

One of The Institute's **worksheets** series, to help you improve your leadership skills and capability, making you a better leader

This worksheet, based on the Spotlight 'Working to a Budget,' will help you focus on the budgeting process and budgetary control in your organisation.

You should take approximately **two hours** to complete this worksheet and read the accompanying Spotlight

Understanding Budgeting

"Budgets are traditionally woven into the fabric of most businesses. Everyone uses them. Banks require them. Employees expect them. They are treated as something revered and to be adhered to without question. But, in reality, budgets are terribly ineffective management tools." (Rygelski, (2018))

Do you agree with this? Give your reasons:

Budgets are intended to be beneficial, but they can also have undesirable consequences.

Describe the advantages and disadvantages of working to a budget below:



Advantages



Disadvantages

Budget Preparation

The first step involved in budget preparation is to determine the key budget factor. **What are the critical factors in your organisation that influence other budgets, and why?**



Worksheet

Delivering Outcomes: Working to a Budget

Organisations will use a variety of budgets depending on the needs and requirements of the organisation.

List three budgets used in your organisation and describe the organisational need each addresses:

Description of Budget	Description of Budget	Description of Budget
Organisational Need	Organisational Need	Organisational Need

Budgetary Control

Using one budget from the previous task as an example, explain how that budget is controlled:

Establish agreed budget	
Measure actual performance	
Identify and analyse variances	
Corrective action	
Review budget	

Now reflect on the process above: Which areas do you feel cause the most issues in terms of budgetary control?
How might these issues be best addressed?

Review How would you start a conversation with your manager about the corrective action you feel should be taken to address a variance you may have identified?

All references are cited in The Institute of Leadership (2018) 'Spotlight on Working to a Budget'

Achievement – Delivering Outcomes – Working to a Budget

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