

Develop Budget - Draft

What is a budget?

A budget is a plan for the labor and expenses of a project. It estimates the training development and delivery efforts by the labor and material/equipment needed to complete the project. The initial budget is prepared during the Plan phase of the project by the finance team, project manager/team lead, and COR. Creating a budget helps set expectations, write a task order, and understand the potential cost effects of the training on the FSAU budget.

The role of the finance team

The financial team approves and monitors budgets. They assist the training team in creating budgets and stores the projected costs in a repository called the Cost Analysis Tool (CAT). After the training is complete, the actual training course costs will be collected and entered into the tool as they become available. Utilizing the tool, FSAU will track the budgetary funds expended to the respective training course, analyze the data, and make recommendations to reduce costs.

How to create a budget

The team lead and/or the COR will meet with the Finance team at the beginning of a training project to review historical financial data and receive a range for training course spending. The team lead creates the workplan, defining the scope and effort for the initiative. This includes, determining the labor efforts and the delivery costs. If an Operating Partner is involved in the training effort, the workplan is negotiated and costs segmented by the COR. After commitment is received from the FSAU sponsor and the Finance team lead, the task order is written and submitted.

A member of the team will meet with a CAT Liaison to populate the initial budget into the CAT. During the Deliver and Assess phases the team lead, COR, training officers, and FSAU services play an important part in compiling the actual training data to assess the accuracy of the initial budget and to forecast budgets of future projects.

The tool requests information from the following 5 categories:

- Course information
- Design and development direct costs
- Delivery direct costs
- Finale/lessons learned/celebration costs
- Maintenance costs

It is the responsibility of project management to:

- Follow the established financial guideline communicated by the Finance team
- Compile the workplan and maintain the budget
- Monitor financial performance of the project against the budget plan
- Report/explain significant deviations from budget (positive or negative)

Tips to remember when developing a budget:

- Compare estimates against projects within FSAU. Look for similar scope and/or functionality.
- Be aware of the risks and ramifications of a project up front by budgeting for the unknown. Consider setting aside a small percentage of the budget as contingent.
- A project's overall complexity can inflate or deflate the labor and expense estimates.
- Include time for quality assurance activities, such as, communication, status reporting, and review time.