



SRES's

Shree Ramchandra College of Engineering

(Approved by AICTE New Delhi, DTE, MSBTE Mumbai Govt. of Maharashtra and Affiliated to SPPU Pune.)

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BUDGETING PROCESS SRCOE 2016-17

Financial Planning and Budget Development

Rationale: The philosophy in establishing the annual budget is to make a financial arrangement that supports appropriate funding for all departments so that the students may benefit and learn from quality learning experiences based on educationally sound and fiscally prudent planning. The institutional annual budget supports the annual operating plan, projecting anticipated revenues and how the institution will use those revenues to advance its goals and objectives. The annual budget and the larger financial plan, of which it is a part, are drawn to reflect the priorities established in the institutional strategic plan.

Planning process: While mission helps provide institutional goals and accountability, a vision is a narrative depiction of the institution as it would be at some designated future time if institutional 'hopes and aspirations' could be fully realized. The purpose of a vision statement is to provide a more expansive direction to individual plans of shorter duration. Most parts of the College, including its academic departments, have a clear vision of where they hope to be in five to ten years, and the description of mission goals as an important part of departmental planning.

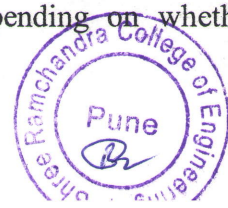
Institutional Planning: Institutional planning is a function of the President of Shri Ramchandra Education Society (SRES) and the Board of Trustees. The President delegates much of work of planning to, and seeks advice from, the Principal SRCOE who heads the College Planning Committee made up of representatives from the faculty, staff alumnae, and others.

In the same year (2016-17) prior to making an accreditation decision, institutional strategic plan was developed by the college planning committee, thenceforth also called as Strategic Planning Committee. To certain extent Strategic plan was based on SWOT & self-study but was mainly designed to address current needs. The Strategic Planning Committee continued its work over the summer and presented a draft plan to the board of trustees at its June 2016 meeting. Following Table 1 shows the planning schedule for current cycle (2017-2022):

Table 1: Planning Schedule Cycle-1

2016-2017 (FY17)	Year 0	Strategic Planning Committee (*SPC)	➤ Develop plan for 2017-2022 ➤ Prepare self-study for NAAC
2017-2018 (FY18)	Year 1	College Planning Committee (*CPC)	➤ Fiscal Planning & Scheduling
2018-2019 (FY19)	Year 2	College Planning Committee	- " -
2019-2020 (FY20)	Year 3	College Planning Committee	- " -
2020-2021 (FY21)	Year 4	College Planning Committee	- " -
2021-2022 (FY22)	Year 5 & 0	Strategic Planning Committee	➤ Develop plan for 2022-2027 ➤ Prepare for NAAC CYCLE-II

*SPC / CPC: The committee's name and responsibilities change depending on whether the



committee is developing a strategic plan or monitoring the implementation. The committee expands to include trustees and alumnae during strategic planning years. *Charge:* Principal SRCOE-To monitor the implementation of the strategic plan is shown in Table 2 below and proposes adjustments as needed.

Table 2: Strategic Plan 2017-22

TEACHING & LEARNING	RESEARCH & DEVELOPMENT	COMMUNITY ENGAGEMENT	HUMAN RESOURCE MANAGEMENT	INDUSTRY INTERACTION
<ul style="list-style-type: none"> • Attract high performing students • Continuously improve the quality of teaching • Increase opportunities for work integrated learning and professional placements • Effective use of audio visual aids & ICT • To recruit top-quality faculty and staff • To offer industry-oriented online courses leading to certification • To promote personality development of all graduates for smooth assimilation in a professional workforce • Internet facility for students and faculty for access to e-learning resources like NPTEL lectures, NDL etc. • Inputs beyond curriculum and self-learning components in teaching-learning to expose students to recent trends in the subject and to inculcate the spirit of lifelong learning. 	<ul style="list-style-type: none"> • Continuously increase our research productivity • To build strategic alliances between the institute and leading academic/research institutions and enterprises • To train and improve quality by imparting new skills to faculties through FDPs • To publish large fraction of papers in top journals • To encourage the faculty members and students to involve in sponsored research • Encourage students and faculties to apply and obtain research grants from various government and non-government, research funding agencies such as UGC, DST, AICTE, RGSTC, SPPU etc. • Strengthen EDC (Entrepreneurship Development Cell) and to carry out related activities. 	<ul style="list-style-type: none"> • Career guidance to secondary and higher secondary school students • Road Survey, water, Green and Energy Audit. • Swachha Bharat Abhiyan • Tree Plantation • Blood Donation camp • Swachha Pakhwada • Recognized Centre of PMKVY • Active participation in Unnat Bharat Abhiyan • NSS activities 	<ul style="list-style-type: none"> • To develop state-of-the-art facilities • Maintain a safe and healthy workplace • Promote wellbeing • Foster career development through mentoring, sponsorship, and a supportive environment • Provide opportunities for and invest in the professional development of staff • Career enhancement benefits for those who wish to pursue higher education • Giving out Academic awards for meritorious students and faculties • Transparent Process for appraisal System • The institute arranges lectures for staff, to assist them for effective stress management and health 	<ul style="list-style-type: none"> • Identify new and strengthen existing partnership that have a purpose • To identify and invite industry experts to deliver content beyond syllabus and make students aware of contemporary issues and engineering practices adopted in the industry • To provide industry exposure to students through internships in industry, industry visits • Obtain industry sponsored final year projects • To involve the industry in the teaching-learning process by including them as a visiting faculty • Review and enhance outreach programs to attract other college students • Engage alumni to enrich our activities and enhance our profile

Instructional Program review (IPR) and non-instructional program review (NIPR): Program Review is a systematic examination, evaluation and self-evaluation of how effectively a Program is working. The institutional planning and budget development process begins with the instructional or teaching program review and non-instructional program review. Non-instructional connotes activities as recruiting, monitoring cafeterias, seminars, extracurricular and other. The instructional and non-instructional program reviews provide department level or unit level planning

documents for the college. The unit or department goals and objectives as well as recommendations and budget requests developed during the review process integrate into the various planning sections of the strategic plan. It is envisaged that in the next planning cycle, 2022-27, comprehensive institutional master plan will have components like Educational Master Plan, Student Services Plan, Institutional Technology Plan and Facilities Master Plan, Human Resource Plan and Faculty Development Plan built into it. The component programs will be reviewed every 2, 3 or 4 years or when Principal instructs to do so. Also, the five-year strategic plan will be **updated** and sent to the Governing Board for acceptance **annually**.

The Board Office will monitor the program review process. The Governing Board will accept each IPR and NIPR and upon Board approval, recommendations & prioritization copies will be provided to the Academic Planning, Facilities Planning, Student Services, Human Resource and Institutional Technology Planning Committees whichever found in position.

Budgeting is the process of allocating available resources among potential activities to achieve the objectives of the institution and a budget is a financial plan made at a point in time with the best information at hand. It is a forecast of financial operation for a given period for a specified purpose consisting of an estimate of revenue and expenditures. (Ideally, an educational plan expressed in rupees). An institutional budget is a fiscal decision-making document used to plan for the projection of expenditures that will be incurred during a designated period of time. The time period is referred to as the **fiscal year**.

The most reliable budgets yielding the best fiscal results for the institute are conservative and income based. It is important to draw budget for income (receipts) first.

- Receipts' targets are based on realistic expectations and institute does include only reliable receipts in the budget. It does not include an income projection that simply fills the gap to cover expenses.
- It is ensured that expenses are lower than the dependable total receipts. This requires cooperation among all departments in setting institutional and departmental priorities, timing new or adventuresome programs.
- What-if scenarios can be hold out/proposed: we can do this desired project/program if that additional revenue comes in.

Sources of Fund: The private or non-governmental sources of funds include fees, endowments and donations made by individuals, trusts, etc. Fees and other revenue includes **cost recoveries** such as Tuition fees, Hostel fees, Examination fees, other charges and Project Grants from University sources or Other sources. Government sources include, (i) Central government, (ii) State government, (iii) UGC iv) AICTE v) Other Governmental agencies; vi) Local bodies. Out of these grants, tuition and development fees are the major sources of funds for the self financing institute like ours and for most of the colleges the majority of the allocated amount is used to support faculty salaries, lab development, equipment purchase and other relevant expenses.

The units/departments use the information contained in the allocation letter to build the budgets for the upcoming fiscal year. Following each financial review, the allocation letters are revised to accurately reflect the changes in assumptions and any other items that were agreed upon during the financial review.

In addition to the lump-sum allocation to academic departments, the college also budget for additional **revenue sources and expenses** based on the specific institutional activity. Budget should detail out predicted income and expenditure over a specific period of time i.e. the balance sheet. The budget must show how your predicted income and costs will fit into the total receipts of the institute.

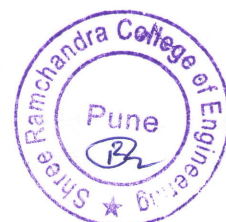
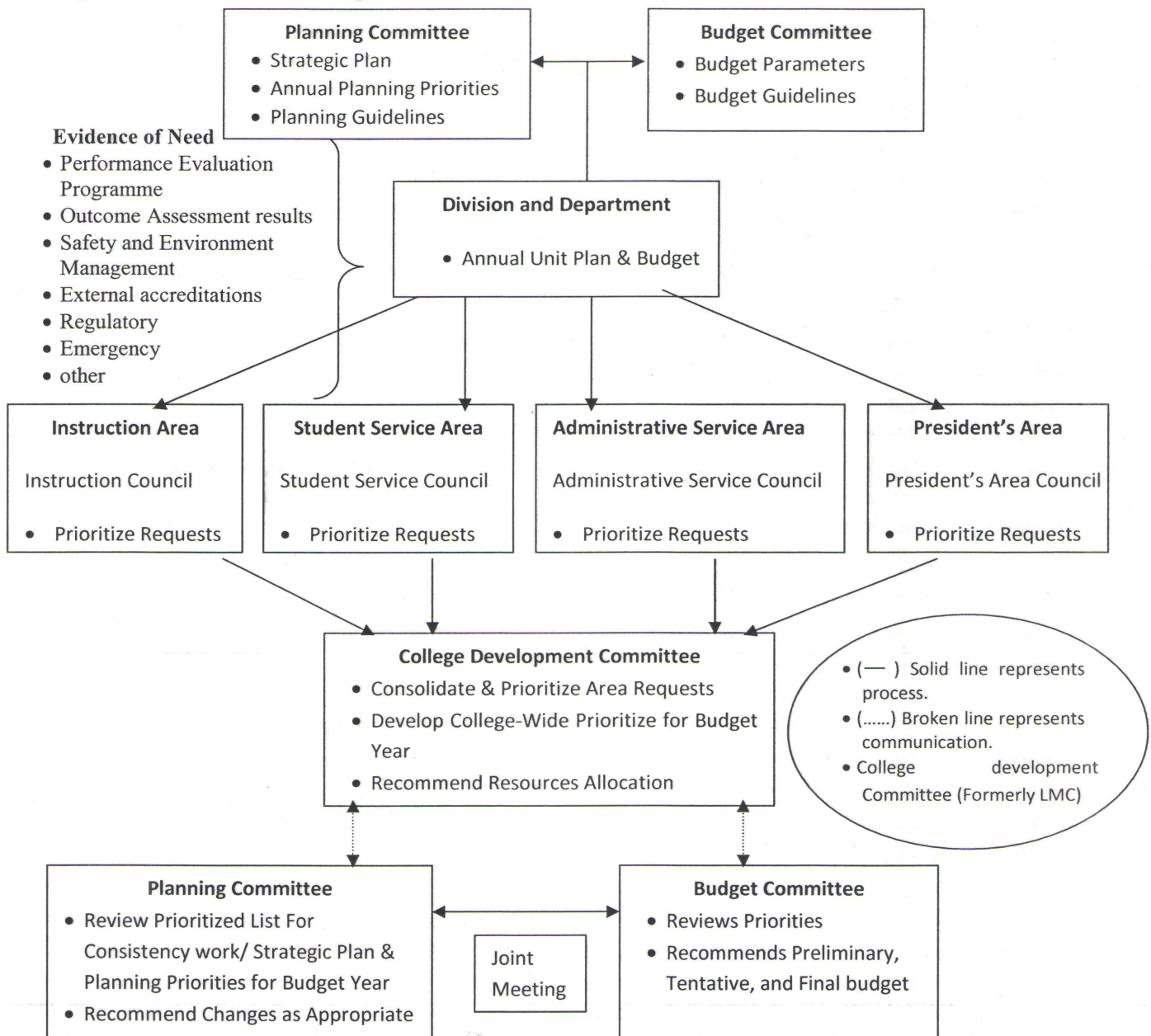


Fig. No. 1: Annual Planning Flow Chart



Board of trustees'/ LMC/ GB decisions is transmitted back to the originating departments and divisions.

Annual Planning & Operating Budget: A comprehensive budget consists of an operating budget and a capital budget. Creating an annual operating budget is a familiar task for most institutes. However, creating a capital budget is often overlooked or taken as only necessary for a capital campaign (fundraiser). Although the concept of developing a capital plan, or capital structure, may seem unwarranted to consider, the truth is that every institute has a capital structure, whether conscious of it or not. A flow chart of annual planning of finances and budget is shown in Fig. No. 1 above.

The needs identified for resources under capital budget should be important (or urgent needs) and must align with fiscal realities. The central question is: Can the College afford its aspirations? If funding is insufficient, then aspirations may need to be moderated or curtailed. However, the strategic planning process is intended to stretch institutions to higher levels of performance than they might have deemed possible, so financial realities should inform but not drive strategic goal setting, even as they may limit how much progress can be made in any given period of time.

Capital structure planning takes into account building resources for long-term, non-operating needs. These might include: asset purchases (such as equipment), financial stability targets (such as an

operating cash reserve or equipment/facility maintenance/replacement reserves), and funding program (such as a pilot program or staff capacity building).

As pointed out earlier, budgets should be prepared conservatively: Overestimate costs; Underestimate earnings. Priority should be given to building an operating reserve before considering establishment of an endowment. Endowment funds are permanently restricted and the principal amount cannot be used for operating, cash flow, or other purposes. Conversely, an operating reserve creates liquidity and financial flexibility to withstand emergencies, temporary cash flow fluctuations, or unplanned reductions in revenue or increased demand for its programs.

After the College has adopted its goals for the next five years, the planning focus now shifts from five-year to one-year periods and occurring at the departmental level within the financial support framework. All budget requests from departments/units require a short justification narrative to include the reason for the request and how the cost figures were collected.

Every department shall prepare its "departmental budget" for educational and general activities for the fiscal year within the limit of funds allocated plus estimated internal income of the institution. (Internal Income- Revenue derived primarily from tuition and fee income).

The departmental budget shall also consider the components separately identified under special allocations. The other important support systems or divisions such as Library, Sports will prepare their budgets, "Unit Budgets" within the allocated funds limits. The 'Departmental Budgets, together with Unit Budgets and Technology Budgets (if any, such as projects, extension and outreach programs) are referred to as the "Operating Budget".

The pattern of sources of funds can be represented in some form of schedule as in Table 3 below:

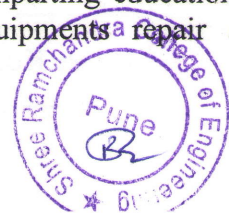
Table 3: List of Sources of Funds

Item / Heads	Amount (in thousands) & %			Average
	2014-15	2015-16	2016-17	
Bank Interest	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	xx.0
Development Fee	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	x.x
Tuition Fee	0	xxxx.xx (xx.x %)	0	0.x
FD Interest	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	xx.0
Miscellaneous Receipts	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	x.x
University / Any other fundings	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	xx.0
Total	xxxxx.xx (100 %)	xxxxx.xx (100 %)	xxxxx.xx (100 %)	100.0

A look in the pattern of sources of finance may provide different aspects like increasing or decreasing trend etc that calls for explanation. Besides government sources of income, college has to collect resources from non government sources. These sources consists generally of fees from students, (tuition and development fees, examination fees, hostel fees etc.), university resources, endowments donations etc.

Pattern of Expenditure

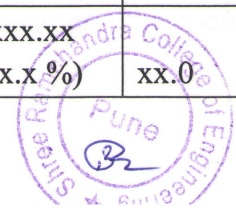
An educational institution incurs expenditure on educational and academic expenditure which includes all costs of providing the faculty with the physical supplies for imparting education to students such as stationary, teaching aids, computers, laboratories, equipments repair and



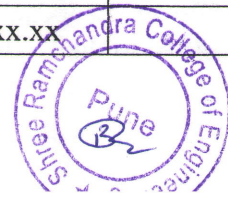
maintenance, scholarship, medical facilities etc. The pattern of sources of expenditure can be represented in some form of schedule as in Table 4 below:

Table 4: Item/ Heads of Expenses

Item / Heads	Amount (in thousands) & Per cent			Average
	2014-15	2015-16	2016-17	
Salary	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.x
Guest Faculty Remuneration	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	x.x
Administrative Expenses	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	x.x
Advertisement Expenses	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.x
Admission Processing Fee	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	x.x
Affiliation Fee	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.0
Audit Fee	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	x.x
Bank Charges	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.0
Computer Maintenance Expenses	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.x
Consumables	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.0
Conferences/Seminars/Research/ Workshop Expenses	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.0
Conveyance & Travelling Expenses	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.0
Cultural Expenses	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	x.x
Diesel for Generator	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	x.x
E Journal	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.0
Electricity Expenses	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	x.x
Fee Concession	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.x
Garden Maintenance Expenses	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.0
House Keeping Expenses	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.0



Industrial Visit Expenses	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.0
Insurance	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.0
Internet Expenses	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.x
Journals & Periodicals	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.x
Management Contribution to P.F.	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	x.x
Medical Expenses	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	x.x
Membership & Registration Expenses	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	x.x
Miscellaneous Expenses	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	x.x
News Paper & Periodicals Exp	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.0
Office Expenses	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.x
PMRDA	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	x.x
Printing & Stationary Expenses	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.0
Professional Charges	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	x.x
Rates & Taxes paid	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	x.x
Repair & Maintenance	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	x.x
Repairs to Building	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	x.x
Repairs to Furniture	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	x.x
Seminar & Placement Expenses	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.0
Sports & Gymkhana Expenses	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	x.x
Staff Welfare	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.x
Student Welfare Expenses	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	XXXX.XX (xx.x %)	xx.0
Tea & Refreshment Expenses	XXXX.XX	XXXX.XX	XXXX.XX	



	(xx.x %)	(xx.x %)	(xx.x %)	x.x
Telegram & Postage Expenses	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	xx.0
Telephone Expenses	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	x.x
Training & Placement Expenses	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	xx.0
Transport Charges	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	x.x
Workshop Expenses	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	x.x
Xerox Expenses	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	xxxx.xx (xx.x %)	x.x
Total	xxxxxx.xx (100 %)	xxxxxx.xx (100 %)	xxxxxx.xx (100 %)	100.0

The pattern can help analyze expenditure incurred on various activities. The analysis is expected to reveal the type of activities that are considered important in the working of a college in terms of financial allocations. In order to examine the patterns and its changing behavior over the years, expenditure will be broken down into recurring and non-recurring components.

- The recurring expenditure covers direct teaching and non-teaching expenditure, indirect teaching expenditure and students' welfare services.
- Non-recurring expenditure includes expenditure on buildings, furniture, equipments and library books and their maintenance.

The pattern of expenditure in educational institute may include

(a) Recurring Expenditure:

i) Direct teaching expenditure, ii) Indirect teaching expenditure, iii) Student welfare activities

b) Non-recurring expenditure:

i) Building, ii) Furniture, iii) Library, iv) Labs, v) Others –viz: Equipment, books, software etc.

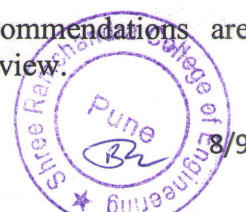
So far as application of fund in the institution is concerned, a clear idea may be had from the distributional aspect of funds as expressed in percentage term. Expenditure on salaries and wages, as usual, remains the main area where most of the fund is allocated. This may be followed by expenditure on stipend and scholarship. However this area should be viewed with some cautions as a sizeable portion remains undistributed and has to be refunded at a later stage.

For an average sized institution, Budget Committee and Program Review Committee can be grouped into College Planning Committee to ensure continuity and coordination between these two.

Budget Route:

1. The budget process starts with the preparation of annual budget proposals by departments and divisions. Routine rollover requests are usually based on the preceding year's spending. Discretionary funding items outside of rollover requests are also submitted by departments and divisions to the Budget Committee.

2. Rollover proposals are reviewed by the Budget Committee, and recommendations are transmitted to the College Council/Strategic Planning Steering Committee for review.



Discretionary proposals are prioritized by the Budget Committee in consultation with the Program Review Committee and Budget Committee recommendations are sent to the Strategic Planning Steering Committee.

3. The Strategic Planning Committee makes recommendations on rollover and discretionary proposals and sends them on the Board of Trustees / LMC / GB etc.

4. Board of Trustees' decisions is transmitted back to the originating departments and divisions.

Program Review Route:

5. Program Review reports are initiated by departments and divisions

6. Program Review Committee reviews program review reports, engages in dialog with the originating division or department, as needed, to clarify program review reports. The Program Review Committee consults with the Budget Committee, as needed, to address requests for discretionary funding.

7. The Program Review Committee transmits program review reports with recommendations to the Strategic Planning Committee.

8. The Strategic Planning Steering Committee makes recommendations on program review reports and transmits them to the Board of Trustees.

9. Board of Trustees' / LMC / GB decisions are transmitted back to the originating departments and divisions

Final Budget Activities

The Finance official or The Principal reviews individual department and unit budget submissions and incorporates these into the Institute's official Original Budget, which is then submitted to the Board of Trustees for final approval at its April/May meeting of each year

Establishing and Executing Approved Original Budget

The Budget Officer / The principal works with department/ units to establish final budgets for implementation in the new fiscal year.

The operational planning format is concise and deliberately reductive. It shows the goals and objectives to be achieved, actions to be undertaken, requirements, task assignments, and dates for completion. Operating plans are also called 'action plans' because they are blueprints for action.

Annual capital investment is funded through a combination of internal and external funding sources (such as gifts, grants, or borrowings). Currently internal allocations are funded by a portion of annual operating budget surpluses. In the future, a working capital reserve fund may be the source of internal funding of capital activity.



Principal

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