

ICAG BUSINESS LESSONS (WEEK 35)

Good morning

This is week 35 of the year 2022 in the Gregorian calendar. 17 weeks remain until the end of the year.

MONDAY MOTIVATION

A dream does not become reality through magic; it takes sweat, determination, and hard work.

– Colin Powell

ACCOUNTING QUOTE OF THE WEEK

To state the facts frankly is not to despair the future nor indict the past. The prudent heir takes careful inventory of his legacies and gives a faithful accounting to those whom he owes an obligation of trust.

- John F. Kennedy

ACCOUNTING CONCEPT OF THE WEEK:

BUDGETING AND BUDGETARY CONTROL IN THE PUBLIC SECTOR. (PART 1)

The budgeting concept is pivotal to government financial administration which drives accounting and all other operational activities and programmes of public sector entities.

Budgeting is the process of systematically relating the cost of government activities and programmes to the objective and priority of the government. It is process of presenting the operational and capital plans of an entity to authorizing and approving authority to demand financing for the plans.

Objectives of Budgeting

The objective for budgeting in the public sector is to:

- i. Set priority in the allocation of scarce public resources to activities and programmes through the public sector.
- ii. Ensure effective planning and control of activities and programmes of the government and the public sector as a whole.

- iii. Serve as a means of communicating government plans and programme to the public administrators, employees and the public in general.
- iv. Serve as a tool for motivation to managers and employees at all levels of administration of the public sector. Budgets come with targets and key performance indicators that motivate the managers and employees to achieve these results.
- v. Monitor, evaluate and control performance of programme, projects and activities carried out by the public sector entities based on the standards set in the budget.
- vi. Provide authority for future spending. It is a pre-requisite for spending in the public sector.

Functions and Uses of a Budget

A budget is the resulting output process and the budget serves the following functions or uses in the public sector:

- i. Planning. Budgets are embodiment of plans of an organization and helps organization to stick to their plans in a systematic manner.
- ii. Control: Budgets serve as a tool of control of government activities and programmes. It provides benchmark or standards by which activities could be controlled.
- iii. Coordination. Budgets help to achieve goal congruence by bringing the plans and objectives of sub-units of government together to ensure that national goals and objectives are achieved.
- iv. Communication. Budgets serve as a formal communication between government and the public concerning the intention of government.
- v. Performance measurement. Budgets provide key performance indicators or standards by which performance of entities and administrators could be assessed.
- vi. Accountability and transparency. Budget serve as tool of accountability as it establishes responsibility and authority for executing the plans of the organization. Managers therefore have the obligation towards their superior and the public to explain why certain standards or targets in the public were not met. It also ensures transparency in the allocation of resources to the various sectors and projects of government.

THIS WEEK IN HISTORY – TOP 10 EVENTS

29/08/ 1997 Netflix is founded by Marc Randolph and Reed Hasting in Scotts Valley, California as an online DVD rental business

29/08/ 1954 San Francisco International Airport (SFO) opens

29/08/ 1885 Gottlieb Daimler receives German patent for a motorcycle

30/08/ 2018 Argentina's central bank raises interest rates to 60% in attempt to stabilize the peso

30/08/ 1995 Cable News Network joins the internet

31/08/ 2012 Apple loses its patent dispute with Samsung in Tokyo, Japan

31/08/ 1920 Belgium starts paying old age pensions

01/09/ 2015 Google changes its logo, biggest redesign since 1999

01/09/ 1973 Libya nationalizes 51 percent of nine other oil companies' concessions

02/09/ 2020 Australia officially enters recession for the first time in almost 3 decades with GDP falling 7% (April-June)

DID YOU KNOW?

ICAG College of Accountancy has opened registration for tuition for December 2022 CA Professional Exams. Join ICAG for tuition for all levels. Classes starts **5th September – 27th November, 2022**. Don't be left out!

Have a blessed week!

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