

OFFICE MEMORANDUM

Sub: Discontinuation of Practice of advance budget approval for future financial years


In BCCL there is a practice of according budget certification for current year and advance budget approval of future years before estimate for work or indent for procurement or award of work is approved. Budget certification for current financial year is done in coal net by the concerned associate finance of the area/HQ and approval of year wise advance budget for future financial years is accorded by the CMD in file. In present DOP there is no specific provision relating to advance budget approval. In finance manual also there is no specific provision relating to advance budget certification or advance budget approval for future years.

In SAP recording of financial transactions of revenue nature have started since 3rd August, 2021 and those of capital nature have started from 20th Sept, 2021. In SAP system, there is no such provisions of budget certification (eBC) as was in coal net or as was done manually earlier. Budget commitment/consumption in SAP ERP is a system generated process done through the purchase requisition (PR) mode or purchase order (PO) mode. Once PR or PO is approved, budget automatically gets committed/consumed. In the SAP ERP system there is no provision for committing/consuming budget for future years in advance.

Therefore, post roll out of SAP ERP, the practice of according advance budget certification for current financial year and advance budget approval for future years, before approval of estimate/indent or awarded of work as mentioned above has lost its relevance and need to be discontinued. Provision for ensuring budget availability has to be in line with the requirement of SAP ERP. For those estimates/indents where value spreads in future financial years, regular budget should be proposed in respective years by the Areas/units for approval.

In view of the above the practice of according separate advance budget approval for future financial years is hereby discontinued.

This issues with the approval of the competent authority.


18/11/2021
GM (Fin) I/C
Koyla Bhawan

CC to:

4. GM (Civil), GM (MM), GM (Excv), GM (E&M), GM (Co-ord), All Area GM's
5. All Area AFM's/ HOD Fund, HOD Pur Fin, HOD (Fin) BTA/CHD, HOD (C&B)
6. GM System with a request to upload in BCCL Website.