

## Unit B3 Manage the use of financial resources

### Unit Summary

This Unit has been imported from the Management Standards

#### Overview

This unit is about making sure you use financial resources in the most efficient way possible. It covers making recommendations for the use of financial resources and controlling expenditure against budgets.

This unit is for you if you are a manager with responsibility for

- allocating work to others
- achieving specific results by using resources effectively
- carrying out policy in your defined area of authority
- controlling limited financial budgets, *and*
- contributing to broader activities such as change programmes and recruitment.

This unit contains two elements

B3.1 *Make recommendations for expenditure*

B3.2 *Control expenditure against budgets.*

In order to *make recommendations for expenditure*, you need to gather information about expenditure in the past and consider current trends and developments as well as other factors which are likely to affect expenditure in the future. When presenting your recommendations, you need to state the expected benefits from the expenditure you are proposing and also any potential negative consequences. You need to select the expenditure option most consistent with your organisation's plans and objectives.

In order to *control expenditure against budgets*, you need to give advice to members of your team on how they can help control costs, and get them involved in the process of monitoring and controlling expenditure. Where there are significant variations between actual costs and your budget, you need to take prompt corrective action. You need to keep complete records of expenditure and refer to others if you need to request expenditure beyond the limits of your authority.

## Unit B3 Manage the use of financial resources

### Key words and concepts

*These definitions are provided to explain how key words and concepts are used in this unit*

<b>budgets</b>	agreed plans for expenditure covering programmes of work in your area of responsibility
<b>corrective action</b>	action taken to match actual expenditure to budget, such as altering activities, rescheduling expenditure, altering budget allocations and renegotiating budgets
<b>expenditure</b>	outlay for the supplies of goods and services, for personnel, overheads, capital equipment and premises
<b>monitoring</b>	keeping a close eye on activities and expenditure and comparing these with your plans
<b>organisational objectives</b>	clearly defined and measurable results which your organisation is scheduled to achieve
<b>organisational requirements</b>	the policies, guidelines and procedures of your organisation which you must observe when recommending and monitoring expenditure
<b>plans</b>	documents, or spoken agreements, which describe the work to be carried out, when, by whom, to what standard and with what resources, in order that requirements and objectives can be met
<b>relevant people</b>	team members, colleagues working at the same level as yourself, higher-level managers or sponsors, specialists and people outside your organisation
<b>significant variations</b>	substantial differences between actual and budgeted expenditure, which require action in order to maintain overall performance
<b>team members</b>	people who work with you as part of a functional or project team; team members may report to you either as their line manager or as the manager in charge of a specific project or activity on which they are working
<b>trends and developments</b>	changes, for instance trends and developments in the market, in technology, in products and services or in processes or working practices, which indicate the future level of expenditure required

## Unit B3 Manage the use of financial resources

### Knowledge and Understanding

*To perform effectively in this unit, you need to have knowledge and understanding in the areas of*

- Analytical techniques
- Communication
- Information handling
- Involvement and motivation
- Organisational context
- Resource management.

You will find detailed knowledge requirements listed with each element.

### Personal Competencies

*In performing effectively in this unit, you will show that you*

<b>Acting assertively</b>	<ul style="list-style-type: none"><li>• take personal responsibility for making things happen</li><li>• act in an assured and unhesitating manner when faced with a challenge</li><li>• say no to unreasonable requests</li><li>• state your own position and views clearly in conflict situations</li></ul>
<b>Communicating</b>	<ul style="list-style-type: none"><li>• listen actively, ask questions, clarify points and rephrase others' statements and check mutual understanding</li><li>• adopt communication styles appropriate to listeners and situations, including selecting an appropriate time and place</li><li>• present difficult ideas and problems in ways that promote understanding</li></ul>
<b>Influencing others</b>	<ul style="list-style-type: none"><li>• present yourself positively to others</li><li>• create and prepare strategies for influencing others</li><li>• understand the culture of your organisation and act to work within it or influence it</li></ul>
<b>Focusing on results</b>	<ul style="list-style-type: none"><li>• establish and communicate high expectations of performance, including setting an example to others</li><li>• set goals that are demanding of self and others</li></ul>
<b>Searching for information</b>	<ul style="list-style-type: none"><li>• make best use of existing sources of information</li><li>• seek information from multiple sources</li><li>• actively encourage the free exchange of information</li><li>• challenge the validity and reliability of sources of information</li></ul>
<b>Thinking and taking decisions</b>	<ul style="list-style-type: none"><li>• break processes down into tasks and activities</li><li>• use your own experience and evidence from others to identify problems and understand situations</li><li>• produce a variety of solutions before taking a decision</li><li>• take decisions which are realistic for the situation.</li></ul>

## Element B3.1 Make recommendations for expenditure

### The National Standard

This section provides criteria to assess whether you *maintain work activities to meet requirements* to the National Standard of competence. It also lists the knowledge and understanding which are essential for effective performance.

#### Performance criteria

*You must ensure that*

- a) you give opportunities to **relevant people** to make suggestions for future **expenditure**
- b) your recommendations take account of past experience, trends, developments and other factors likely to affect future **expenditure**
- c) you clearly state the expected benefits from the recommended **expenditure**, and any potential negative consequences
- d) where you have considered **alternative options** for expenditure, you provide valid reasons why you have rejected them
- e) you provide sufficient, valid information for **relevant people** to make a decision on your recommendations
- f) your recommendations for **expenditure** are consistent with your organisation's plans and objectives
- g) you present your recommendations to **relevant people** in an appropriate format and at an appropriate time.

#### Range

at least two of the following types of **relevant people**

- team members
- colleagues working at the same level
- higher-level managers or sponsors
- financial specialists.

at least two of the following types of **expenditure**

- supplies
- people
- overhead expenses
- capital equipment.

both the following types of **alternative options**

- other courses of action to achieve the same results
- other ways of funding the same course of actions.

#### Evidence requirements

You must prove that you *make recommendations for expenditure* to the National Standard of competence.

To do this, you must provide evidence to convince your assessor that you consistently meet **all** the performance criteria.

Your evidence must be the result of real work activities undertaken by yourself. Evidence from simulated activities is **not** acceptable for this element.

## Knowledge requirements

*You need to know and understand*

### *Analytical techniques*

- how to analyse expenditure in the past and use the results to make recommendations on more effective use of financial resources in the future
- how to carry out cost-benefit analyses in regard to proposed expenditure
- how to identify and evaluate alternative options to proposals on expenditure.

### *Communication*

- how to communicate effectively on issues to do with proposed expenditure.

### *Involvement and motivation*

- how to enable team members, colleagues and line managers to identify and communicate their needs regarding expenditure
- how to develop and argue an effective case for expenditure.

### *Organisational context*

- the trends and developments which may influence future expenditure and how to forecast and plan for these
- the procedures which need to be followed to make recommendations for expenditure.

### *Resource management*

- the importance of effective budgetary control to team and organisational efficiency and your role and responsibilities in relation to this
- the principles and methods which underpin effective budgetary control
- the importance of keeping accurate records of past expenditure
- the information which others need to make decisions on expenditure and how to gather and check the validity of this information.

## Element B3.2 Control expenditure against budgets

### The National Standard

This section provides criteria to assess whether you *maintain work activities to meet requirements* to the National Standard of competence. It also lists the knowledge and understanding which are essential for effective performance.

#### Performance criteria

*You must ensure that*

- a) you give team members clear and consistent advice on how they can help to control **expenditure**
- b) you give team members opportunities to take individual responsibility for **monitoring** and controlling **expenditure**
- c) your methods of **monitoring expenditure** are reliable and comply with organisational requirements
- d) you monitor **expenditure** against agreed budgets at appropriate intervals
- e) you control **expenditure** in line with budgets and organisational requirements
- f) the **corrective action** you take in response to actual or potential significant variations from budget is prompt and complies with organisational requirements
- g) you refer requests for **expenditure** outside your responsibility promptly to the appropriate people
- h) your records of **expenditure** are complete, accurate and available to authorised people only.

#### Range

at least two of the following types of **monitoring**

- considering oral information
- considering written information
- examining financial information.

at least two of the following types of **expenditure**

- supplies
- people
- overhead expenses
- capital equipment.

at least two of the following types of **corrective action**:

- altering activities
- rescheduling expenditure
- altering budget allocations within the limits of your responsibility
- renegotiating budgets.

#### Evidence requirements

You must prove that you *control expenditure against budgets* to the National Standard of competence.

To do this, you must provide evidence to convince your assessor that you consistently meet **all** the performance criteria.

Your evidence must be the result of real work activities undertaken by yourself. Evidence from simulated activities is **not** acceptable for this element.

## Knowledge requirements

*You need to know and understand*

### *Information handling*

- the principles of confidentiality in relation to budgets - what information may be provided to which people.

### *Involvement and motivation*

- the contributions your team members can make to expenditure control
- how to advise, encourage and motivate team members to help in controlling expenditure.

### *Organisational context*

- your organisation's requirements for expenditure control
- the range of variations from the budget which may occur and what effective corrective action to take in response to these
- the types of requests for expenditure outside your control which are likely to occur and the correct procedures to follow in response to these.

### *Resource management*

- the importance of effective expenditure control to your team and organisation's efficiency and your role and responsibilities in relation to this
- the principles and systems which underpin effective expenditure control
- the importance of accurate and comprehensive record keeping to expenditure control and systems to achieve this