

**THE INCOME AND EXPENSES BUDGET – IMPORTANT TOOL
FOR THE FINANCIAL MANAGEMENT OF HIGHER EDUCATION
INSTITUTIONS**

**CONSTANTINESCU (POPA) Liliana Mihaela¹, INDREȘ Mihai², ANDĂNUȚ
Marcela³**

”Lucian Blaga” University of Sibiu, Romania

Abstract

In the category of the many difficulties faced by the Romanian higher education at the beginning of the XXI century, an important place is held by the financial issues, providing funds needed for this activity, issue that usually produces many other imbalances manifested in the organization and educational system functioning.

Education and investment in education, and we refer in particular to the investment in higher education institutions were required and were always conducted with a major financial resources consumer. Without sufficient financial resources, achieving the organization’s mission and social and economic objectives are impossible or very difficult..

Financial management of higher education institutions is a complex issue and the expression of a specific area of business management which is based on developing, adoption and finalization of the financial decisions by revealing full potential of the university.

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¹ PhD Student, Faculty of Economic Sciences, lili.popa@ulbsibiu.ro

² PhD Student, Faculty of Economic Sciences, mihai_indres@yahoo.com

³ PhD Student, Faculty of Economic Sciences, marcelaandanut@yahoo.com

1. Universities management instruments

University should be considered an important economic sector with a clear mission in providing training and research. Modern universities use two important instruments of control:

- Institutional Development Strategic Plan whose objectives must permanently respond to civil society and economy evolution, aspirations and expectations of students, educational practice guidelines of the Government (Brătianu, C., Popescu, V., 2001).

Institutional Development Strategic Plan constitutes the major decision making within the University, regarding the vision, mission, objectives, strategies adopted, defining the environment in which the University operates and the services it brings to the community. It is the main tool that universities can use to adapt to the external environment and optimize resources to achieve objectives, ensuring that the university has a good management and therefore can effectively use the financial resources.

The concept of decision in education strategic plan allows the manifestation and achieving of full academic autonomy in accordance with the administrative and financial management of the university; it represents the will of the academic community in national and international competition, creation of a value system within the organization and to promote continuous improvement actions.

- Unique University Budget is the instrument that reflects the monetary form of institutional development strategic plan.

Financial strategy for higher education institutions is in the administrative plan and determine economic motivation in developing the overall strategy of the institutions of higher education; is an essential tool and an expression of university autonomy. Financial strategy is based on budgetary autonomy, freedom of universities to design, approve and execute its own budget in accordance with the legal provisions and objectives (Comănciu, C, 2011).

Based on the multitude of existing definitions in the literature, we estimate that the overall budget planning, both financially and non-financial, represents an activity or operation, for establishing responsibilities, helping to determine the effectiveness of objectives, enabling control of the activity and

determine deviations. From our point of view the income is the most important financial plan of an higher education institution, it represents a standard format of financial resources and expenses that can be made in a financial year. Higher education institutions budget is their financial plan that highlights how income will be obtained and spent in a given period of time.

In addition to being a financial plan, the budget may be the basis for budgetary control, so to verify the income and expenditure take place exactly as planned.

Universities budgets represent effective tools for implementing strategic plans. In this capacity, benchmarks budgets contain any hierarchical level of the university. To combat the inflexibility that characterizes many budgets once established and to enhance their functionality in strategic control have been developed many types of budgets.

Typically, a budget is established for a specific level of income and expenses for a given level of resources. Since flexibility is a requirement of budget forecasts increase efficiency and for achieving the good planning, it is widely used in universities.

Variable or flexible budget present the resources to be allocated to each activity of the university as the level of activity undertaken (Cape, I., I.1997).

The trend of better adaptation of university budget system to changing internal and external conditions, particularly applicable in the research, development, marketing, finance, personnel - taking into account wider margin available to establish the necessary expenses for these activities.

In specialists opinion, with zero-based budget the planning and design process of the budget requires managers to justify universities entire budget , not just relate to the budget amounts for past years. Zero-base budget is considered a better tool and more efficient than the traditional budget, and has as its starting point the amounts in the budget year focusing on the identification and control of each budget item. The advantage of using this type of budget is that it forces managers to establish new programs and their costs without taking account of past achievements, but depending on the expected those programs will be materialized (Comănciu, C., 2011) .

Budget of higher education institutions can meet the objective of

realizing the Institutional Development Strategic Plan only if he meets all the resources in a single budget, namely:

- institutional contract proceeds from the ministry for core funding equivalent to the number of students on areas of cost coefficients fields and qualitative indicators, the overall amount representing national funding base;
- amounts obtained by the ministry additional contract funds obtained on competitive criteria used for equipment, expenses the university subsidies for accommodating students transport;
- extrabudgetary sources consisting of: income from administrative fees, income capitalization rates and non-periodical publications, income from services, donations, sponsorships, and other non-refundable amount used according to the destinations of each category of revenue, income own homes - canteens, publishing activity, amounts from external financing.

In the revenue and expenditure of higher education institutions are based and provide the following categories of expenditure (Comănicu, C, 201):

- expenses, which include current and capital expenditures necessary for the proper functioning of universities, with unused amounts and income made at the end of the previous year;
- expenditure for scientific research, design, consulting;
- expenditure allocations from the state budget special purpose;
- expenses for publishing activities, the resort staff who work extra principles;
- expenditure of hostels and canteens,
- expenses of external grants.

In the current context, plans and budgets must go beyond the simple predictions of the possible financial and business management, must realize that budgets will not be characterize as the most desirable, most likely possible (Leclere, D., Leashes, Ph., Dubrulle, L., 2000) .

XXI century University must focus on preparing flexible budgets, adaptable to change. Organising activities in the budget of higher education institutions has some limitations, particularly due to the problem of real assessment of costs and not considering the human dimension. From this perspective the problems encountered in the work of budgeting are (Braescu, M., Jinga, G., 2003):

- play the previous schemes tend to be planning the future as an extrapolation of the past that affect creativity and innovation;
- inability to correlate short-term decisions on long-term prospects;
- impose more or less authoritarian and arbitrary targets the managers, ignoring the actual content of the process;
- introverted vision geared more towards internal resources than to exogenous environmental developments.

Introduce a system for forecasting budgets through university financial management has many advantages, among which:

- prioritize how insurance analysis and use of financial resources can be considered rare nowadays;
- provide sources of information that allow knowledge evolution and adaptation universities they work to market fluctuations;
- requires the involvement of all levels of management , which contributes to a better understanding of reality universities;
- promotes communication and coordination for engagement and balancing all faculties, departments and university functions, so that it can achieve the expected objectives;
- to clarify the authority and responsibilities;
- represent a real support for the calculation and use of various categories of indicators;
- provides realistic assessment and control actions universities;.
- provides performance evaluation and stimulating employees and managers, through their involvement in the implementation and performance targets

2. The role of the income and expenses

Rigorous development of revenue and expenditure of the institution provides the legal basis for the realization of revenue and expenditures, a true picture of the results of a period. By measuring the levels achieved at the end of the planned period to determine the fulfillment or non-fulfillment of the indicators included in the budget.

The need for rigorous and realistic projections of the budget consists of some constraints of the Public Finance Law no. 500/2002. Also, the emergence during the execution of the budget could void funding.

The importance of budget preparation and approval activity has increased considerably in the last years because he remains the main management instrument, prognosis and analysis of economic financial activity.

Revenue and expenses under the new managerial concepts requires that an objective, becomes the instrument of knowledge and ensuring financial balance, annual operationalization of the strategic objectives undertaken.

The role budget is in the planning and leadership of the institution and includes: record the existence and evolution of managed property items; sizing income and expenditure legislation; reflection cash flows; highlighting the sources of the funds and their destination; increasing efficiency; increase personal and collective management of funds; the strengthening of financial discipline; advanced training as needed to ensure a society; control of the design and criminal activity through the formation and use of cash resources.

University budget is a document providing for and authorizing amounts of revenue and expenses and is a tool for decision making and management, serving institutional policy. The importance of a rigorous and realistic projections of revenue and expenditure arises from some constraints that arise in its implementation so in accordance with the Law of Public Finance no. 500/2002, the income ceiling is minimal cost maximum amounts that can not be overcome in the implementation of the budget occurrence of contingencies, and can sometimes lead to the impossibility funding, even if there are financial resources.

In addressing this issue we must remember that we are talking about institutions that until yesterday were financed from the state budget and, although we can not talk about funding, ensuring operation at limit and autonomy that encourage convenience faster than action. We believe that the issues presented is enough reasons to justify the "early stage" of development of financial management in universities. We appreciate the action, incisive spirit claimed by the current context in which universities work and conduct, not strength enough for financial management education.

We must not forget that the administrative, financial - accounting and social support activities are designed to support workflows teaching and research in universities. From this fact should be mentioned that all activities, both administrative- financial as well as those of university teachers complain of in these services - departments - of competent human resources capable of performance.

We are also convinced that in this period the issue of utmost importance to achieve an efficient and competitive romanian educational system according to the new realities of ensuring the financial resources and implementation of a management which promotes efficient use of financial resources. Changing the funding system during transition requires restructuring managerial attitudes expectations of universities by transferring responsibility to ensure financial resources of the state in the task of each university .

For now, the university is given multiple opportunities and few resources, and hope their spectacular growth in the future is rather minor so that diversification of funding can not be ignored. From simple depiction of receiving legitimate and autonomous public resources, the university must become enterprising and produce its own resources as it can not only prepare individuals in a competitive and non-competitive receptor. University success in dealing with environmental challenges outside of providing trusted graduates competent and competitive. Under the new policy, the university must be an institution that produces and generates leverages innovations in knowledge, technology and culture. The implication of this option can be one radical importance: higher education must not only adapt to market requirements, but must itself constitutes its own market .

3. Conclusions

Given the foregoing, we conclude that the income and expenditure budget aims to reflect: all revenues and expenditures expected to achieve the ultimate goal of optimizing the activities of the higher education institution; inclusion of all resources used by the institution for funding objectives; optimal use of resources in the implementation of current activity; systematic search and identify new opportunities for training, scientific research to increase the resources allocated; design development assets managed by highlighting the changes that are expected in the structure.

Starting from the fact that budgets are a prerequisite for planning, forecasting oriented management as complete, the main objectives of budgeting may result in the following (Leclere, D., Leashes, Ph., Dubrulle, L, 2000):

- management tool because it reveals all projections and objectives that serve as the "compass" daily action;
- simulation tool because very often, before establishing final budget

more instances tested, measuring the impact that would have on the outcome of a decision or other estimates;

- instrument motivation and conflict prevention as budgetary procedure often allows negotiations to reach a compromise which looks like a kind of agreement between the various parties.

We can say that the budget management system based on the budget is eminently economic nature and can express the university policy, monetary standard used allows the expression of real labor costs and locates broken down expenditures. Through all this he reveals the economic purpose of the university and its components mobilizing efforts to support and magnify economic efficiency.

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