
Overview

This standard is about managing the budget for your area of responsibility or for specific projects or activities.

This standard is relevant to managers and leaders with budget responsibility for an operational area or for specific projects or activities.

This standard links to standards on operational management, such as, *CFAM&LBA9 Develop operational plans*, *CFAM&LFA2 Implement operational plans*, *CFAM&LCA2 Plan change*, *CFAM&LCA4 Implement change*, *CFAM&LFA4 Manage programmes* and *CFAM&LFA5 Manage projects*.

The other standards in key area EA Manage financial resources – *CFAM&LEA1 Identify and justify requirements for financial resources*, *CFAM&LEA2 Obtain financial resources*, *CFAM&LEA3 Manage the use of financial resources* – are for those who manage financial resources across the organisation or for major projects or programmes of work.

**Performance
criteria**

- You must be able to:*
- P1 Engage appropriate colleagues and other key stakeholders in managing budgets.
 - P2 Gather and evaluate information to prepare a realistic budget for your area of responsibility, activity or project.
 - P3 Submit your proposed budget for approval by those with decision-making responsibility for budgets, clearly specifying assumptions made, risks involved and how these will be managed.
 - P4 Discuss and, if appropriate, negotiate the proposed budget with those with decision-making responsibility and agree the final budget.
 - P5 Use the agreed budget to actively monitor and control performance for your area of responsibility, activity or project.
 - P6 Identify the causes of any significant variances between what was budgeted and what actually happened and take prompt corrective action, obtaining agreement from those with decision-making responsibility, if required.
 - P7 Propose revisions to the budget, if necessary, in response to variances and/or significant or unforeseen developments and discuss and agree the revisions with those with decision-making responsibility.
 - P8 Provide ongoing information on performance against the budget to those with decision-making responsibility.
 - P9 Advise relevant people promptly if you have identified evidence of potentially fraudulent activities.
 - P10 Gather information from implementation of the budget to assist in the preparation of future budgets.

Knowledge and understanding

You need to know and understand:

General knowledge and understanding

- K1 How to engage colleagues and stakeholders in managing budgets.
- K2 The purposes of budgetary systems.
- K3 Where to get and how to evaluate the available information in order to be able to prepare a realistic budget.
- K4 How to discuss, negotiate and confirm a budget with those with budgetary responsibility and the key factors that should be covered.
- K5 How to use a budget to actively monitor and control performance for a defined area or activity of work.
- K6 The main causes of variances and how to identify them.
- K7 What different types of corrective action which could be taken to address identified variances.
- K8 How unforeseen developments can affect a budget and how to deal with them.
- K9 The importance of agreeing revisions to the budget and communicating the changes.
- K10 The importance of providing regular information on performance against the budget to other people.
- K11 Types of fraudulent activities and how to identify them.
- K12 The importance of using the implementation of the budget to identify information and lessons for the preparation of future budgets.

Industry/sector specific knowledge and understanding

You need to know and understand:

- K13 Factors, trends and developments that are likely to affect the setting of budgets in your industry/sector.

Context specific knowledge and understanding

You need to know and understand:

- K14 The area or activity that the budget is for.
- K15 The vision, objectives and operational plans for your area of responsibility.
- K16 The budgeting periods used in your organisation.
- K17 Organisational guidelines and procedures for the preparation and approval of budgets and for monitoring and reporting of performance

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against budgets and revising budgets.

K18 The agreed budget, how it can be used and how much it can be changed without approval.

K19 The limits of your authority.

K20 Who needs information in your organisation about performance against your budget, what information they need, when they need it and in what format.

K21 What to do and who to contact if you suspect fraud has been committed.

Behaviours

When performing to this standard, you are likely to demonstrate the following behaviours:

- 1 Recognise changes in circumstances promptly and adjust plans and activities accordingly
- 2 Present information clearly, concisely, accurately and in ways that promote understanding
- 3 Keep people informed of plans and developments in a timely way
- 4 Comply with, and ensure others comply with, legal requirements, industry regulations, organisational policies and professional codes
- 5 Act within the limits of your authority
- 6 Identify and raise ethical concerns
- 7 Accurately calculate risks, and make provision so that unexpected events do not impede the achievement of objectives
- 8 Monitor the quality of work and progress against plans and take appropriate corrective action, where necessary
- 9 Make effective use of existing sources of information
- 10 Check the accuracy and validity of information
- 11 Communicate clearly the value and benefits of a proposed course of action
- 12 Work towards win-win solutions

Skills

When performing to this standard, you are likely to demonstrate the following skills:

- Acting assertively
- Communicating
- Consulting
- Contingency planning
- Decision-making
- Evaluating
- Information management
- Learning
- Monitoring
- Negotiating
- Presenting information
- Problem solving
- Reporting

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