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Effective Budgeting & Operational Cost Control in the Public Sector

Course Overview:

The effective management of budgeting and cost control is crucial for project/process-based organizations. Nowadays, if contemporary organizations want to stay competitive, they are urged to think in terms of process-value added to customers/shareholders. Along this line, budgeting, as well as tracking, controlling & reducing cost represent essential activities to be performed and monitored by organizations as they implement their key processes, activities, and operations. In addressing these issues, this course is relevant for those professionals & analysts facing the difficult challenge of improving performance while reducing the costs of those processes for which there are accountable. By combining techniques analysis, problems and examples with real case studies the course provides delegates with key cost awareness and budgetary skills, which is essential to managing and controlling processes/projects in times of increasing global competition where the budgets are inextricably linked with both strategy formulation and cost analysis.

Course Objectives:

At the end of this course, the participants will be able to:

- Integrate the organization's strategic planning with budgets and processes of cost control
- Understand the importance of project management, appraisal, planning
- Explore traditional versus innovative budgetary techniques
- Get to know activity-based budgeting (and costing)
- Explore capital budgeting techniques & cash flows
- Identify key financial indicators for the business, and how and when to monitor them
- Discuss the problems and limitations of budgetary control and look for alternative tools
- Understand the importance of balancing financial and non-financial measure in managing projects
- Interpret budgets and performance measurement as communication tools
- Link budgetary processes with quality issues and business process improvement
- Gain project management abilities
- Integrating planning, budgeting and cost control by relying on a financial-based language
- Manage different types of cost and their relevance to decision making
- Understand the problems of overheads and how Activity-Based Analysis may aid decision-making and pricing strategies
- Select the performance measurement system that works
- Look beyond budgeting: balanced scorecard and six-sigma

- Contribute to implementing change in the organization.

Course Coverage:

Topic 1: Building a Common Financial Language:

- The key role of budgeting and cost control in contemporary organizations
- The 21st-century business imperative: delivering value-added (but to whom?)
- Towards a cross-functional process view of the organization
- Financial VS Managerial accounting (for decision-making)
- Understand your processes: integrating financial and non-financial aspects
- Identify the key processes/projects for your organization

Topic 2: Budgeting and Cost Analysis:

- Cost concepts and terminology
- Different costs for different purposes
- Fixed VS Variable costs: the Cost-Volume-Profit analysis model
- Contribution Margin Analysis
- Manufacturing VS non-manufacturing costs
- Period VS Product costs: inventory evaluation and control

Topic 3: Traditional VS Advanced Techniques in Cost-Control:

- Under-costing and over-costing: the consequences for profitability
- How to refine a costing system?
- Indirect (OH) VS Direct costs: Traditional Cost Allocations systems VS Activity-Based Costing (ABC)
- Cost Hierarchy & Cost Drivers
- Linking resources, activities and management
- Introducing Activity-Based Budgeting (ABB) and Management (ABM)

Topic 4: Master Budget, Flexible Budgets, and Variance Analysis:

- Define the master budget and explain its major benefits to an organization
- Describe the difference between a static budget and a flexible budget
- Compute flexible-budget variances and sales-volume variances
- Discuss the behavioural implication of budgeting
- The budgeting process in your organization: how to improve it?
- Which tools shall we use to complement budgeting and costing?

Topic 5: Beyond the Budgets: Balanced Scorecards and Six-Sigma:

- Broadening performance measurement systems
- The key role of customer satisfaction and business process reengineering
- Beyond budgeting: integrating financial and non-financial issues
- Introducing the Balanced Scorecard
- Introducing the Strategy maps
- Introducing Six-sigma

Targeted Groups:

- Financial Planning and Control Staff
- Executives with Financial Responsibilities
- Executives who are responsible for the cost and strategic analysis
- Project Managers
- Employees who want to gain new knowledge to improve their career