

SONU OFFICIALS

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Budget and budgetary control
presentation to SONU officials

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PREAMBLE

All fees including subscriptions collected from SONU members are public funds.

The process of budgeting and accounting for such funds must therefore comply with the University of Nairobi financial regulations and other approved guidelines issued by the management from time to time.

PREAMBLE Cont..

In addition the budget and accounting for such funds should comply with the following:


- ◆ Government of Kenya circulars on budget preparation and expenditure control
- ◆ The state corporations Act cap 446
- ◆ The public procurement and disposal act 2005 and Regulations 2006

PREAMBLE Cont..

- ◆ The SONU Constitution
- ◆ All other regulatory and statutory provisions promulgated by both the University Management and the Government of Kenya from time to time.
- ◆ The funds are also subject to audit by the Auditor General in line with the National Constitution.


DEFINITION OF BUDGETING

Budgeting is simply an estimation of the anticipated expenditures of an organization during a given period or for a specified purpose with proposed methods of financing the budget objectives.



TYPES OF BUDGETS


We have several types of budgets depending on the organization but the common types in our case are:

 **Income & Expenditure budget** which is based upon object classifications and is concerned with the current operating revenues and expenditures.

TYPES OF BUDGETS Conto

- ✦ **Capital budget** which is concerned with the acquisitions and construction of long lived assets
- ✦ **Flexible budget** which relates costs to output and are intended to help control costs.

BUDGETING TECHNICALITIES

- ◆ Identify the activities to be undertaken during the budgetary period.
 - ◆ Identify the sources of funding for the activities in question.
 - ◆ Develop an appropriate data-base to capture relevant income and expenditure data for all activities undertaken.
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BUDGETARY PROCESS

Before the commencement of every financial year/budgetary period, SONU Secretariat must cause to be prepared a budget of its activities for the coming financial year/budgetary period for onwards transmission to the University Management for final approval.

The budget shall make provisions for:

- ✦ Estimated income from subscriptions and any other sources.
- ✦ Estimated expenditure for the organization's activities during the financial year/budgetary period.

BUDGETARY PERIOD

The budgetary period for SONU runs from 1st July to 30th June of the next year.



Advantages of budgetary control

There are a number of advantages to budgeting and budgetary control:

- ◆ Compels management to think about the future, which is probably the most important feature of a budgetary planning and control system. Forces management to look ahead, to set out detailed plans for achieving the targets for each department, operation and (ideally) each manager, to anticipate and give the organisation purpose and direction.

Advantages of budgetary control

Conto

- ◆ Promotes coordination and communication.
- ◆ Clearly defines areas of responsibility. Requires managers of budget centres to be made responsible for the achievement of budget targets for the operations under their personal control.

Advantages of budgetary control

Conto

- ◆ Provides a basis for performance appraisal (variance analysis). A budget is basically a yardstick against which actual performance is measured and assessed. Control is provided by comparisons of actual results against budget plan. Departures from budget can then be investigated and the reasons for the differences can be divided into controllable and non-controllable factors.

Advantages of budgetary control

Conto

- ◆ Enables remedial action to be taken as variances emerge.
- ◆ Motivates employees by participating in the setting of budgets.
- ◆ Improves the allocation of scarce resources.
- ◆ Economises management time by using the management by exception principle

CONTROL PROCESS

On approval of the budget, the SONU Executive is expected to comply with the following conditions:

- Monthly expenditure should be restricted to 1/12 of the total annual allocation of each item of expenditure.
- An A.I.E. (Authority to Incur Expenditure) must be duly processed any time an expenditure transaction is executed. Such A.I.E. must be signed by the DEAN OF STUDENTS.

CONTROL PROCESS Cont...

- Routine expenditure exceeding Kshs 50,000 must be approved by the DEPUTY VICE CHANCELLOR (A&F).
- Exceptional expenditure items shall be referred to the DVC(A&F) or VC for approval.

END

