

SECOND YEAR GOVERNMENT BUDGET : "Second semester programme"

LECTURE THREE

Who is responsible for preparing the budget?

The process of preparing the state budget remains within the jurisdiction of the executive authority (the government), and this jurisdiction belongs to the Ministry of Finance, which is considered technically qualified to do this work and to be in solidarity with the sectors (other ministries).

*Steps for preparing the budget:

Preparing a successful budget requires following these steps:

- ➡ **Setting financial goals:** Determine the main goals of your company, such as increasing revenues or reducing expenses.
- ➡ **Collect financial data:** Review previous financial records to learn patterns of spending and revenues.
- ➡ **Determine average spending and revenue:** Use financial data to estimate average spending and revenue for each category.
- ➡ **Distribution of resources:** Distribute financial resources based on the company's priorities and financial goals.
- ➡ **Review and update the budget:** Regularly review the budget and update it to reflect current financial conditions.

What is the purpose of preparing a budget?

It helps you track your expenses, income and manage your budget from the beginning of the project. It saves time and effort due to the automatic nature of its work, which will make managing the company a simpler task. It provides powerful indicators that tell you when you should update your budget or conduct a financial audit. It helps in preparing financial reports in record time.

Importance of budget in business:

Budgets are a financial planning tool that helps businesses set financial goals and monitor resources. A budget can help:

Improve financial performance: Budgets help companies achieve profits by controlling expenses and increasing revenues.

Effectively direct resources: Budgets help prioritize spending and direct resources to projects with the highest return.



Financial stability: Budgets help companies avoid financial problems and ensure business continuity.

Why does the state need a budget?

The government provides products and services to citizens and therefore must disburse funds from the public treasury. A budget is a plan approved in advance in order to monitor the efficiency of public expenditures, search for a source of financing for expenditures and decide which products and services will be provided by the government.