

## Budgeting in Public Libraries

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### Abstract

*This paper focused on the budget and various types of budgeting, the type of budget that suit public libraries and the reason for choosing such type as a library manager. The paper concludes that line item type of budgeting is considered as the most appropriate in public library budget, recommendations was made on ideal situation of budgeting in the libraries.*

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**Keywords:** Public Libraries, Budget, Objectives, Types, Advantages, Disadvantages

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### 1.0 INTRODUCTION

Budget is the focal point of the financial procedure of all libraries. The annual estimate of the expenditure likely to be incurred and of the income to be received is of tremendous importance. It should be primarily as a plan of action, as the decision on how a library is to continue to function and to develop during the year. However, budgeting reflects the provision of funds for activities that will enable the library achieve its set objectives and goals. Budgets are usually prepared one year in advance. This involves indicating funds that would be needed for personnel and resources such as materials and equipment.

Therefore, public libraries are Public library is a library that is established or exist to meet the informational, educational and research needs of the general community in which such library is situated. The use is not restricted to any class of persons, gender or educational qualifications of an individual. Public libraries exist in many countries across the world and are often considered an essential part of having an educated and literate population. Public libraries are distinct from research libraries, school libraries, and other special libraries in that their mandate is to serve the general public's information needs rather than the needs of a particular school, institution, or research population. Public libraries also provide free services such as preschool story times to encourage early literacy, quiet study and work areas for students and professionals, or book clubs to encourage appreciation of literature in adults.

### 1.1 Meaning of Budget

Therefore, budget is a financial and or quantitative statement prepared and approved prior to a defined period of time for the purpose of attaining a given objective. A budget is normally for a year. It is a short term plan. (Adams 2002). One of the primary objectives of budget is to measure the profit earning of an organization. In the case of library its aim is to satisfy its client with all the basic necessary information materials. Also a budget is a statement of future

intention of an organization be it government or private in quantitative and monetary terms usually prepared to last for one year. (Abdullahi, 2007)

However, a budget is also a tool for management direction and control of the work which an agency or department plans to do. In effect, it is a work programme translated into monetary units. A budget has four characteristics namely: -

- 1) Equilibrium: - A balance between expenditure and revenue.
- 2) Comprehensive: - i.e. summation of both revenue and expenditure.
- 3) Unity: - i.e. the inclusion of all fiscal operations in one budget rather than their dispersions through a series of separate documents by class of operations.
- 4) Periodicity: - Operation of a fixed time basis with budget plans at regular intervals.

## 1.2 Objectives of the Budget in Library

In all organizations the managers or the heads prepares the budget and submit to the legislative branch for review. In the case of public libraries the draft statement of the proposed estimate of income and expenditure is first presented in the library Board committee meeting. This is the librarian's greatest opportunity to say what he thinks are the real requirement of his department for the fiscal period under focus. There are four '4' main purpose which a library budget serves. (ICAN 2006)

1. A budget is an economic and financial document. It highlights library policies which are designed to promote informational growth, full employment and enhance the quality of service to the client.
2. It is a useful guide for the allocation of available resources.
3. Through the managers and library committee uses the budget as a means of accountability for the money earlier entrusted and the appropriations newly approved.
4. The budget stands for the request of the library managers from Government to collect and disburse the fund.

## 1.3 Different Types of Budget

The term budget can be regarded as synonymous, but it is necessary to distinguish between:-

- 1. Incremental or Traditional Budgeting:** - This is based on the increment. Increment means always there is an increase. This budgeting system is used extensively in government parastatals because of its simplicity. However, the system has a problem of not being efficiency based. It also transfers the problem of the previous financial year into the next since the same parameters for measurement are used.

Advantages

1. It is simple and realistic.
2. There is allowance for inflation, promotion, expansion. Etc.
3. It saves the problems of starting from scratch each year i.e. (all over again)
4. It reduces disagreement
5. It enhance consensus

Disadvantages

1. It is outdated and not scientific.
2. It does not provide for effective and efficient allocation of resources.

3. It tend to places more emphasis on financial input rather than output.
4. It has no clear objectives.
5. It has building inefficiency.

**2. Annual Budgeting:** - In this type of budget expenditure of a capital nature may be described as that which is incurred on a project of lasting value, even though that value may diminish in the course of time, whereas revenue expenditure is usually of a constantly recurring nature and produces no permanent asset. The cost of erecting a library is an example of capital expenditure, while expenditure on the general maintenance of library staff salaries, books, heating, lighting and cleaning is of a revenue nature. The annual capital budget shows the capital expenditure for one year ahead and is to be distinguished from.

Objectives of Annual Budget

1. To provide a financial plan of action.
2. To provide legal authority for incurring expenditure.
3. To establish the financial position of the library.
4. To provide a mechanism for ensuring that adequate controls are maintained over expenditure and revenue.

**3. Long- Term Capital or Rolling Budget:** - Is a statement of projected capital works for specific period usually three or five years ahead. In case of libraries it is salutary for a librarian to have to make a reasonable forecast of the programmed of new buildings required in the next five years. It does not authorize expenditure nor commit either the controlling body or the librarian, but it enables priorities to be decided and the financial implications of continuing development to be appreciated.

Advantages

1. At the time figures for the next 12 months are available management is made continuously aware of the budgetary process.
2. Whereas 12 months budget becomes outdated when there is a rapid inflation, a continuous budget system allows for more frequent reassessment and revision in the light of inflationary trends.
3. Management is able to concentrate on a suitable managerial time span, which it can visualize for which it can be more fairly be held.

Disadvantages

1. Higher cost and effort is required for continuous budgeting.
2. How does one decide on a period to be covered i. e. a quarter or a month? Will the shorter period justify the extra work?
3. If the budget is built up from basic standard cost, there may be four (4) changes each year in standard product cost; as a result revaluation of closing stock, pricing of material issued will become more complicated.

**4. Zero-Base Budgeting:** - This type of budgeting implies starting the budget from zero situations and justifying each segment of the budget rather than merely adding to historical budgets or actual. Each activity is thought of a mission, it is challenged as to its needs, then as to the required level of activity. Conventionally, budgets are queried when they show increases in expenditure over previous year. In zero Based Budgeting, there should be positive attempt to

eliminate inefficiency and shock from current expenditure. A decision package is really the foundation of the zero based budgeting system.

Advantages

1. All activities are evaluated and justified.
2. Efficient allocation of scarce resources is facilitated.
3. A review of activity performance is provided.
4. Management attention is focused on activities, which warrant attention or action.
5. Cost reduction may be affected.
6. Performances and managers can be monitored.

Disadvantages

1. Extra paper work is created by decision packages.
2. It is impossible to sub-divide every activity into decision units.
3. Co-ordination of different activities may be very problematic.

**5. Performance Budgeting:** - This type of budgeting presents the purpose and objectives for which funds are requested, the costs of the programmes proposed for achieving this objectives and quantitative data measuring the accomplishments and work performed under each program. It therefore, emphasizes the things which library does rather than the things which library buys. The performance budget system use the following features: -

- (a) Classification of budgets in terms of function and activity
- (b) Measurement of work done or outputs provided by each activity
- (c) Monitoring of actual cost against budgeted cost and performance.

**6. Planning, Programming, Budgeting System:** - This is the type of budget that analyzes the output of a given program. The idea here is that, just as library provides information materials to its client so does it provide services. It could also be described as the analysis of alternatives to find the most effective means of reaching basic objectives. This type of budget has the following elements: - (a) identification and examination of goals and objectives in each major activities of library (b) measurement of total program cost, not just for one but also for at least several years. (c) Analysis of the output of a given program in terms of its objectives.

**7. Lump Sum Budgeting:** - Is the type of budget that involves the provision of funds to the library, which it can then dispense to cater for activities that would need to be funded. Lump sum budgeting is very rare in the library.

**8. Line- Item Budgeting:** - This type of budget is used usually by libraries to allocate funds for a succeeding year in the incremental or line-item method. The approach is oriented to expenditure, itemizing proposed disbursements under different heads of units. The expenditure side of the 'line-item' or incremental budget is made up of personal emoluments, other charges and capital or developmental items. Therefore, the line-item budget is often called 'incremental budgeting' involves picking of last year's figures and adding the percentage to arrive at the focal year budget. The percentage added is based essentially on three factors, namely:-

1. Trend of economic event
2. inflation and
3. The available fund.

In line-item budgeting, provision is made essentially for the following: -

- I. Wages and personal emoluments of staff
- II. Cost of books
- III. Cost of journals
- IV. Purchase and maintenance of equipment
- V. Purchase of non-book materials
- VI. Supplies
- VII. Communications, mail, telephone, fax, transportation
- VIII. General overhead cost – electricity, water
- IX. Outsourcing – cleaning, security, photocopying, binding etc.
- X. Maintenance of buildings.

As a library manager Line-item budgeting is the best type of budget that suit public library base on the following reasons: -

1. It is simple to operate and understand.
2. It suits the library's level of development where there is paucity of data.
3. It is cheaper to produce.
4. It encourages the continuity of projects.
5. The method ensures that budget is translated in monetary language and relates to the relevant activity operations.
6. Allocations into Heads and sub-heads facilitate the monitoring of performance.

Although, the practice in every library will be varied to suit local circumstances, there are some basic principles in the preparation of budgets that should be stated. It is process that start at least six or seven month before the commencement of the financial year and is a task which the librarian and the finance officer undertake together.

### **SUMMARY**

In a summary budgeting reflects the provision of funds for activities that will enable the library achieve its set objectives and goals, it is usually prepared one year in advance and also to choose the type of budget that will suit the library. It also involves indicating funds that would be needed for personnel and resources, such as materials and equipment etc.

### **CONCLUSION**

In conclusion therefore, budget is seen primarily as a plan of action, as decision on how a library is to continue to function and to develop during the coming year. The compilation of the budget is to carry out with great care and responsibility. However all library expenditures and revenues should be complete, comprehensive and include all activities of library. The most appropriate type of budget considered most in achieving the desired objectives in every library.

### **RECOMMENDATION**

However, budget should always use the following points:-

1. As a guide for the present and future
2. To plan, control and estimate the amount to received and spent during a specified period.
3. To distribute limited resources
4. To motivate managers of the library towards the achievement of library's goals.
5. As a means of evaluating performance

6. To inform managers about the result and operations of their responsibility domains.
7. As a standard of measurement for the purpose of controlling on-going economic endeavors.

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