CHAPTER - III

BUDGETING

AND

ACCOUNTING SYSTEM
3.1 Introduction:

A budget is the key part of the entire planning and control system—a system with built-in feedback that permits management to monitor, control, and direct activities of an organization. In other words, a budget enables the management of an organization to plan for and keep close tabs on the amount of profit it makes. Budgeting is a management tool used for short-term planning and control. Traditionally budgets have been employed as devices to limit expenditure, but a much more useful and constructive view is to treat the budgeting process as a means for obtaining the most effective and profitable use of the company’s resources via planning and control. Short-term planning is formalized in the budgetary process. Budget is a financial or quantitative statement, prepared and approved prior to a defined period of time, of the policy to be pursued during that period for the purpose of attaining a given objective. It is the whole process of designing, implementing and operating budgets. The main emphasis in this is short-term budgeting process involving the provision of resources to support plans which are being implemented. A budget is a plan of expenditure and shows our intentions regarding the distribution of income for various items of consumption, savings and investment. It is a process of preparing a
statement of the expected income and the proposed expenditure over a period of time. In the context of school budgeting, the budget helps a school to achieve different academic and non-academic programmes throughout the year for its pupils. To organize these programmes, school requires resources in the form of money, man and materials. To tap these resources from various sources and manage them properly, the Principal has to prepare a budget for every academic year. The specific purposes of preparing a budget are:

- It helps in planning school programmes.
- It provides a cost-and-time framework for implementing school programmes.
- It permits the most appropriate use of school resources.
- It guides the school principal to delegate authority to teachers and students' in-charge of various school activities as per their budget estimates.
- It serves as a guideline to evaluate the school programmes and to monitor the implementation of various programmes.
- It reflects the priorities attached to various objectives and activities of the school.
3.2 Types of School Budget:

Schools prepare four types of budget such as, current budget, long-term budget, school programme budget and traditional budget. A budget that covers the coming financial year is known as current budget. A budget that covers more than one year and keeps in view the long range perspective is known as long-term budget. A budget which is prepared for a specific programme is known as school programme budget. While preparing a budget, one has to refer the previous year’s budget and plans, income and expenditure for the current year. This is known as traditional budget.
3.2.1 Current Budget:

All the Catholic Mission Schools prepare the current budget based on the fee collection from the students, which include admission fee, tuition fee, annual fee, and these form the primary sources of income of the school for that particular year. This money is utilized by the school for the activities such as teaching, sports, cultural programmes, examination, library, medical, construction and maintenance, etc. In order to spend the money appropriately for all these programmes, the school prepares a current budget every year, which indicates the total income and expected expenditure under different heads. This projection of plan account prepared for the year is known as current budget.

3.2.2 Long Term Budget:

In order to achieve the long-term objectives, a school plans well in advance and continues to work year after year. Such plans layout the possible sources of school’s income and possible heads of expenditure for more than one year, generally five years. But, plans are also prepared for 10-15 years or even more. Considering such long-term budget, the fiscal
budget of a school is generally worked out. The long-term budget provides a perspective and priority for the current budget.

3.2.3 School Programme Budget:

This budget is prepared by a school for a specific purpose. In fact, it serves as a guideline for carrying out a programme and is called a School Programme Budget. For example, if a school wants to organize a drawing competition, then the school has to lay down the income that it receives in the form of entry fees and sponsorship from some agencies, etc. After estimating the income, school has to plan the expenditure needed for organizing the competition. This collected amount could be used for the purchase of stationery, hiring the venue, contingency, prizes, etc. This planning of income and expenditure is only for a specific purpose and this kind of budgeting is needed for the school.

3.2.4 Traditional Budget:

A traditional budget does not lay emphasis on purposes to be achieved, but on the issue of generating income and expenditure on different
heads. It is prepared with reference to the previous year’s budget, where possible sources of income and expenditure remain the same. It means it does not deviate from the budget of the previous year and follows the tradition. Certainly it requires any price hike to be kept in mind and raise the amount under each head accordingly. In most of the schools, except a few progressive ones, it is the traditional budget which is prepared.

3.3 Preparation of School Budget:

School budget is generally prepared every year. It may also be objective oriented or a traditional one. A school budget provides extensive and accurate estimates of income and expenditure. The following table shows the items of schools’ income and expenditure under different heads:
Table 3.1 Items of Mission Schools’ income and expenditure

<table>
<thead>
<tr>
<th>Items of Income</th>
<th>Items of Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) student fees</td>
<td>a) Salary to teachers and supportive staff</td>
</tr>
<tr>
<td>b) Fund from catholic society</td>
<td>b) Examinations</td>
</tr>
<tr>
<td></td>
<td>c) Construction and repair</td>
</tr>
<tr>
<td></td>
<td>d) Purchase and maintenance of equipments</td>
</tr>
<tr>
<td></td>
<td>e) Stationery</td>
</tr>
<tr>
<td></td>
<td>f) Infrastructure</td>
</tr>
<tr>
<td></td>
<td>g) Library</td>
</tr>
<tr>
<td></td>
<td>h) Medical expenses</td>
</tr>
<tr>
<td></td>
<td>i) Advertising</td>
</tr>
<tr>
<td></td>
<td>j) Co-curricular activities</td>
</tr>
<tr>
<td></td>
<td>k) Miscellaneous (Electricity bill, telephone bill etc)</td>
</tr>
</tbody>
</table>

As far as the Mission Schools are concerned, the budget is prepared in tune with the code of Canon Law - a guideline prepared by the Church. After preparing the budget the school authorities submit the budget statement to the finance committee of the Diocese for approval. The details about the canon law in the context of preparing the budget for the schools are given in later part of this chapter.
3.3.1 Annual Budget:

Annual budget refers to the budget prepared by the school during every financial year. This is also known as current budget. The annual budgetary of the school includes allocation of funds for staff salary and other activities of the school. The following paragraph will highlight a detailed expenditure of the schools under different heads.

a) Staff Salary:

Money required for the staff salary is generated from the tuition fees. All the Catholic Mission Schools maintain parity in fixing the pay scale for the staff i.e., 76 percent of the tuition fee is allocated for the staff salary\(^4\). However, there occurs some difference between the schools of hill and valley in terms of salary structure. The valley schools pay a better package due to appreciable income from tuition fee through students’ strength and affordability of the parents. On the other hand, the schools of hilly terrain give comparatively low salary because of less strength of the students and poor economic condition of the parents. Further, the fee structure of the hill and valley schools is fixed on the basis of the economic status of the people.
where the school is situated. Although the pay scale is same in all the Catholic Mission Schools, the difference in total emolument is due to difference in the special allowance. This variation arises as a result of changes in the tuition fee. The total salary includes all allowances. Special increment will be considered only when tuition fee is increased. But the normal increment will be given every year as per the scale of pay even if the tuition fee is not increased. The pay structure of Catholic Mission Schools of Manipur is given below:

Scale of Pay:

High School :Rs.1200-30-1410-35-1655-40-1935-45-2250

plus Special allowance

Middle School :Rs.1100-25-1275-30-1485-35-1730-40-2010

plus Special allowance

Primary School :Rs.1000-20-1140-25-1315-301525-35-1770

plus Special allowance.

The special allowance includes house rent, medical, conveyance etc.

Tuition fee as well as the salary component of representative Hill and valley school is given below:
<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name of the Schools</th>
<th>Contribution Per Student (Mean for 13 years)</th>
<th>Staff Salary (65%)</th>
<th>Provident Fund (2%)</th>
<th>Gratuity (4%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Selected Valley Schools</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>St. Xavier's School, Moirang</td>
<td>1514</td>
<td>984</td>
<td>106</td>
<td>61</td>
</tr>
<tr>
<td>2</td>
<td>St. George School, Wankhei</td>
<td>2196</td>
<td>1427</td>
<td>154</td>
<td>88</td>
</tr>
<tr>
<td>3</td>
<td>Little Flower school, Imphal</td>
<td>2455</td>
<td>1596</td>
<td>172</td>
<td>98</td>
</tr>
<tr>
<td>4</td>
<td>Catholic School, Canchipur</td>
<td>1765</td>
<td>1147</td>
<td>124</td>
<td>71</td>
</tr>
<tr>
<td></td>
<td>Selected Hill Schools</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>St. George School, Moreh</td>
<td>1787</td>
<td>1162</td>
<td>125</td>
<td>71</td>
</tr>
<tr>
<td>6</td>
<td>Don Bosco School, Senapati</td>
<td>1225</td>
<td>796</td>
<td>86</td>
<td>49</td>
</tr>
<tr>
<td>7</td>
<td>Don Bosco School, Tamenglong</td>
<td>1405</td>
<td>913</td>
<td>98</td>
<td>56</td>
</tr>
<tr>
<td>8</td>
<td>Sacred Heart School, Hundung</td>
<td>1573</td>
<td>1022</td>
<td>110</td>
<td>63</td>
</tr>
</tbody>
</table>

- It can be seen from the above table that schools of both hill and valley maintain 76 percent of the tuition fee for their staff salary.
- The difference in the pay scale between the schools of the hill and valley region is based on economic status of people where the school is located.
- It is significant to note that out of the total income generated through the tuition fee, the lion’s share goes to salary component of the staff.
b. Recurring Expenditure:

Recurring expenditure is said to be the expenses incurred by the school every year for the maintenance and day-to-day functioning of the school system. Recurring expenditure includes stationery, maintenance of computer and lab equipments, classroom furniture, examination expenditure, teaching aid material; expenditure on co-curricular activities, medical expenses, electricity and telephone charges, etc. The expenditure for this purpose is met from the annual fee which is collected from the students every year at the time of school re-opening. The annual fee also varies from school to school to some extent that it ranges from Rs. 700 to 1000 per year per student irrespective of the class. The variation in annual fee depends on the infrastructural facilities of the school. The recurring expenditure statement of a few representative Mission Schools of hill and valley region is given in the following table 3.2
Table 3.3 Comparative Statement on Total Annual Fee and its Distribution under different heads for the year 1995 and 2007 for certain selected Catholic Schools

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name of the Schools</th>
<th>Total Annual Fee per Year</th>
<th>Maintenance 7%</th>
<th>Sports/Co-curricular 5%</th>
<th>Exam 4%</th>
<th>Library 3%</th>
<th>Medical 2%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Don Bosco H.S. Langjing</td>
<td>2282880</td>
<td>159802</td>
<td>114144</td>
<td>91315</td>
<td>91315</td>
<td>68486</td>
</tr>
<tr>
<td>2</td>
<td>Christ Jyoti, Mantripukhri</td>
<td>573650</td>
<td>40156</td>
<td>28683</td>
<td>22946</td>
<td>22946</td>
<td>17210</td>
</tr>
<tr>
<td>3</td>
<td>St. Joseph, Sangaiiprou</td>
<td>2483200</td>
<td>173824</td>
<td>124160</td>
<td>99328</td>
<td>99328</td>
<td>74496</td>
</tr>
<tr>
<td>4</td>
<td>Loyola H.S., Bishnupur</td>
<td>900420</td>
<td>63029</td>
<td>45021</td>
<td>36017</td>
<td>36017</td>
<td>27013</td>
</tr>
<tr>
<td>5</td>
<td>Don Bosco H.S. Senapati</td>
<td>569600</td>
<td>39872</td>
<td>28480</td>
<td>22784</td>
<td>22784</td>
<td>17088</td>
</tr>
<tr>
<td>6</td>
<td>Savio School, Ukhrul</td>
<td>1260000</td>
<td>88200</td>
<td>63000</td>
<td>50400</td>
<td>50400</td>
<td>37800</td>
</tr>
<tr>
<td>7</td>
<td>St. Joseph, Sugnu</td>
<td>486400</td>
<td>34048</td>
<td>24320</td>
<td>19456</td>
<td>19456</td>
<td>14592</td>
</tr>
<tr>
<td>8</td>
<td>Don Bosco, Tamenglong</td>
<td>916328</td>
<td>64143</td>
<td>45816</td>
<td>36653</td>
<td>36653</td>
<td>27490</td>
</tr>
</tbody>
</table>

Recurring Expenditure in 2007

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name of the Schools</th>
<th>Total Annual Fee per Year</th>
<th>Maintenance 7%</th>
<th>Sports/Co-curricular 5%</th>
<th>Exam 4%</th>
<th>Library 3%</th>
<th>Medical 2%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Don Bosco H.S. Langjing</td>
<td>3715080</td>
<td>260056</td>
<td>185754</td>
<td>148603</td>
<td>148603</td>
<td>111452</td>
</tr>
<tr>
<td>2</td>
<td>Christ Jyoti, Mantripukhri</td>
<td>5268120</td>
<td>368768</td>
<td>263406</td>
<td>210725</td>
<td>210725</td>
<td>158044</td>
</tr>
<tr>
<td>3</td>
<td>St. Joseph, Sangaiiprou</td>
<td>5373000</td>
<td>376110</td>
<td>268650</td>
<td>214920</td>
<td>214920</td>
<td>161190</td>
</tr>
<tr>
<td>4</td>
<td>Loyola H.S., Bishnupur</td>
<td>1159100</td>
<td>81137</td>
<td>57955</td>
<td>46364</td>
<td>46364</td>
<td>34773</td>
</tr>
<tr>
<td>5</td>
<td>Don Bosco H.S. Senapati</td>
<td>2969260</td>
<td>207848</td>
<td>148463</td>
<td>118770</td>
<td>118770</td>
<td>89078</td>
</tr>
<tr>
<td>6</td>
<td>Savio School, Ukhrul</td>
<td>3361330</td>
<td>235293</td>
<td>168067</td>
<td>134453</td>
<td>134453</td>
<td>100840</td>
</tr>
<tr>
<td>7</td>
<td>St. Joseph, Sugnu</td>
<td>1254750</td>
<td>87833</td>
<td>62738</td>
<td>50190</td>
<td>50190</td>
<td>37643</td>
</tr>
<tr>
<td>8</td>
<td>Don Bosco, Tamenglong</td>
<td>2040220</td>
<td>142815</td>
<td>102011</td>
<td>81609</td>
<td>81609</td>
<td>61207</td>
</tr>
</tbody>
</table>
The above table indicates that there is variation in annual fee as well as in their expenditure on items such as maintenance, equipments, library, medical, examination and co-curricular activities. Such differences exist between the schools of hill and valley region. For instance, The Don Bosco High School, Langjing, had a total collection of Rs.22,82,880 in 1995 with the expenditure of Rs.1,59,802 on maintenance, 1,14,144 on sports, 91,315 each for exam and equipments, 68,486 and 45,658 for library and medical expenses respectively. On the other hand, the same school showed an income of Rs. 3715080 during 2007 and spent Rs.260056, 185754, 148603, 148603, 111452 and 74302 for maintenance, sports, exam, equipments, library and medical expenses respectively. There has been a gradual increase both in total fee collection and expenditure over the period of thirteen years. The school with minimum annual fee has less expenditure on infrastructural facilities and vice versa. This is evident from the data provided in the above table 3.2.

3.3.2 Long Term Budget of the School:

The long term budget highlights the expenditure for more than one year, and it generally extends to five or more years. This long term budget
will agree with the long term forecast of sales, organizational schemes for expansion, modernization, diversification, etc. They are used for planning. Capital expenditure budget and Research and Development expenditure budget are the examples of long term budget. Long term budget provides a priority and a new dimension for the current budget.

In the context of Mission Schools of Manipur, long term budget includes expenditure on Teachers’ Welfare Fund, building, financial support to the meritorious students belonging to the weaker sections and other expenditure related to the purchase of equipments, vehicles, furniture, etc.

3.3.2.1 Expenditure on Teachers’ Welfare Fund:

Catholic Mission Schools have a number of long-term welfare schemes for the benefit of the teachers. This comprises schemes like:

i) Provident fund

ii) Gratitude fund

iii) Maternity leave and Salary.

A separate corpus has been initiated to save money under provident and gratuity funds in all the Mission Schools for teachers. The provident fund
amount is remitted to the government every month, whereas gratuity fund is being deposited with the National Banks. Since the money is saved under the above scheme of the government, each teacher is ensured to get adequate savings at the time of retirement. Due to such investment in the national schemes, the staff community as a whole gets a kind of financial security for his or her life.

i) Provident Fund:

As the national economy undergoes changes and consolidation in response to changing world economic order, special efforts are being mounted by the government to soften the impact of transition, particularly on the working class. The Employees' Provident Fund (EPF) organization of 1952 sees its role in the forefront of such effort. To fulfill this role, the EPF has begun with a plan for strategically repositioning itself as customer focused growth driven organization\(^6\). The EPF membership includes all the employees including casual, part time, daily wage and contract, etc. The employees who have been excluded from EPF are required to be enrolled as members of the fund, the day the Act comes into force in such
establishment. The EPF scheme takes care of the following needs of the members:

i) Retirement

ii) Medical care

iii) Housing

iv) Family obligation

v) Education of children

vi) Financing of Insurance policies 7.

The plan seeks to strategically reposition the Employees’ Provident Fund as a frontline provider of provident fund, pension and other old age income security project meeting world class standards of quality, timeliness and efficiency. Currently the EPF delivers service to over 4 crore subscribers from its 260 geographical locations across the country. These are the benefits in the nature of income replacement on account of superannuation, disability, job loss or death 8.

In the Catholic Mission Schools of Manipur, EPF scheme has been in operation for more than two decades. All the employees are members of this scheme right from the day of joining their school. Each employee contributes 12 percent of their pay (Basic + DA). Correspondingly, the Employer will also remit 13.67 percent of their salary in their respective EPF account which is being maintained by the department concerned 9.
ii) Gratuity:

Gratuity is a gift of money given to the employee for the service that he has rendered for the organization or school. It is usually given at the time of retirement or leaving the service \(^{10}\). A government servant when he or she has not completed ten years of service is not eligible to get pension, but eligible to get proportionate service gratuity in lieu of pension. The gratuity is based on the length of service. The amount of gratuity would be concurrently worked out and will be intimated to the employee at the time of joining the service \(^{11}\). The service gratuity for qualifying service of less than ten years shall be calculated at a uniform rate of half-month’s emoluments for every completed six monthly period of service instead of at the rate is specified. With the view to simplify the procedure of payment of service gratuity as admissible under Central Civil Service (CCS) rule 1972, it has been decided that the amount of service gratuity as finally calculated should be rounded up to the next higher rupee \(^{12}\).

However, in the context of Catholic Schools of Manipur, gratuity is payable in the name of an employee who has put in a minimum of five years of service on superannuation/retirement/resignation/death/disablement due
to accident or disease. For every completed year of service or part thereof, in excess of six months, the gratuity shall be paid at the rate of 15 days wages (Basic + Dearness Allowance) based on the last wages drawn. The amount of gratuity paid to an employee shall not exceed Rs. 30000/-

iii) Maternity Leave:

Under the welfare scheme of the school staff, the Mission Schools of Manipur also give maternity leave to their employee with the intention to protect the health of the mother and the child. As per this, married lady staff whose service is confirmed may be granted maternity leave for her first and second child for three months inclusive of intervening holidays and Sundays, from the date of delivery or from the commencement of the leave whichever is earlier. As long as the school does not receive any grant-in-aid from the government, she will only be paid full pay for the first month and half the salary for the second month and for the third month it will be a leave without pay. Similarly a married lady staff on probation may be granted maternity leave for three months with half pay for the first two months only.
3.3.2.2 Expenditure on Students’ Welfare:

In addition to teachers’ welfare scheme, the Catholic Mission Schools extend financial help to meritorious students who are coming under economically weaker section of the society, irrespective of caste and creed. In this regard, the hostel facilities of Mission Schools are provided to such students from remote areas of Manipur. The schools give them boarding facilities and fees concession either partially or completely depending on their economic status. Since such concessions are given to the students till they complete their schooling, this expenditure comes under long term budget.

3.3.2.3 Expenditure on Infrastructure:

The school invests money on infrastructural facilities for the students. This includes expenditures on building construction, equipments, furniture and other appliances. As the student’s strength increases gradually year after year, more and more amenities are required for students. The following table explains infrastructural facilities with reference to the number of
computers that the Catholic School, Canchipur acquired over the period of last ten years.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of students enrolled</th>
<th>Infrastructural facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>1720</td>
<td>2 computers</td>
</tr>
<tr>
<td>2000</td>
<td>2306</td>
<td>10 computers</td>
</tr>
<tr>
<td>2005</td>
<td>2628</td>
<td>30 computers</td>
</tr>
<tr>
<td>2007</td>
<td>2898</td>
<td>42 computers</td>
</tr>
</tbody>
</table>

This necessitates investing money on constructing more classrooms, maintaining the existing classrooms with added furniture and laboratory facilities. The increasing trend of expenditure on the above said items can be seen in table 3.2. As for example, in the year 1995 the average expenditure on building maintenance of all the 35 Mission Schools was Rs.25,74,109 whereas Rs.62,81,451 was spent during 2007 for the maintenance of building. This shows an ascending trend on expenditure with the increase of students over the period of time.

Similarly, laboratory and library expenditure on respective equipments and books were also found to be on the increasing trend from the
year 1995 to 2007 in all the Mission Schools of Manipur (Refer chapter V - Table 5.1).

Transporting system becomes an important part for the schools and therefore, vehicles become imperative. It is not only the cost of the vehicle but maintenance is also on the increasing trend in every financial year. In order to use the vehicle for the school purpose, maintenance of the vehicle becomes utmost essential. Although minor expenditure on vehicle goes under short term expenses or current budget, planning of buying a new vehicle comes under long term budget. In this regard, vehicle depreciation fund is set apart annually and after certain periods of time, this amount is used to buy a new vehicle.

While analyzing the above parameters of budgeting, it is obvious that preparing a school budget is indeed very much essential. Although current budget and long term budgets are primarily prepared to forecast the projection of school expenditure, the traditional and school programme budgets are also equally important from the view point of school development. Preparation of budget helps the management to know the actual financial status of the school which in turn forms basis for taking any
vital decision on futuristic plan on development. Further, budget enables to maintain parity and to restrict extra expenditure on various items and thus, gives clue to look after the weaker side of the financial management. This paves way for taking corrective measures so as to improve the financial condition of the school.

3.4 Financial Management of the Diocese:

A Diocese is a territorial prelature or abbacy which is a certain portion of the people of God, territorially defined, the care of which is for special reasons entrusted to a diocesan Bishop as its head. The financial management of a diocese constitute:-

Bishop

Financial Council

Financial Administrator

Head of the Institution (Parish, school, hospital, boarding)

The Bishop as the head of the financial management of the diocese has all the ordinary, proper and immediate power to establish and to preside over the finance committee. He also appoints the financial administrator.
The financial council composed at least three members of the faithful, who are expert in financial affairs and civil law, of outstanding integrity, appointed by the Bishop for five years. It can be extended for further terms of another five years. The duties of the Finance Council are:

- To prepare a budget of income and expenditure for the financial year for the governance of the whole diocese in accordance with the direction of the diocesan Bishop.
- To plan and provide the modalities by which the financial administrator should administer the goods of the diocese.
- To monitor the implementation of its prescriptions and policies by the financial administrator.
- To undertake the internal or performance of audit. It includes scrutinizing, reviewing and evaluating the already audited annual statement of accounts of the entire diocese and all the diocesan institutions (parishes, schools, hospital, boarding, etc.) and submits its observation to the diocesan Bishop.

The financial administrator is also appointed by the Bishop for five years after consulting the college of consultators and the finance council. It is the responsibility of the financial administrators, under the authority of the
Bishop to administer the goods of the diocese in accordance with the plan of finance committee, and to make those payments from diocesan funds which the Bishop or his delegates have lawfully authorized. At the end of the financial year, he must give the finance committee an account of income and expenditure 15.

Head of the Institutions are appointed by the Bishop for general terms of 3 to 5 years. The head of the institutions has also the right to acquire, retain, and administer the temporal goods of the Church. It is the responsibility of the Head of the institution to preserve and develop the Church property, to take special care that damage will not be suffered by the Church through the non-observance of the civil law. The administration of the temporal goods is divided into:-

- Ordinary Administration
- Extra-Ordinary Administration

The Ordinary Administration includes:-

a. Collection of income from the Church property through rent, debt, interest and fee etc.

b. Payment of current bills and taxes
c. Ordinary maintenance of the Church buildings and support of personal mandated for pastoral ministry.

d. Accepting ordinary donations

e. Leasing or renting Church property for less than nine years.

The Head of the institution can execute the ordinary administration in his own discretionary power.

The Extraordinary Administration traditionally includes the following:

a. All acts of alienation.

b. Particular leasing contracts extending over nine years.

c. Acceptance or refusal of major bequests.

d. Purchase of land and construction of new building.

e. Major repairs on old buildings and renovations.

f. Establishing a school or other institutions.

In order to execute the above actions, the public juridical person needs the permission of the Bishop. The limits between ordinary and extraordinary administration should be determined by the Bishop in consultation with the finance council of the diocese.
3.4.1 The Acquisition of Temporal Goods:

The Code of Canon Law provides a uniform code for the management of finance in the Catholic Church under the title, "The Temporal Goods of the Church". The Catholic universal code of canon law is applied all over the world, wherever Catholic institutions are instituted. Catholic Schools across the state of Manipur fall under the Catholic Church and therefore, Canon Law is applied to them also. Canon Law 1254 Paragraph 1, says "The Catholic Church has the inherent right, independently of any secular power, to acquire, retain, administer and alienate temporal goods, in pursuit of its proper objective. These proper objectives are principally the regulation of divine worship, the provision of fitting support for the clergy and other minister, and the carrying out of works of the sacred apostolate and of charity, especially for the needy". The Catholic Church, constituted as a visible and social organization on this earth, needs human resources to carry out its spiritual mission. It is better for the Church not to be dependent upon political state for financial support. The Church wishes that the Christians themselves provide the resources needed for its mission. The Church code of Canon law 222 Paragraph 1, states, "Christ’s faithful have the obligation to provide for the need of the
Church, so that the Church has available to it those things which are necessary for the divine worship, for apostolic and charitable work and for the worth support of its Minister. The Church must use the surplus income after spending for a worthy up-keep for the good of the Church and for charitable works. Thus encouraging generous financial contribution, that the Church authorities have the right to demand financial support from the Christian faithful freely and generously give offerings to the Church. Resources are also generated from taxes levied on the public juridical person. Canon Law 1263 says “The diocesan Bishop, after consulting the finance committee and the council of priests, has the right to levy public juridical persons subject to his authority a tax for the needs of the diocese. This tax must be moderate and proportionate to their income. He may impose an extra-ordinary and moderate tax on other physical and juridical persons only in a grave necessity and under the same conditions, but without prejudice to particular laws and customs which may give him greater rights.”
3.4.2 Administration of Church Goods:

Only a public juridical person can administrate the Church temporal goods (Bishop, Finance committee, Financial Administrator and Head of the institution). A public juridical is a person either constituted by law itself or by a special decree of a competent ecclesiastical authority i.e., the Bishop of the diocese. They are authorized by the Church to act in their own limited area with their authority behind their action. The public juridical person has the right to acquire, retain, administer and alienate temporal goods in accordance with the law. When we speak about the temporal goods of the Church, the ownership of the goods belongs only to the public juridical person which has lawfully acquired. Therefore, temporal goods of the Church do not belong to the Bishop, Financial Council, Financial Administrator, Head of the Institution and other individual 20.

3.5 Budgeting System in Catholic Schools:

Catholic Schools in general prepare annual and planned budget individually for each school. Like that of government system, the financial year begins from April to March. Every school prepares a tentative budget
and it is projected to the Finance council of the Archdiocese. After getting approval from the above committee, necessary attempts will be made to collect the fees. When we analyzed the budget of all the schools over the period of last 13 years, it has revealed that the budget of all the schools showed variation among them in terms of income and expenditure. This variation could be attributed to factors such as students' enrolment, economic status of the people living in different districts of Manipur and the fee structure in general. Although the income of different Catholic Schools varies, there appeared to be a common and uniform feature on expenditure in all the schools. For instance, the salary component, maintenance, sports and co-curricular expenses are in the ratio of 76 percent, 7 percent, and 5 percent respectively in all the Catholic Schools. The expenditure of each school will be periodically checked by the internal auditing system of the Diocese, which is usually done once in four months. The internal auditing unit comprises of Bishop, Finance Administrator and selected members of the financial council of the Diocese. By virtue of internal auditing system, certain level of transparency, regulation, accountability and proper and effective use of finance is realized. In addition to this, every school prepares the annual budget and presents it to the Diocese during the month of April. This expenditure and utilization statement is being subjected to thorough
auditing both by the internal and external auditors. The external auditors check the financial statement of each school keeping in line with norms of the Central Government. With the help of such regulatory bodies, the accounts are audited every year and that enables the school system to function more effectively and efficiently. The main feature and the purpose of Catholic Schools are to promote quality education and to develop infrastructural facilities. Therefore, all the Catholic Schools fall under charitable and non-profitable organization. Whatever marginal gain that the school derives should be utilized by that particular school for its own development. This paves way for speedy development and quality education.

In fact, proper administration of the budgeting system is an essential pre-requisite for the success of the Catholic Mission Schools. The funding levels have to be decided keeping in view the priorities established by the top management and the availability of the total funding. The well structured budgeting system in the Catholic Schools acts as a strong control technique of the finances of the school and its overall administration.
REFERENCE


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9. Service Condition for Teaching and Non teaching staff, Catholic Education Society of Manipur, 2003, P.4


12. Ibid. P. 97.

13. Service Condition for Teaching and Non teaching staff, Catholic Education Society of Manipur, 2003, PP.3-4


19. Ibid., P.221.