

## U29303: Manage a budget

### Unit Descriptor:

This unit is about having ownership of and being responsible for a budget for a defined area of activity of work. It initially involves preparing, submitting and agreeing a budget for a set operating period. It also involves monitoring actual performance against the agreed budget and taking necessary action in response to identified variances and any unforeseen developments.

### PERFORMANCE CRITERIA

### BEHAVIOURS WHICH UNDERPIN EFFECTIVE PERFORMANCE

*To be competent you must achieve the following:*

*This element requires that you:*

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| 1. Evaluate available information and consult with others to prepare a realistic budget for the respective area or activity of work.   | a. Present information clearly, concisely, accurately and in ways that promote understanding. |
| 2. Submit the proposed budget to the relevant people in the organisation for approval and to assist the overall financial planning process.  | b. Act within the limits of your authority.   |
| 3. Discuss and, if appropriate, negotiate the proposed budget with the relevant people in the organisation and agree the final budget.   | c. Show integrity, fairness and consistency in decision-making.                               |
| 4. Use the agreed budget to actively monitor and control performance for the respective area or activity of work.  | d. Say no to unreasonable requests.   |
| 5. Identify the causes of any significant variances between what was budgeted and what actually happened and take prompt corrective action, obtaining agreement from the relevant people if required.      | e. Use communication styles that are appropriate to different people and situations.          |
| 6. Develop cost information on alternatives to achieve the objectives.   | f. Take and implement difficult and/or unpopular decisions, if necessary.                     |
| 7. Propose revisions to the budget, if necessary, in response to variances and/or significant or unforeseen developments and discuss and agree the revisions with the relevant people in the organisation. | g. Respond quickly to crises and problems with a proposed course of action.                   |

8. Provide ongoing information on performance against the budget to relevant people in your organisation.
  9. Advise the relevant people as soon as possible if you have identified evidence of potentially fraudulent activities.
  10. Gather information from implementation of the budget to assist in the preparation of future budgets.
- h. Give account for variances.

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**UNDERPINNING KNOWLEDGE****General knowledge and understanding**

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*You need to understand:*

1. The economics of the business (profits, supply and demand, how to read a balance sheet/ income statements).
2. The purpose and functioning of budgetary systems.
3. Where to get and how to evaluate the available information in order to be able to prepare a realistic budget.
4. The importance of spending time on and consulting with others in preparing a budget.
5. How to discuss, negotiate and confirm a budget with people who control the finance and the key factors that should be covered.
6. How to use a budget to actively monitor and control performance for a defined area or activity of work.
7. The main causes of variances and how to identify them.
8. What different types of corrective action which could be taken to address identified variances.
9. How unforeseen developments can affect a budget and how to deal with them.
10. The importance of agreeing revisions to the budget and communicating the changes.
11. The importance of providing regular information on performance against the budget to other people.
12. Types of fraudulent activities and how to identify them.
13. The importance of using the implementation of the budget to identify information and lessons for the preparation of future budgets.
14. The relationship of budgeting to the other management activities.

**Industry/sector specific knowledge and understanding**

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15. Factors, processes and trends that are likely to affect the setting of budgets in your industry/sector.

**Context specific knowledge and understanding**

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16. The area or activity for which the budget is for.
17. The vision, objectives and operational plans for your area of responsibility.
18. The budgeting period (s) used in your organisation.
19. Organisational guidelines and procedures for the preparation and approval of budgets and for monitoring and reporting of performance against budgets and revising budgets.
20. The agreed budget, how it can be used and how much it can be changed without approval.
21. The limits of your authority.
22. Who needs information in your organisation about performance against your budget, what information they need, when they need it and in what format.
23. What to do and who to contact if you suspect fraud had been committed.

## EVIDENCE REQUIREMENTS

### 1. Critical Aspects of Evidence

Performance Criteria	Evidence of Performance Criteria: • possible examples of evidence	Behaviours	Knowledge and Understanding		
			General	Industry specific	Context specific
O1 O2 O3 O4 O5 O6 O7 O8 O9 O10	<b>Documents, spreadsheet printouts and other records relating to a budget you have prepared and managed:</b>				
	• documents, spreadsheet printouts and other records of past budgets, forecasts of future activity, income/revenue and expenditure, costs and prices that you have used to prepare a draft budget	a, b	1, 2, 3, 11	15	16,17,18 19,21
	• draft budgets, papers to support your draft, and notes, minutes and other records of negotiations with appropriate managers to agree and finalise or to revise your budget, and copies of agreed budgets	a, b, c, e, f	1, 3, 4, 8, 9, 14	15	16,17,18 19,20,21
	• records of activity, income/revenue and/or expenditure, variances analyses and reports you have prepared on budget outturns, and any proposed actions in the light of variances, evidence of fraudulent activity or management requirements to make budget changes	a, b, c, d, e, f, g, h	1, 5, 6, 7, 8, 10, 11	15	16,18,19 20,21
	• personal statements (reflections on your use of information to construct a budget, negotiate and obtain approval for it, monitor outturns and make any changes needed)	b, c, d, f, g	1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12	15	16,17,18 19,20,21 22,23

### 2. Method of Assessment

A combination of direct performance evidence (e.g. observation of performance and products of work) and supplementary evidence such as witness testimony personal statement, professional discussions and questioning.

### 3. Context of Assessment

The unit should be assessed using evidence from the workplace. Simulation is **not** allowed.

### 4. Links to other units

This unit is linked to the unit **Allocate and monitor the progress and equality of work in your area of responsibility** in the overall suite of National Occupational Standards for management.