

BUDGET

Instrument through which the hospital administration, management at department level and the governing board can review the hospital's service in relationship to a prepared plan in a comprehensive and integrated form expressed in financial terms

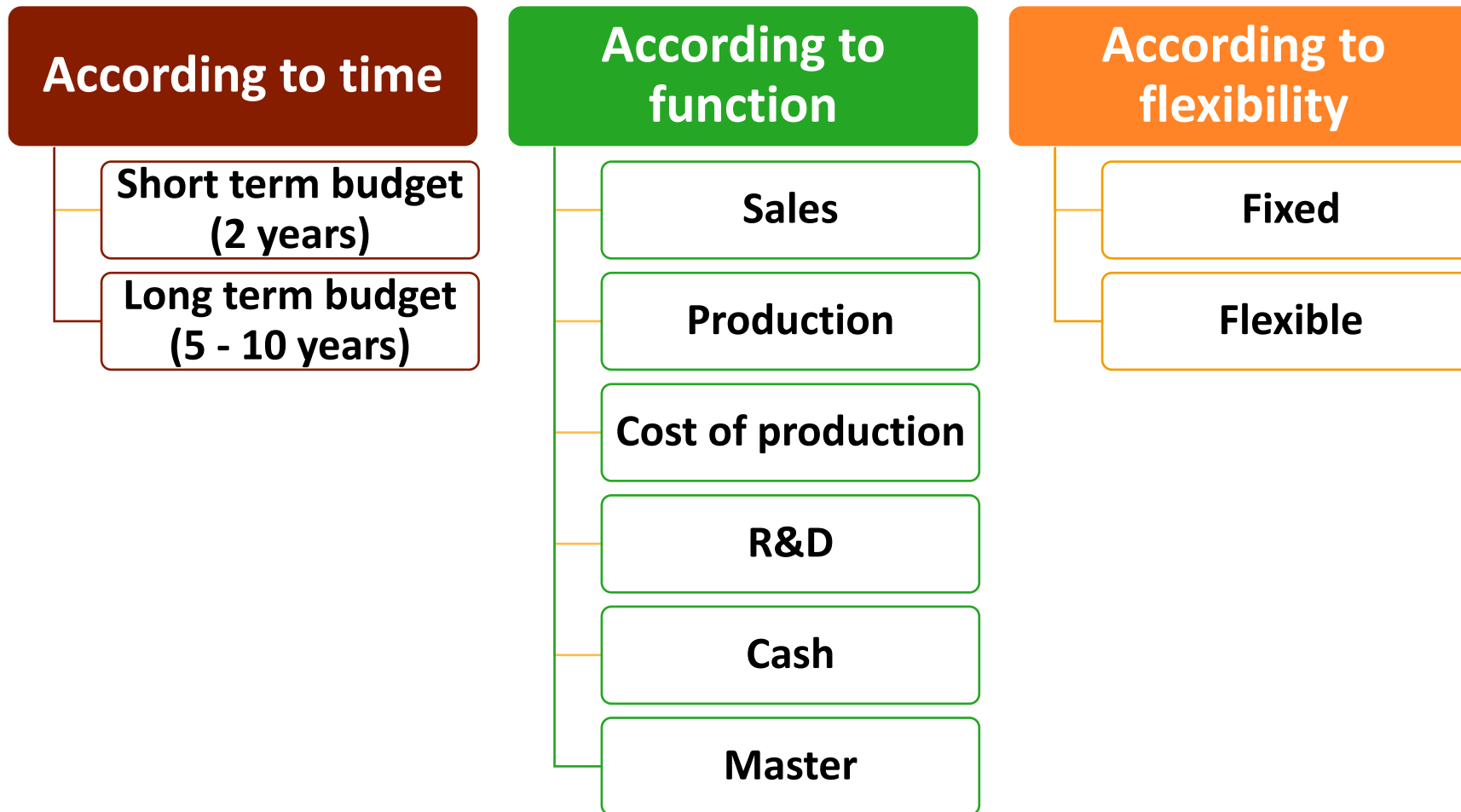
GOALS

- a. Development of standard of performance
- b. Comparison of actual results with these standards and thus identifying the deviations
- c. Subsequent analysis of deviations to determine whether they are controllable or uncontrollable.

FUNCTIONS

1. The responsible person will use the budget details to determine whether the proposal is economically feasible and realistic.
2. To monitor the hospital financial activities.
3. Estimate the cost of completing objectives identified in the proposal.

BUDGET-CLASSIFICATION



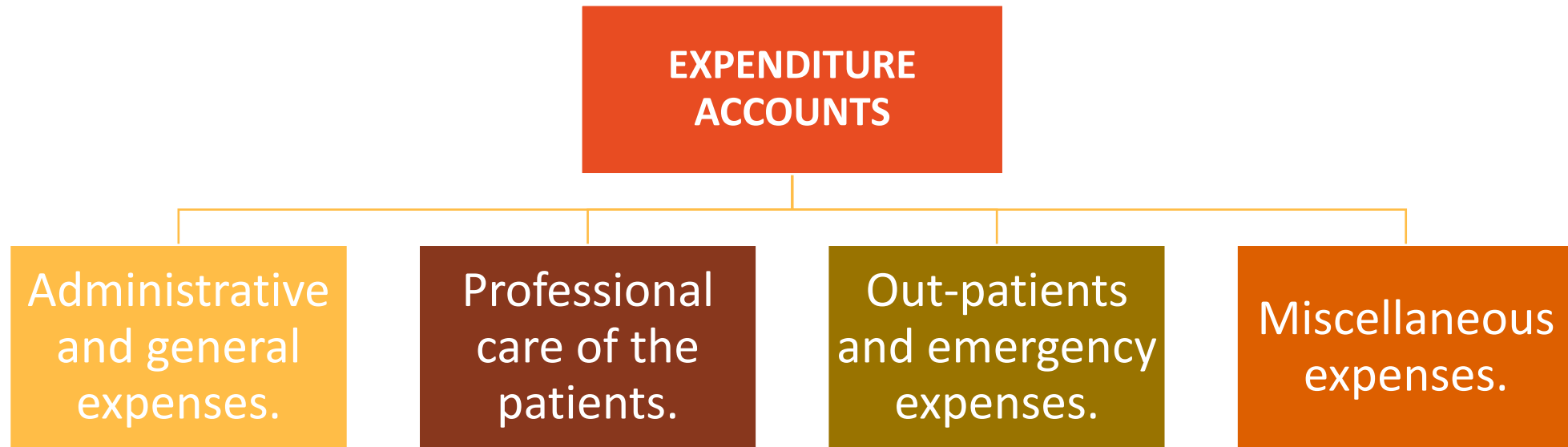
Divisions of Budget

1. Income Accounts or Revenue Accounts
2. Expenditure Accounts
3. Equipment and Construction Budget/ Capital Equipment Requests

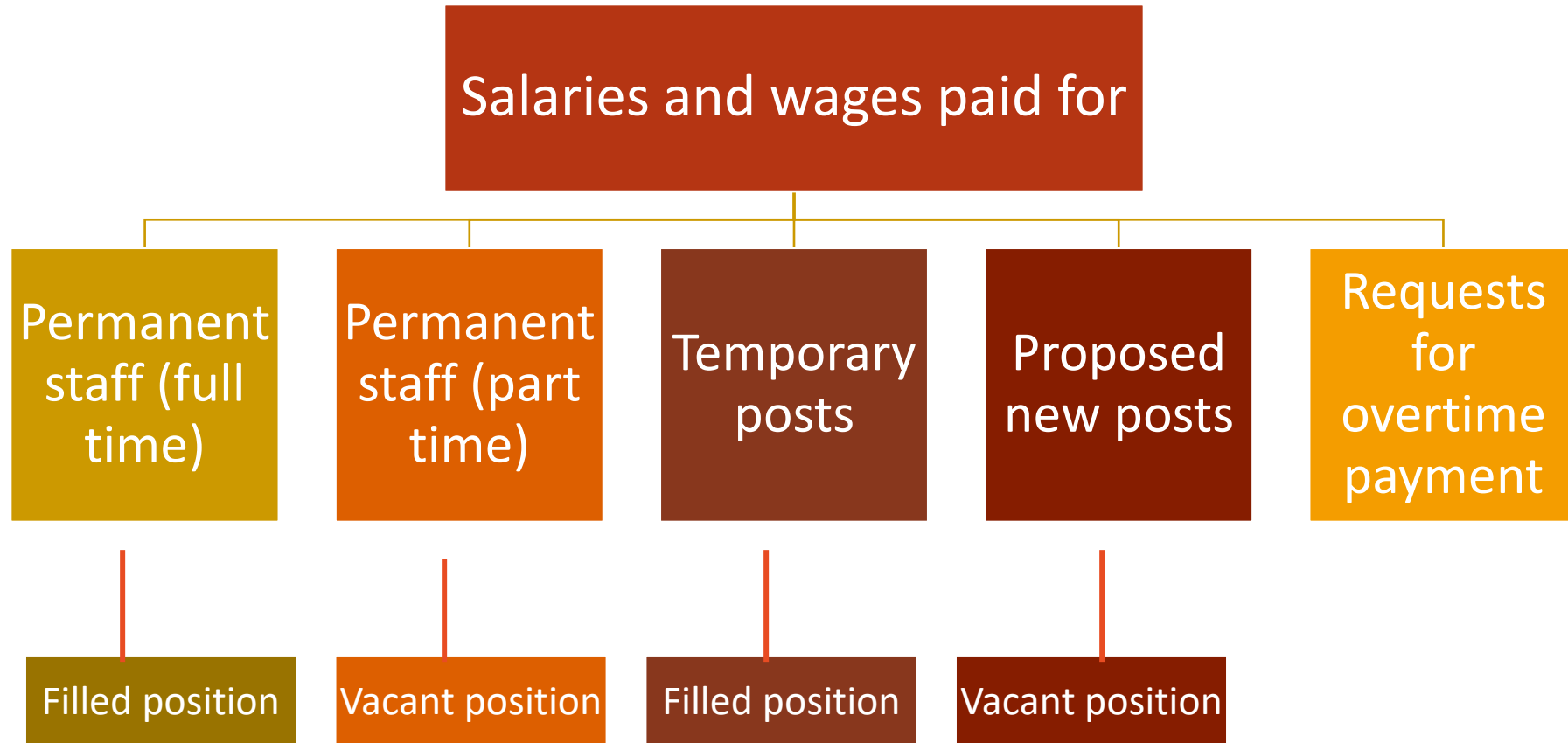
I. INCOME ACCOUNTS /REVENUE ACCOUNTS

- Total income must be calculated for the implementation of the budget.
- Pharmacy department or accounts department maintains daily, weekly, monthly & annual cost of the pharmaceuticals issued to the patient services.
- 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

II. EXPENDITURE ACCOUNTS:



SALARIES AND WAGES



SUPPLIES AND EXPENSES

- Head of the department should have a readily available the rupee amount budget for each expense code for the financial year
- Necessary to show the actual cost of the materials
- Budgeted figure equals the estimated actual figure, previously prepared budget was well prepared.

DRUGS AND PHARMACEUTICALS

- Those dispensed by prescriptions.
- Those used in the outpatients and emergency departments.

PURCHASE EXPENSE

It includes the cost of prescriptions purchased from an outside pharmacy.

MISCELLANEOUS SUPPLIES AND EXPENSES

- Bottles, labels, glassware, narcotic and alcoholic permit fees, printed forms and stationery, pharmacists uniforms, reference books etc.
- Parts required to repair and maintain equipments used by this department and repairs made by outside concerns.

III. EQUIPMENT AND CONSTRUCTION BUDGET/ CAPITAL EQUIPMENT REQUESTS

- Budget for immediate arrangements of a new model equipment.
- Budget for remodeling and replacement of equipment.
- Construction of building.

IMPLEMENTATION OF BUDGET

Planning of budget and implementation of proper budgeting system facilitates the hospital administrator to take right decision according to the local needs, requirement and the order of priorities.

It includes the following parameters.

1. Requirement of different departments
2. Actual fund position
3. Utility of particular item
4. Cost of products
5. Quantity of products

BUDGETARY CONTROL



ADVANTAGES

1. Maximisation of Profits
2. Proper co-ordination
3. Provides Specific Aims
4. Tool for Measuring Performance
5. Economy
6. Corrective Action
7. Creates Budget Consciousness
8. Reduced Costs
9. Determine Weaknesses
10. Introduction of Incentive Schemes

LIMITATIONS

1. Uncertain Future
2. Revision Required
3. Discourage Efficient Persons
4. Problem of Co-ordination
5. Conflict among different departments
6. Depends upon support of top management

REFERENCE

- A textbook of Hospital Pharmacy by S.H. Merchant and J.S. Quadry.
- Hospital Pharmacy by William E. Hassan
- WHO-Drug and Therapeutic committee training course-participant's guide
- www.efinancemanagement.com