

Overview

This standard is about managing budgets for your area of responsibility, specific projects or activities. You gather information and evaluate it to plan budgets, engaging colleagues and stakeholders in the process. You produce budget proposals, submit them to decision-makers and agree final budgets. The standard also includes monitoring budgetary performance, taking corrective actions when required. You propose revisions and provide reports to decision-makers, including identifying potential fraud if necessary.

This standard is for all managers and leaders.

Performance criteria

You must be able to:

1. engage colleagues and stakeholders to provide information related to budget planning and management
2. gather information to plan budgets for your area of responsibility, activities or projects
3. identify organisational key performance indicators (KPIs)
4. evaluate information to prepare forecasts for your area of responsibility, activities or projects
5. produce budget proposals based on your evaluation of the information gathered
6. submit your proposed budgets for decision-makers approval clearly specifying assumptions made, risks involved and how these will be managed
7. negotiate the proposed budgets with decision-makers to agree final budgets
8. use the agreed budgets to monitor and control performance for your area of responsibility, activities or projects
9. identify the causes of any significant variances between what was budgeted and what happened
10. take corrective action when required to manage budgets
11. obtain agreement for corrective actions from decision-makers, if required
12. track the budgets in response to variances, significant or unforeseen developments and propose revisions to them
13. discuss and agree revisions with decision-makers
14. provide reports on performance against the budgets to decision-makers
15. identify and report evidence of potentially fraudulent activities in line with legal and organisational procedures, if required
16. gather information from implementation of the budget to assist in the preparation of future budgets
17. evaluate your budget management to identify and recommend improvements
18. follow the legal, organisational, codes of practice and policies relevant to managing budgets

Knowledge and understanding

You need to know and understand:

General knowledge and understanding

1. the purposes of budgetary systems and how to engage colleagues and stakeholders in managing budgets
2. where to get and how to evaluate the available information to be able to prepare a realistic budget
3. your organisation's key performance indicators (KPIs)
4. how to discuss, negotiate and confirm a budget with those with budgetary responsibility and the key factors that should be covered
5. how to forecast the budgets
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 budget variances, how to identify them and the different types of corrective action which could be taken to address identified variances
8. how to track the budgets against the performance criteria
9. the importance of agreeing revisions to the budget and communicating the changes
10. the importance of providing regular information on performance against the budget to colleagues
11. the types of fraudulent activities that can occur, how to identify them and gather supporting evidence
12. the importance of using the implementation of the budget to

identify information and lessons for the preparation of future budgets

Industry and sector specific knowledge and understanding

13. the factors, trends and developments that are likely to affect the setting of budgets in your industry and sector

14. the legal, organisational, codes of practice and policies relevant to managing budgets

Context specific knowledge and understanding

15. the vision, objectives and operational plans and budgets for your area of responsibility

16. the budgeting periods used in your organisation

17. your organisational guidelines and procedures for the preparation and approval of budgets, monitoring and reporting of performance against budgets, and revising budgets

18. the agreed budgets within your area of responsibility, how they can be used, how much you can change them within the limits of your authority, and how to obtain agreement for changes beyond your limits

19. who needs information in your organisation about performance against your budget, what information they need, when they need it and in what format

20. what to do and who to contact if you suspect fraud has been committed

Skills

1. Acting assertively
2. Communicating
3. Consulting
4. Contingency planning
5. Decision-making
6. Evaluating
7. Information management
8. Learning
9. Monitoring
10. Negotiating
11. Presenting information
12. Problem solving
13. Reporting

Manage budgets

Developed by	Skills CFA
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