

BUDGETARY CONTROL OF THE NORTH EAST
PROVINCIAL COUNCIL



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ABSTRACT

Budgets are the expressions, largely in financial terms of management's plans for operating and financing the enterprise during specific periods of time. A budget is a pre determined statement of Management policy during a given period which provides a standard for comparison with the results actually achieved.

Budgetary control is the process of determining various budgeted figures of the enterprises for the future period and then comparing the budgeted figures with the actual performance for calculating variances, if any. First of all budgets are prepared and then actual results are recorded. The comparison of budgeted and actual figures will enable the management to find out discrepancies and take remedial measures at a proper time. The budgetary control is a continuous process which helps in planning and co-ordination. It provides a method of control too. A budget is a means and budgetary control is the end result. Budgetary control has, therefore, become an essential tool of management for controlling costs and maximizing profits.

It is tested that there is a fluctuating trend in the variation. This study intends to look into the three variables that could influence on the variation. The three variables were procedures, implementation and wastage. The research model conceptualized a negative relationship between procedures and variation, implementation and variation and a positive relationship between wastage and variation. The study was conducted among the sample of nine employees. The sample represents the total population. Data were collected through questionnaires and analyzed using the SPSS package. The data analysis included the univariate and bivariate analysis. The bivariate analysis included the correlation analysis. The results of correlation analysis indicated that variables procedures and implementation were negatively and wastage was positively correlated with variations.

This study will undoubtedly help budget division to improve the budgetary control system. The study primarily focuses on budget formulation and budgetary control system. The findings indicated that a variation existed between actual expenditure and

provision, budgetary control mechanism and implementation of budgetary control mechanism were marginally satisfied, but they were further to be improved. The system of budgetary control existed in the budgetary division, but it depended on implementation of budgetary control system, though the implementation of budgetary control system was marginally satisfied, there was not a cooperate exercise between budget division officers and directors of sectors. The objective criteria were used to determine the allocation but in the system the inefficient indicators were used to collect the data, because there was no proper coordination.

Though the control system is implemented satisfactorily, it is not considered to be perfect since there is deviation from provision to actual expenditure. Hence proper plan for the implementation of the objective, coordination of the activities of different department and following the procedures from budget manual have been proven to be predictors of performance of budgetary control system in the budget division.

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