

# School of Hospitality

Course Code : BSCH3004

Course Name: Housekeeping Management

## UNIT -2 Budget and Budgeting Control

### Topic 2: Planning of capital budget and budget by department involved

#### Topic outcome:

- 1: To understand budget under department head.
2. Interpret various housekeeping expenses
3. To understand various steps involved in planning capital budget.

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Program Name:

# **Categorized by department involved**

- **Master Budget**
  - **Departmental Budget**
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- **Master Budget :** These represent the forecasted targets set for the whole organization and incorporate all incomes and expenditures estimated for the organization
- **Departmental Budget:** Each department forwards a budget for its estimated revenues to the financial controller.

# Categorized by flexibility of Expenditure

- **Fixed Budgets :** These budgets remains unchanged over a period of time and are not relate to the level of revenues examples: budget for advertising and administration
- **Flexible Budgets:** These budgets pre determine expenditure based on the revenue expected and differ with different volumes of sale.

# Housekeeping Expenses

## UNDER OPEX

**Salaries & Wages :** This is the largest expenses category in the housekeeping department, as the department easily has the largest workforce for all departments in the hotel.

**Employee benefits:** employee pension, payroll taxes, employee medical expenses, employee meal costs, employee provident funds, staff parties and social events.

**Contract Services:** Expenses incurred on any contract service employed by the housekeeping dept. for special cleaning activities.

**Operating Supplies:** Guest supplies and cleaning agents (only for non recycled inventory).

**Linen & uniform:**

**Pest control:**

**Flower, Horticulture & Miscellaneous expenses:**

# Under CAPEX

Capital Expenses includes cost of equipment, machines, furniture & fixtures

**Equipment & Machines:** this category of expenses involves the equipment and machines used by the housekeeping department (Floor cleaning machine, vacuum cleaner and so on)

**Furniture & Fixtures :** for cleaning and maintenance

# Planning Capital Budget expenses

**Capital Expenditure** : The decision to incur capital expenditure in housekeeping arises from

1. Renovation of rooms or public areas
2. Addition of rooms or public areas
3. Replacement of equipment, furnishings, carpet etc

Having received a decision from the management on capital expenditure, the housekeeper should follow following steps

A. Supplier Identification:

1. Reliability of supplier's orientation
2. Quality of product
3. Cost factors of product, transportation and handling charges
4. Whether suppliers meet time parameters of supply
5. Whether suppliers meet the special specifications.

## **B. Receiving Competitive Quatations**

- 1. Several suppliers can be identified**
- 2. So that the hotel can have the competitive prices**
- 3. Quotation should be called for after exact quality and quantity requirements of the hotel to the suppliers.**

**C. Selection of a supplier :** Usually a supplier with a lowest quotation is the apparent choice but the decision should be joint one with the involvement of the GM.

**D. Making the budget:** This involves putting down the cost of the product, transport and handling charges



# References

- **Hotel Housekeeping Operations & Managements (G.Raghubalan & Smritee Raghubalan) --- Oxford Publication**
- **IHM notes site (://www.ihmnotessite.net/5-Housekeeping)**