

# Budget Management of Colleges and Universities Based on Performance Appraisal

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**Abstract** — In this paper, we study budget management in universities, mainly based on data of several situations faced at universities presidential level. Budget performance management is important to strengthen the mechanism for paying, to improve the efficiency of using budget funds, and also it is an important part of government strategy. We analyze the policies provided by the nation and the government, such as: i) to improve and perfect the budget system, ii) to push on the budget performance management, iii) to increase the efficiency used of government funds, iv) to enhance the efficiency of government work, etc. We then discuss the situation of university budget management work in terms of: i) it will be directly related to the completion of every business plan of colleges and universities, ii) to directly affect the efficiency used for all types of funds, iii) which is related to a healthy sustainable development of the colleges and universities education. Based on this study, it is proposed to implement the relative measurements of improving the budget performance management for finance of colleges and universities.

**Keywords** - colleges and universities, budget, performance appraisal, management

## I. INTRODUCTION

In the denotation of modern management science, the performance management is the continuous circle process of setting the performance plan, the counseling and communication of performance, the inspection and evaluation of performance, the applying of performance results, and the promoting of performance goal, which is taken part in together by the objects organized by all kinds level management. The aim of performance management is to promote the performance of person and department and organization. The budget performance management as the most important of important for performance management of nation financial, the relevant specifications and codes about budget performance have been issued gradually by the financial department in recent years. Based on in, it is pointed out that the budget performance management is a synthetical system composed of performance objects management, the supervision and management of performance operation, the management of completing the performance evaluation, the reflection of performance evaluation result and the application management of performance. The colleges and universities, as the organization with the contribution for social, affords the task of training the high level talented person for nation and social, of which a majority of funds is come from the financial department, so the budget of it must be a part of financial budget management, which is also the special branch of financial budget performance management. The law of “budget performance management is a synthetic system” should be followed [1].

The budget management of colleges and universities is an important means of allocation of teaching resources, and is the premise and basis for the financial work in universities. In order to ensure the healthy and sustainable

development of colleges and universities, the colleges and universities should make the medium and long term plan for financial revenues and expenditures, according to their own ability of career development needs and integrated resources. So it can be said, the process of budget management of colleges and universities is the process of decomposition, implementation, control and implementation for strategic target process in universities, which play important role to the construction and development of colleges and universities. But at present, there are a series of problems in budget management of colleges and university in China.

The budget management is the important management controlling method of the colleges and universities, is to ensure the strong tools of completing the strategic objective of colleges and universities. Today, with the deeply improvement of socialist market economic system, and continue deepening of the innovation of education system of colleges and universities, which have gained obvious achievement at every aspects. But it remains strictly restricting the deeply development due to the lack of funds and the lower of interior management of colleges and universities. In order to resolve the problem, it must begins from the colleges and universities themselves, to strengthen the budget management, through building the perfect budget management system to promote the optimal allocation of funds, to ensure the fast-speed and overall development of school. It is based on the background that the above grim situation faced by the colleges and universities at present, the article makes the deeply study on the budget management of colleges and universities, and on the basis of this, advises that the relevant measurements of budget performance management of school should be improved, in order to help to resolve the problem of short of funds existed at present.

## II. CARRYING OUT THE BUDGET TO IMPROVE PERFORMANCE MANAGEMENT

*A. To promote the budget performance management is the necessary requirement of pushing on the scientific development concept.*

The fundamental goal of pushing on the budget performance management is to improve the budget management, to optimize allocation of financial resources, to increase the quality of public products and public services, improve the efficiency used in financial fund, which will change the existing problems in financial funds management and usage for a long time, such as "emphasizing income while despising spending, emphasizing distribution while despising management, emphasizing quantity while despising quality"[2], this is completely consistent with the concept of scientific development of emphasizing people-oriented.

*B. To promote the budget performance management is the urgent need that the government information must be disclosure.*

In recent years, with the expansion of the scale of financial revenue and expenditure, and public expectations and demands is higher and higher that the social from all walks of life to open the budget information. But due to at the present stage in China, the open restraint mechanism is not perfect, government budget system incomplete, reform related to budget management does not reach the designated position, which makes it to have a certain extent that information socialization of public transparency and expectations of the society from all. This is an urgent need to further strengthen our budget performance management, improve the efficient use of financial funds, enhance transparency of financial information, resolve and response to some social problems faced after the budget comes to the public.

*C. The implementation of performance budgeting is the inner demand of the optimize allocation of education resources.*

The own development needs of colleges and universities is the intrinsic factors of implementing research on performance budgeting. The rapid development of colleges and universities, a contradiction is surged between education funds demand and the limited education resources supplying. In addition, in the current situation, due to the restriction of factors in all directions, the education of resources still exist low efficiency deploy to a certain extent. Therefore, the establishment of performance budget system to improve the efficiency of education resources allocation as the purpose is internal demand to optimize the allocation of resources and speed up the development of colleges and universities.

## III. THE MAIN REMAINING PROBLEMS OF FINANCIAL BUDGETS OF COLLEGES AND UNIVERSITIES IN CHINA

*A. The lack of overall and prevision for budget*

The budget of colleges and universities is the budget arrangement made on the basis of all revenue and expenditure activities within the annual in colleges and universities. At present, for most colleges and universities, it do not organically combined that the budget management and development planning of education career. Budgeting faculty seldom do effective research on school running, construction development and budget, which is only based on the career development planning and task of financial revenue and expenditure plans, the effort is made to maintain the annual balance of revenue and expenditure, the long-term development goal of the university does not basically consider or less consider. Lack of long and short-term goals of the integration of thought, can't give full play to the resource allocation function of the budget. As the arising contradiction of fund supply and demand, the university's annual budget does not adapt with the career development plan, and the budget of the different stage is lack of effective connection, so the budget function for resource allocation in the field of public is restrained, which does not efficient support for school career development planning, and even clashed with career development plan. Currently, although in many colleges and universities, it is carried out of the medium and long-term development plan, but the feasibility of this plan and the target of completion schedule have not been effective supervised, the long-term development targets only stays in the strategic level, which results the separation between the long-term development goals and annual budget. Due to the understanding of budget management of colleges and universities does not reach the designated position, the control of the limitations of the complicated business activities, it is difficult to ensure the good running of revenues and expenditures of budget.

*B. A university with two sets of budget*

The budge of colleges and universities reflects the career planning and job content expected to be completed by the school in annual, and reflects degree and scale of the school's career development. The annual budget of colleges and universities will be drawn in accordance with the accounting year[3]. Now, the annual budget reported to the competent department of colleges and universities is normally in July or August of last year, which is usually to school until around March of the budget year. If the school's budget is compiled on the basis of it, when nearly one third of economic business becomes the past, the beforehand and middle matter can't be controlled, which becomes a kind budget of after the event, with lost the role of budgeting. So many schools tend to firstly comply the budget for financial department, and then on the basis of the department budget, the budget revenues is given sufficiently, and to refine the budget items, with preparing the actual executable school budget, leading to the budget preparation and execution in conformity, that is, a university has actually two sets of budget, which is known

as the "two skins" phenomenon. At the beginning of the innovation, the disadvantages of this phenomenon is not obvious, but with the continuous deep-going of the innovation of financial system, it is implemented step by step that the financial allocation centralized payment by the national Treasury, and the non-budgetary funds managed through the two line of "income and expenses", and the innovation of government income and expenses classified, The problem of "two skin" phenomenon is prominent, which also has affected the normal operation and healthy development of the education career of colleges and universities.

#### *C. The lack of effective performance evaluation for it*

The budget performance evaluation is an important part of the budget management system, which is the inspection and evaluation for internal budget result executed by a responsibility center at all levels of colleges and universities, it is helpful to optimal allocation of resources by each department in accordance with the principle of cost effectiveness, efficiency effectiveness and ability effectiveness. But at present, many colleges and universities doesn't pay enough attention to it, there is not necessary inspection and summarizing for the final budget implementation, although the inspection is done in some universities, which is also limited to evaluation of condition of budget completed, not to take into account the effect of the budget implemented, this will inevitably lead to the budget management to become into a mere formality, can't play its effect.

#### IV. TO IMPROVE THE RELEVANT MEASURES OF PERFORMANCE MANAGEMENT FOR FINANCIAL BUDGET IN COLLEGES AND UNIVERSITIES

In order to ensure the effective implementation of financial budget in colleges and universities, maintain the scientific approach, rationality and seriousness of budget management, and make financial capital to be used in the practical situation as well on order to maximize funds benefits [4]. The government put forward budget performance management system, that is the leading factor is performance goal completed, the performance evaluation is the means, the result application is as guarantee, in order to achieved the objects of improving the budget management, optimizing the allocation of resources, controlling the cost savings, improving the quality of public products and public services, covering all financial capital, through the whole process of the budget establishment, execution, and monitor.

#### *A. To promote the perfection of budget management mechanism*

In colleges and universities, based on strengthening school management of internal funds, the budget management mechanism is practically perfected, in order to adapt to the rapid development of higher education in China. At the same time, it is important to build and perfect its own budget management system, and emphasize the seriousness of the budget. It should have rules to follow from the obtaining of budget revenue and the use of the expenditure,

the adjustment of the budget; it should be scientific and reasonable that the program and method and principle of drawing up the budget. The budget management mechanism should be established about separation of drawing up, execution, supervision of budget and evaluation of budget, the department to draw up budget are responsible for the drawing up of the school budget, and budget implementation department is going to complete the budget execution, the department of budget inspection and evaluation will be responsible for supervising the whole process of drawing up and implementation of the budget, and final accounts, each part should be each performs its own functions and do their duties.

#### *B. To increase the control for the process of budget implementation*

The controlling for budget implementation is a very important part in the budget management of the colleges and universities. In order to ensure the effective implementation of the budget, the colleges and universities should establish strict and normative budget examine and approve and adjustment system, and to ensure that the budget will be efficiently completed according to the prescribed procedures. It is suggested that the the colleges and universities set up the budget management committee, which will be directly led by the principal, and composed of the vice principal, experts, chief financial officers, who are responsible for checking and ratifying the budgeting quota, determining the funds index of every department, the adjustment of the department budget, controlling and analyzing of the budget implementation and other business work, in order to ensure to complete the school annual teaching, scientific research tasks, and ensure the healthy and sustainable development of education career, combining school mid-term and long-term development goals and planning.[3]

#### *C. To establish the appraisal system of performance*

In the colleges and universities it should be included in the budget performance evaluation and rewards and punishment system, through the combination of appraising and rewards and punishment system, which can as far as possible avoid the arbitrariness of school (departments) spending, and maintain the seriousness and effectiveness of university budget, and better improve the budget management level, promote the better development of colleges and universities. The colleges and universities can consider the appraisal results and budget of the next year, for good performance funding may be appropriately increased, for poor performance it should be to reduce. Also it can be used that the appropriate salary incentive mechanism, based on performance the flexible elastic salary system is set, namely modest salary adjustment according to the results of the performance evaluation. Then making evaluation it should be paid attention to that combining with the actual, objective and fair, for mobilizing the enthusiasm and creativity of managers, and to adhere to the principle of responsibility, right and consistent to be same, and to really operation in accordance with the cash rewards and punishment system, the prize and the penalties will all be

practical, so as to ensure the smooth implementation of financial budget and financial goals, truly establish the core status of the internal budget management in colleges and universities.

## V. CONCLUSION

Through the analysis in this paper, it can be seen that, the budget performance management is a very important part in the budget management system of colleges and universities, which is the inspection and evaluation for internal budget result executed by a responsibility center at all levels of colleges and universities, it is helpful to optimal allocation of resources by each department in accordance with the principle of cost effectiveness, efficiency effectiveness and ability effectiveness. At present, the mainly problems existed are the lack of overall and prevision for budget, A university with two sets of budget, the lack of effective performance evaluation for it. All of above, the top leaders of school need to pay more attention to them, to really built the ideology of performance management, to set the measurements of perfect performance management and to carefully operate. At the same time, the mainly measures of achieving the performance management for financial budget in colleges and universities includes to promote the

perfection of budget management mechanism, and to increase the control for the process of budget implementation, and to establish the appraisal system of performance. Only do as this, it can be ensured of the smooth implementation of financial budget and financial goals, truly establish the core status of the internal budget management in colleges and universities, to increase the management level of school, ensure the process orderly of all kinds of economic activity of school, achieve the healthy, stable and sustainable development of school.

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