

**BUDGET PREPARATION AND IMPLEMENTATION** Budget preparation and its implementation are one of the important tasks of the pharmacy department of any hospital. It requires several factors into consideration like planning & strategy for maintenance and development etc. The word budget means the financial plan of a hospital for the period of a year. Budget is a quantity of plan of action and aid to the coordination and implementation of plan. **DEFINITION:-** Budget is described as an instrument through which hospital administration, management at the department levels and the governing bodies can review the hospital services in relationship to the prepared plan in a comprehensive and integrated form expressed in financial terms. **OBJECTIVES:** a) Development of standards b) Comparison of actual results with standards c) Identification of deviation or fluctuation d) Analysis of deviation e) The responsible person will use the budget f) Details to determine whether the proposal is economically feasible and realistic. g) To monitor the hospital financial activities. h) Estimate the cost of completing objectives identified in the proposal. **ADVANTAGES OF PLANNING THE BUDGET:** a) Develop better financial planning. b) Gives a better focus on decision making to the management. c) Effectively manage the financial aspects of the hospital d) Exposes the reasons of over expenditure e) Helps to focus on hospital priorities f) Enhance efficiency of staffs and others **TYPES OF BUDGET PREPARATION:** Based on the duration of budget, it can be divided in to: Short term budget (2 years) Long term budget (5 - 10 years) **DIVISION OF BUDGETS:** 1. Income accounts or revenue accounts.

2. Expenditure accounts 3. Asking for capital investments Income accounts or revenue accounts 1. Total income must be calculated for the implementation of the budget. 2. Pharmacy department or accounts department maintains daily, weekly, monthly & annual cost of the pharmaceuticals issued to the patient services. 3. The other statistics includes: No of prescriptions No of prescriptions dispensed by each pharmacist Hours of work put in Prescription volume per hour of service Medication cost per patient day Average drug cost per clinic visit Average salary cost per prescription Average supply cost per requisition **Expenditure accounts:** 1. Administrative and general expenses. 2. Professional care of the patients. 3. Out-patients and emergency expenses. 4. Miscellaneous expenses. The expenditure accounts include the following categories 1. Salaries and wages 2. Supplies and materials 3. Drugs and pharmaceutical expenses 4. Purchase expense 5. Equipment and construction budget 6. Miscellaneous supplies and expenses. 1. Salaries and wages Salaries and wages include complete break-up of all salaries and wages paid to permanent and temporary staff (Full-time and Part-time). The chart should be prepared in tabular form so as to give an overall view at a glance. The Chief Pharmacist/Administrator should sub-divide the staff into three important categories like administration, professional and non-professional staff. The total of all three expenses constitutes the anticipated salary and wages, expenditure for next year. 2. Expenses of supplies & materials: 1. Chief pharmacist or the responsible

person should prepare the financial statement regarding the requirement of amount in rupees for supplies and materials with the help of the latest financial budget. 2. Necessary to show the actual cost of the materials. 3. If the budgeted figure and the previous figure was the same then the previously prepared budget was well prepared. 3. Drugs and pharmaceuticals: Preparations are categorized as those dispensed by hospital pharmacy or those used in the OPD, emergency and other departments. 4. Purchase expense: It includes the cost of prescriptions purchased from an outside pharmacy. 5. Equipment and construction budget: In hospital always a separate budget is prepared for equipments and for construction because it requires major monetary funds. While preparing budget for machinery, equipments both professional and administration take depreciation values into consideration. Therefore, budget for immediate arrangements of a new model equipment and budget for remodeling and replacement of equipment are considered. 6. Miscellaneous supplies and expenses. Miscellaneous supplies and expenses include glasswares, labels, stationary, uniform, repair and maintenance etc. In practice, there should be a close liaison between the Chief Pharmacist and accounts department for maintenance of statistical data.