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## Overview

This unit is about having ownership of and being responsible for a budget for a defined area or 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.

The unit is recommended for first line managers.

This unit is linked to units:

- D6 Allocate and monitor the progress and quality of work in your area of responsibility.
- E2 Manage finance for your area of responsibility.
- E8 Manage physical resources.
- F4 Develop and implement marketing plans for your area of responsibility in the overall suite of National Occupational Standards for Management and Leadership.

# CFAMLE1 - SQA Unit Code H0D9 04

## Manage a budget

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### Performance criteria

*You must be able to:*

- P1 evaluate available information and consult with others to prepare a realistic budget for the respective area or activity of work
- P2 submit the proposed budget to the relevant people in the organisation for approval and to assist the overall financial planning process
- P3 discuss and, if appropriate, negotiate the proposed budget with the relevant people in the organisation and agree the final budget
- P4 use the agreed budget to actively monitor and control performance for the respective area or activity of work
- P5 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
- P6 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
- P7 provide ongoing information on performance against the budget to relevant people in your organisation
- P8 advise the relevant people as soon as possible if you have identified evidence of potentially fraudulent activities
- P9 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 the purposes of budgetary systems
- K2 where to get and how to evaluate the available information in order to be able to prepare a realistic budget
- K3 the importance of spending time on and consulting with others in preparing a budget
- K4 how to discuss, negotiate and confirm a budget with people who control the finance 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

*You need to know and understand:*

#### **Industry/sector specific knowledge and understanding**

- K13 factors, processes and trends that are likely to affect the setting of budgets in your industry/sector

*You need to know and understand:*

#### **Context specific knowledge and understanding**

- 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 period(s) used in your organisation
- K17 organisational guidelines and procedures for the preparation and approval of budgets and for monitoring and reporting of performance 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

### Additional Information

#### Behaviours

1. You present information clearly, concisely, accurately and in ways that promote understanding.
2. You act within the limits of your authority.
3. You show integrity, fairness and consistency in decision-making.
4. You say no to unreasonable requests.
5. You use communication styles that are appropriate to different people and situations.
6. You take and implement difficult and/or unpopular decisions, if necessary.
7. You respond quickly to crises and problems with a proposed course of action.

#### Skills

Listed below are the main generic 'skills' that need to be applied in managing a budget. These skills are explicit/ implicit in the detailed content of the unit and are listed here as additional information.

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

# CFAMLE1 - SQA Unit Code H0D9 04

## Manage a budget

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**Relevant occupations** Managers and Senior Officials; Business management

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**Suite** Management and Leadership National Occupational Standards 2008

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