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# Advanced Accounting & Budgeting for the Public Sector

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Public sector budgeting with spending control and value for money is the work of planning, authorising, controlling and reviewing the money a public body spends, so that funds are used as approved and deliver results. This 2-week course is for budget officers, finance and planning staff, expenditure controllers, procurement and internal control professionals and the managers they support, and its final deliverable is a value for money spending control plan for a departmental budget.

## Introduction

The course rests on three reference points: the expenditure chain described in International Monetary Fund technical guidance on expenditure commitment control, which separates appropriation, commitment, verification and payment; the value for money framework of economy, efficiency and effectiveness used by public audit bodies; and performance-based budgeting, which links allocations to outputs and outcomes. Accounting appears only where budget staff need it, such as cash and accrual basics and budget execution reports. It is taught at practitioner level through case studies and spreadsheet exercises built on a sample departmental budget.

## Course Objectives

- Distinguish appropriation, allotment, commitment and payment, and apply commitment controls that stop spending beyond available budget
- Interpret budget execution reports and distinguish cash basis from accrual basis figures when explaining outturn
- Apply cash forecasting, virement rules and variance analysis to keep monthly spending within approved limits
- Compare economy, efficiency and effectiveness when judging whether a service or contract delivers value for money
- Select between cost-benefit analysis and cost-effectiveness analysis to appraise spending options and savings proposals
- Justify spending decisions to decision makers using performance indicators, unit costs and options appraisal evidence

## Target Audience

- Budget officers and finance and planning staff who prepare and monitor departmental budgets, deciding how allocations are profiled and reported
- Expenditure controllers and accounts payable professionals who approve commitments and payments, judging whether each request has budget cover
- Procurement and contract staff who manage purchasing and supplier contracts, deciding how award criteria and variations affect total cost
- Internal control and internal audit professionals who test financial processes, judging where leakage, waste or weak approvals arise
- Budget holders and managers of public services who are accountable for spending, choosing which savings protect service results

## Course Outline

### Day 1: Public Budgeting Foundations and the Expenditure Chain

- Budget Cycle Stages: Formulation, Approval, Execution, Monitoring and Audit of Public Spending
- Appropriation vs Allotment: How Legislative Authority Becomes Spendable Departmental Budget
- Expenditure Chain Stages: Commitment, Verification, Payment Authorisation and Payment Explained
- Aggregate Discipline, Allocative Efficiency and Operational Efficiency: Three Public Budgeting Goals
- Roles in Spending Control: Budget Holders, Controllers, Accountants and Internal Auditors

### Day 2: Public Sector Accounting Essentials for Budget Staff

- Cash Basis vs Accrual Basis: What Each Shows About Public Spending
- Budget Classification: Economic, Administrative and Functional Codes in Execution Reports
- Budget Execution Reports: Reading Appropriation, Commitment, Expenditure and Available Balance Columns
- Payables, Prepayments and Accruals: Light Accounting Entries That Change Budget Figures
- Reconciling Budget Outturn With Cash Records: Spotting Timing and Coding Differences

### Day 3: Commitment Control and Expenditure Arrears Prevention

- Commitment Control Systems: Recording Obligations Before Purchase Orders or Contracts Are Issued
- Hard vs Soft Commitment Controls: Blocking Overspends Compared With Warning Budget Holders
- Multi-Year Commitments: Tracking Contract Obligations Beyond the Current Budget Year
- Expenditure Arrears: Causes, Early Warning Indicators and Practical Clearance Plans
- Commitment Register Exercise: Building Available-Balance Checks for a Departmental Budget

## Day 4: Cash Planning and Appropriation Control

- Cash Forecasting: Monthly Profiles of Payments, Receipts and Commitment Releases
- Cash Rationing vs Planned Cash Release: Effects on Services and Suppliers
- Virement Rules: Moving Budget Between Lines Within Approved Authority Limits
- Supplementary Budgets and Contingency Reserves: When and How They Are Requested
- Year-End Spending Surges: Controls Against Rushed and Low-Value Expenditure Decisions

## Day 5: Cost Control and Variance Monitoring

- Cost Behaviour in Public Services: Fixed, Variable, Step and Semi-Variable Costs
- Budget vs Actual Variance Analysis: Price, Volume and Timing Explanations Separated
- Flexible Budgets: Adjusting Expected Spending to Actual Service Activity Levels
- Unit Cost Measures: Cost per Case, per Inspection or per Kilometre Maintained
- Monthly Monitoring Report: Forecast Outturn, Variance Commentary and Corrective Actions

## Day 6: Procurement Spend and Contract Cost Control

- Spend Analysis: Grouping Procurement Data by Category, Supplier and Cost Centre
- Lowest Price vs Most Economically Advantageous Tender: Award Criteria Compared
- Whole-Life Cost: Purchase, Operating, Maintenance and Disposal Costs in Buying Decisions
- Contract Variations and Change Orders: Controlling Scope Creep and Cost Growth
- Contract Cost Monitoring: Linking Payments to Milestones, Deliverables and Recorded Commitments

## Day 7: Value for Money and the 3Es Compared

- Value for Money Defined: Economy, Efficiency, Effectiveness and Equity in Public Spending
- Economy vs Efficiency: Lower Input Cost Compared With Better Output per Input
- Input, Output and Outcome Indicators: Building a Value for Money Logic Chain
- Value for Money Reviews: Scoping, Evidence Gathering and Judgement Criteria Explained
- Benchmarking Unit Costs: Comparing Services Across Units, Sites and Peer Organisations

## Day 8: Spending Reviews, Cost-Benefit Analysis and Options Appraisal

- Spending Reviews: Baseline Expenditure Analysis and Identification of Savings Options
- Cost-Benefit Analysis vs Cost-Effectiveness Analysis: Choosing the Right Appraisal Method
- Discounting and Net Present Value: Comparing Options With Different Cost Timings
- Options Appraisal: Do-Nothing, Do-Minimum and Preferred Options Set Out Fairly
- Sensitivity Testing and Optimism Bias: Checking Assumptions Behind Cost and Benefit Estimates

## Day 9: Performance-Based Budgeting, Expenditure Efficiency and Leakage Prevention

- Line-Item Budgeting vs Performance-Based Budgeting: Linking Allocated Funds to Service Results
- Performance Targets and Indicators: Using Results Information in Budget Allocation Decisions
- Expenditure Efficiency Reviews: Finding Duplication, Idle Assets and Low-Value Activities
- Leakage and Waste Indicators: Duplicate Payments, Ghost Payees and Inflated Invoices
- Internal Control Checks: Segregation of Duties, Approval Limits and Payment Data Analytics

## Day 10: Spending Control Practice: Building a Value for Money Spending Control Plan

- Case Budget Review: Applying Execution Reports and Variance Analysis to Departmental Data
- Commitment and Cash Control Design: Applying Registers and Release Profiles Together
- Savings Options Ranking: Applying Value for Money and Options Appraisal Evidence
- Presenting Spending Decisions: Defending Trade-Offs Between Cost, Service and Risk
- Spending Control Plan Completion: Finalising Controls, Indicators and Value for Money Actions

## Skills You Will Gain

- Commitment Control
- Budget Execution Reporting
- Cash Flow Forecasting
- Variance Analysis
- Procurement Spend Analysis
- Value for Money Assessment
- Cost-Benefit Appraisal
- Expenditure Leakage Detection

## Why Attend This Course

- From discovering overspends after payment to blocking them at the commitment stage with an available-balance check
- From reporting budget against actual figures to explaining each variance by price, volume and timing and forecasting outturn
- From approving savings by percentage cuts to ranking options on economy, efficiency, effectiveness and appraisal evidence
- From scattered controls to a value for money spending control plan for a departmental budget, ready to present to decision makers

## Conclusion

Public budgeting with spending control means making sure every approved unit of public money is committed, paid and reviewed so that it buys the intended service at a sensible cost. The course makes three distinctions clear: appropriation versus commitment versus payment, cash versus accrual figures in execution reports, and economy versus efficiency versus effectiveness in value for money judgements. It suits practitioners in budget, finance, procurement and internal control roles who already handle public spending and now need working controls and review methods rather than accounting theory.

## Course FAQs

### What is public sector accounting and budgeting with a spending control focus?

It is the discipline of authorising, committing, paying and reviewing public expenditure so that spending stays within approved budgets and achieves value for money. Accounting supports it by recording transactions and producing the execution reports budget staff use for monitoring.

### What is the difference between a commitment and a payment in public budgeting?

A commitment is the obligation created when an order or contract is signed; a payment is the later cash outflow that settles it. Controlling commitments prevents overspends and arrears, because by the time a payment falls due the obligation already exists.

### Which framework does a public sector value for money course follow?

It follows the value for money framework of economy, efficiency and effectiveness, often with equity added, as used by public audit bodies, alongside International Monetary Fund guidance on expenditure commitment control and the principles of performance-based budgeting.

### Is a public sector spending control course suitable for procurement staff?

Yes. Procurement and contract staff see how award criteria, whole-life cost, contract variations and milestone payments affect budget cover, commitments and value for money, and how their decisions appear in monthly monitoring and execution reports.

### What does a delegate produce on a public budgeting and spending control course?

Each delegate produces a value for money spending control plan for a case departmental budget, combining a commitment register, cash release profile, variance commentary, ranked savings options and a set of leakage and efficiency indicators.