditure with the actual one. This will help them to take proper steps in preparing budget for next year. The colleges should prepare compulsorily periodic review of actual and budgeted performance so as to avoid the likely dangers that often take place in annual reviews. It will also help them in preempting the profitable activity which will give the college yield in future. Such activity can be focused, which further, may develop as a special feature of the institute.

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