

CHAPTER:3

BUDGET

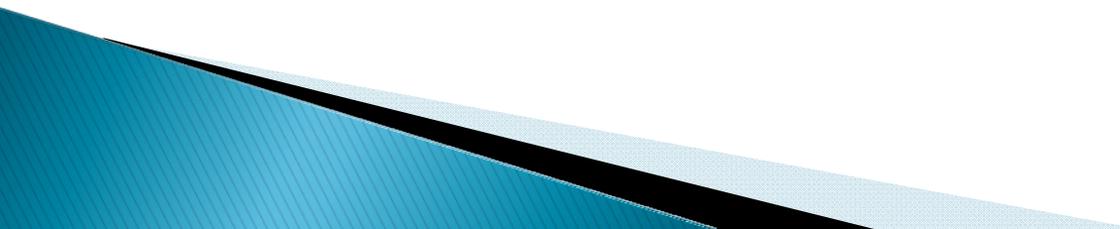
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BUDGET

DEFINITION:

Financial or quantitative statement prepared for the purpose of attaining the given objective.

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.

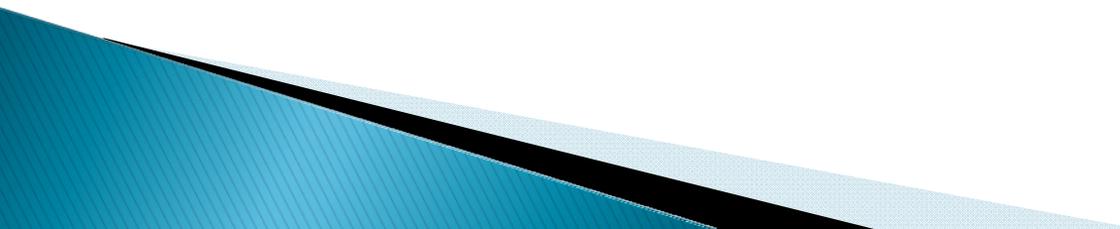
TYPES OF BUDGET PREPARATION:

1. Short term budget (2 years)
2. Long term budget (5 - 10 years)

DIVISIONS OF BUDGET

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.
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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

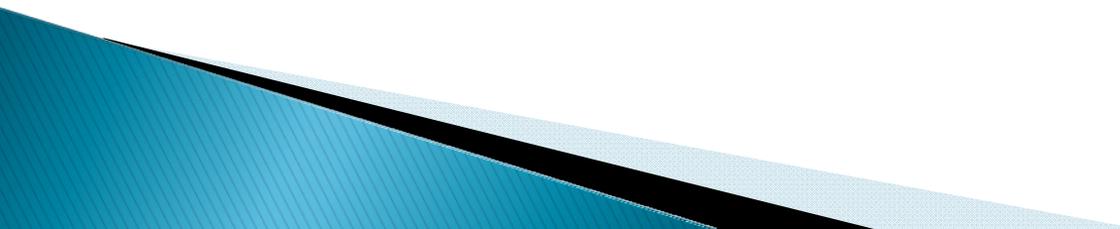
Average salary cost per prescription

Average supply cost per requisition

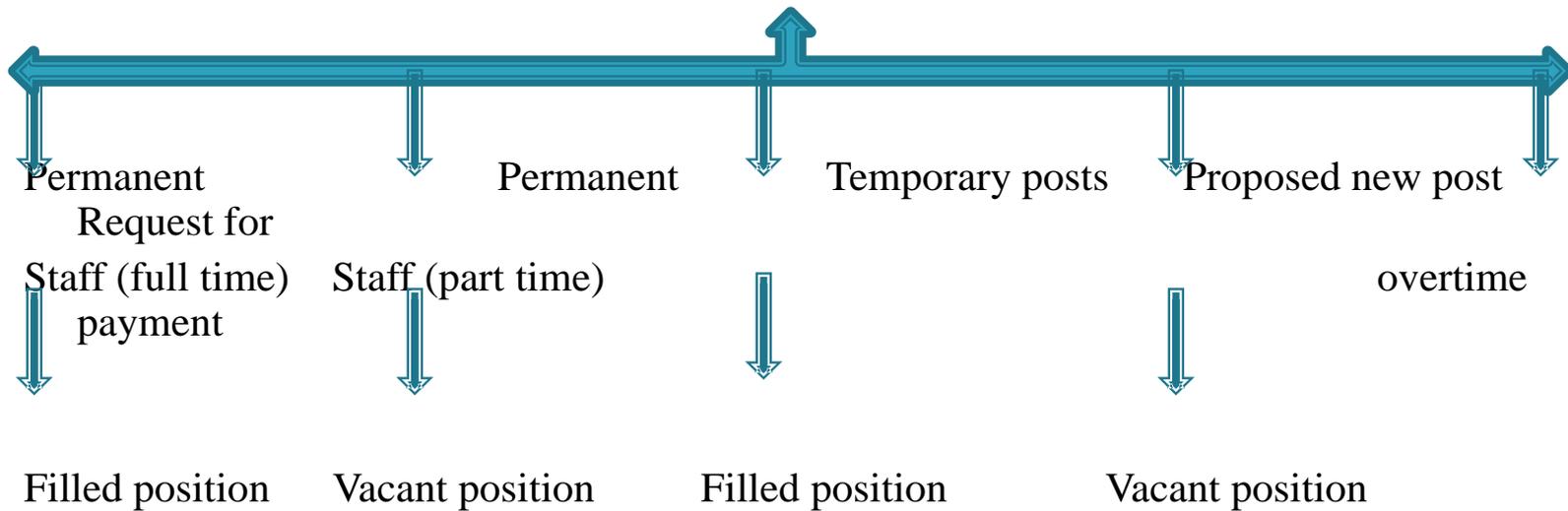
EXPENDITURE ACCOUNTS:

1. Administrative and general expenses.
2. Professional care of the patients.
3. Out-patients and emergency expenses.
4. Miscellaneous expenses.

The **expenditure accounts** includes the following categories

1. Salaries and wages
 2. Supplies and expenses
 3. Drugs and pharmaceutical expenses
 4. Purchase expense
 5. Miscellaneous supplies and expenses.
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SALARIES & WAGES



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**.

PURCHASE EXPENSE:

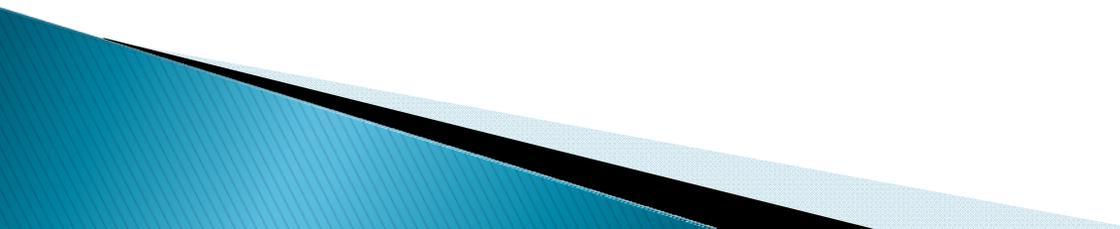
It includes the cost of prescriptions purchased from an outside pharmacy.

DRUGS AND PHARMACEUTICALS:

Those dispensed by prescriptions.

Those used in the outpatients and emergency departments.

EQUIPMENT AND CONSTRUCTION BUDGET:

1. Budget for immediate arrangements of a new model equipment.
 2. Budget for remodeling and replacement of equipment.
 3. Construction of building.
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IMPLEMENTATION OF A BUDGET

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

ADVANTAGES OF PLANNING THE BUDGET:

1. Develop better financial planning.
 2. Gives a better focus on decision making to the management.
 3. Effectively manage the financial aspects of the hospital.
 4. Exposes the reasons of over expenditure.
 5. Helps to focus on hospital priorities
 6. Enhance efficiency of staffs and others.
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