

TOPIC 6

BUDGET AND COST CONTROL

- An annual Budget is an essential tool in any system of financial control and management.
- Most often it is one of evolution rather than an ad hoc-decision-making.
- It involves a series of estimates of likely incomes and expenditure.
- Commonly prepared ahead of the operation period. In the respect the financial year period is being identified and can something be earlier by a year or a few months.

Factors considered in preparation of a Budget .

- The overall level of finance available
- The allocation of the total to the main items of expenditure
- The sub-allocation of resources to specific projects
- The necessary framework for cost control and monitoring throughout the year
- The expected levels of income
- The capital requirements for machineries etc.
- Anticipated inflation of wages and other cost

Process of preparation of a budget

- In preparation of the budget, normally a good reference is based on the previous year's figure (out-turn figure). The previous year's budget and item identified will be used as the "basis".
- However, this may not be available as the budget for the new year is prepared prior to the completion of the year. As such most the time, the base used is usually the previous 2 years' budget. Therefore, it is wise to consider the inflationary cost in estimating based on the old figures .

Budget Preparations

- **In Malaysia, as for government agencies, the items listed for the preparation of a budget is already prepared by the Ministry of Finance. The Landscape Architect working for a government agency will require to refer to the established code in preparing the annual budget.**

Key Classification of Main Codes in the Malaysian Budget Preparation.

- **10000 – Emolumen**
 - 11000 – Gaji & Upahan**
 - 12000- Elaun Tetap**
 - 13000- Subangan Berkanun Untuk Staf**
 - 14000- Elaun Lebih Masa**

- **20000- Perkhidmatan dan Bekalan**
 - 21000- Perbelanjaan Perjalanan dan Sara Hidup**
 - 22000- Pengangkutan Barang barang**
 - 23000- Perhubungan/Utiliti**
 - 24000- Sewaan**

- **26000- Bekalan Bahan Mentah & Bahan Bahan Untuk Penyelenggaraan & Pembaikan.**
 - 27000- Bekalan dan Bahan bahan Lain.**
 - 28000- Penyelenggaraan dan Pembaikan Kecil Yang di beli**

- **29000- Perkhidmatan Ikhtisas & Perkhidmatan Lain Yang di Beli dan Hospitaliti**

- **30000- Asset**