

## THE IMPORTANCE OF BUDGETING IN A PUBLIC OFFICE

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Have we ever wondered why budgeting is important in any organization? First, we have to understand what budget is? To give you the basic-- a budget is an estimation of expenses and income over a certain period, usually monthly, quarterly or yearly. It allows a business to plan out expenses, reach organization goals and anticipate any operational changes as needed to support the organization. A budget helps a business understand its operating costs and can be used to track performance.

While in a government agency setting like the Department of Education, government budgeting is the critical exercise of allocating revenues and borrowed funds to attain the economic and social goals of the country. It entails the management of government expenditures in such a way that will create the most economic impact from the production and delivery of goods and services while supporting a healthy fiscal position.

A budget is one of the more important parts in an agency. When an organization has its budgeting done right, leaders can make sure they have the programs/activities/projects implemented properly. It supports both planning and monetary management for the agency. Planning is useless if there is no control over spending, and without planning, there are no organization goals to pursue. A budget makes it possible to plan for anticipated expenses, like a large hire or a new piece of machinery, to continue operations.

Every public office has a number of expenses that must be paid on a regular basis, whether daily, weekly, monthly, quarterly, yearly, or in another way. Budgets are crucial to ensuring that costs are covered and that there are no long-term debts for the agency. Without a budget, an organization may encounter a range of issues. Poor budgeting can

lead to negative long-term financial impacts and difficulties in reaching organizational goals and objectives.

Government budget is important because it enables the government to plan and manage its financial resources to support the implementation of various programs and projects that best promote the development of the country. Through the budget, the government can prioritize and put into action, the plans, programs and policies within the constraints of its financial capability as dictated by economic conditions.

The Department of Budget and Management developed a tool that will monitor an agency's expenditures including the Department of Education from the planning stage to obligation of expenses to disbursements of funds. This tool is called the Unified Reporting System (URS) to ensure proper monitoring and recording of expenditures. With a sound budget in place, a public office may plan for significant cost increases, predict expenses, and even restructure the agency depending on operational requirements. By having a budget, the agency can also convey priorities, define goals, and produce reports for stakeholders.

Let us always remember that without a budget, an organization may experience overspending and underperformance which can negatively impact the organization.

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