

**Unit Title: Manage a budget for own area of activity or work (E1)**

OCR unit number	30
Level:	5
Credit value:	7
Guided learning hours:	30
Unit accreditation no:	A/600/9695

## Unit purpose and aim

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This unit helps learners to prepare a budget, address variance and monitor a budget for own area of activity or work. 'Practitioner' means anyone with a learning and development responsibility as part of their role.

Learning Outcomes	Assessment Criteria	Exemplification
1 Be able to prepare a budget for own area of responsibility.	1.1 Evaluate information on resource requirements for own area of activity or work 1.2 Produce a draft budget 1.3 Communicate the final budget with relevant stakeholders	This may include: <ul style="list-style-type: none"><li>• The purposes of budgetary systems.</li><li>• The area or activity that the budget is for.</li><li>• The objectives and operational plans for the area or activity that the budget covers.</li><li>• The budgeting period.</li><li>• Factors, processes and trends that are likely to affect the setting of a budget.</li><li>• How to access and evaluate information on past performance against budget.</li><li>• The importance of consulting with others when preparing a budget.</li><li>• The importance of contingency planning.</li><li>• Organisational procedures for the preparation and approval of budgets.</li><li>• How to discuss, negotiate and confirm a budget with the people that control finance.</li></ul>

<p>2 Be able to manage a budget.</p>	<p>2.1 Analyse variances between planned and actual expenditure</p> <p>2.2 Provide information on performance to relevant stakeholders</p> <p>2.3 Explain how to take corrective action within the limits of own authority, in response to budget variances and developments</p> <p>2.4 Explain proposed revisions to budget and obtain agreement where actions are beyond the scope of own authority</p>	<p>This may include:</p> <ul style="list-style-type: none"> <li>• The agreed budget and the limits of their authority if changes are required.</li> <li>• How to access and monitor ongoing financial information.</li> <li>• How to use budgetary statistics as an indicator of progress towards objectives.</li> <li>• What to do in the event of variances between planned and actual expenditure.</li> <li>• How unforeseen developments can affect a budget and how to deal with them.</li> <li>• Reporting procedures within their organisation, what, when and who needs information and in what format.</li> <li>• How to recognise signs of fraudulent activity and what to do about it.</li> </ul>
<p>3 Be able to review budget management performance.</p>	<p>3.1 Review performance against budget</p> <p>3.2 Assess improvements for future budget planning and management</p> <p>3.3 Monitor budget performance and implement changes within the limits of own authority or obtain agreement.</p>	<p>This may include:</p> <ul style="list-style-type: none"> <li>• What constitutes a significant variance across different budgetary lines.</li> <li>• The main causes of variances and how to identify those that are manageable.</li> <li>• How to critically assess performance and learn from experience.</li> <li>• The limits of their authority in the reporting structure within the organisation.</li> </ul>

## Assessment

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This unit is centre assessed and externally verified.

## Evidence requirements

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In order to achieve this unit you must demonstrate that you have met all of the stated learning outcomes and assessment criteria. Your assessor must be able to observe you in the workplace or you must provide tangible evidence of your real work activities. Simulation is not allowed for this unit.

## Guidance on assessment and evidence requirements

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You should consult with your assessor to agree the most appropriate sources of evidence available to you in your environment. Examples of possible sources of evidence are shown below but this is not a definitive list nor are the examples shown mandatory:

- Historical information that you gathered prior to producing your budget
- Reports and recommendations that you made in respect of your proposals
- Copies of budgets that you have produced
- Minutes of meetings that you have had with financial controllers within your organisation
- Your analyses of budget variations

## Details of relationship between the unit and national occupational standards

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Management and Leadership NOS unit E1, Manage a budget

## Resources

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Stationery or a CD-rom.

Access to photocopier, PC and printer is desirable but not essential.

Access to sources of under-pinning knowledge such as websites, books, journals, etc, might be of help, but you are not expected to reproduce other people's written work. For example:

- WEETMAN, P. (2002) Management Accounting ISBN: 027365778X
- THOMAS, W. E. Readings in Cost Accounting, Budgeting and Control ISBN: 9780538013406

## Additional information

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For further information regarding administration for this qualification, please refer to the OCR document '*Admin Guide: Vocational Qualifications*' (A850).