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|  AFYA BORA CONSORTIUM GLOBAL HEALTH LEADERSHIP FELLOWSHIP PROGRAM  |
| HUMAN RESOURCES AND BUDGET MANAGEMENT MODULE |
| Neal NathansonEsther SeloilweBetty Mabisi Richard MugishaNam Narain |

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|  June 10-14, 2012, Kamplala, Uganda |

**AFYA BORA CONSORTIUM**

**HUMAN RESOURCES AND BUDGET MANAGEMENT MODULE**

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**Module Instructors**

**Neal Nathanson: nathansn@exchange.upenn.edu**

**Esther Seloilwe: seloilwe@mopipi.ub.bw**

**Betty Mabisi:**

**Richard Mugisha:**

**Guide for Fellows and Instructors**

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| This is the Instructors’ version. To convert this into the Fellows version, delete the material in these boxes. |

# HUMAN RESOURCE AND BUDGET MANAGEMENT MODULE

NOTE. This module is divided into two separate sections, human resources (HR) and budget management.

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# HUMAN RESOURCES (HR)

The goal of this part of the module is to provide you with a set of competencies that will be essential to your success – and sometimes survival - within the organization where you work. By the end of these exercises you will recognize why every organization needs some human resource professional staff in order to function effectively. The module is designed to prepare you to work effectively with the human resource department of your workplace, not to become an expert in human resources yourself.

This human resources section seeks to broaden your understanding of personnel-related responsibilities and issues. It explores core concept, principles and tools of human resource management and development such as job analysis, planning, recruitment and selection, training and development, performance management and appraisals, mentorship, motivation, people issues, fair treatment and ethics, safety, health and the wellbeing of employees, organisation and citizenship behaviour (OCB), team behavioural styles and temperaments. You will hear lectures from the HR experts and will do a number of case studies that will illustrate these various concepts.

This part of the module is designed provide an introduction to the following areas:

* Why is a human resource program important for the success of the organization and the employees?
* What are the main elements of a human resource program?
* How to recruit new employees?
* How to train and mentor employees and support career development?
* How to evaluate employee performance?
* How to classify employees in a consistent and equitable way?
* What should a good work environment include?
* How to communicate with employees and keep them happy?
* What are appropriate fringe benefits?
* How to deal with employee grievances?
* How to evaluate unsatisfactory performance and deal with it?
* What do you need to know about local laws that impact the workplace and employees?
* How to promoting organisational citizenship behaviour for improved performance and employee retention and loyalty
* How to discover and adapt to team members individual behavioural styles and temperaments

# WORK SCHEDULE

We will teach the principles of human resources and budget management with a small number of lectures, but mainly through a set of exercises. There are 4 exercise sets for each of the two subjects. Fellows will be divided into 4 groups of 5 persons each, so that each group will work up two exercise sets. Each exercise set will include two cases, both of which will be presented to the whole group in a 90 minute time frame, with about 30 minutes for presentation and 60 minutes for discussion. Group assignments are shown on the following page.

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| **WORK SCHEDULE** |
|  | **MONDAY** | **TUESDAY** | **WEDNESDAY** | **THURSDAY** | **FRIDAY** |
| **9 - 10:30** | **HR LECTURE 1****OVERVIEW OF HUMAN RESOURCES** | **HR LECTURE 2****RECRUITMENT PLACEMENT EVALUATION** | **HR LECTURE 3****EMPLOYER-EMPLOYEE RELATIONS** | **BUD LECTURE 2****DRAFTING A BUDGET** | **BUD CASE 2** |
| **10:30 – 11** | **MORNING TEA** | **MORNING TEA** | **MORNING TEA** | **MORNING TEA** | **MORNING TEA** |
| **11 - 12:30** | **PREP TIME** | **HR CASE 1** | **HR CASE 4** | **PREP TIME** | **BUD CASE 3** |
| **12:30 – 13:30** | **LUNCH** | **LUNCH** | **LUNCH** | **LUNCH** | **LUNCH** |
| **13:30 - 15** | **PREP TIME** | **HR CASE 2** | **BUD LECTURE 1****INTRODUCTION TO BUD MGMT** | **BUD LECTURE 3****MANAGING YOUR BUDGET** | **BUD CASE 4** |
| **15 – 15:30** | **AFTERNOON TEA** | **AFTERNOON TEA** | **AFTERNOON TEA** | **AFTERNOON TEA** | **AFTERNOON TEA** |
| **15:30 - 17** | **PREP TIME** | **HR CASE 3** | **PREP TIME** | **BUD CASE 1** | **WRAP UP** |

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| **GROUP ASSIGNMENT FOR CASE STUDIES** |
| **First** | **Last** | **Degrees** | **Country** | **E-mail** | **Group** |
| **Mabel** | **Magowe** | **BSc, MSc, PhD**  | **Botswana** | **magowem@mopip.ub.bw** | **1** |
| **Ludo** | **Nkhwalume** | **BSc, MA** | **Botswana** | **ludo06maule@gmail.com** | **2** |
| **Vincent** | **Setlhare** | **MD, MBA, MFam, Med,**  | **Botswana** | **vincent.setlhare@mopipi.ub.bw** | **3** |
| **Neo** | **Tamuhla** | **BSn, MPH** | **Botswana** | **neo.tamulha@gmail.com** | **4** |
| **Amos** | **Ayunga** | **MD, MS** | **Kenya** | **ayunga205@yahoo.com** | **1** |
| **Angeline** | **Chepchirchir** | **BSc, MSc** | **Kenya** | **chepangeline@yahoo.com** | **2** |
| **Harun** | **Kimani** | **MBChB, MPH, PhD**  | **Kenya** | **kupubhealth@gmail.com** | **3** |
| **Sara** | **Koki Muli – Kinagwi** | **MBChB, MPH** | **Kenya** | **kkinagwi@yahoo.com** | **4** |
| **Dennis** | **Magu** | **BSc, MSc, PhD** | **Kenya** | **gcidennis@yahoo.com** | **3** |
| **Winfred** | **Mwangi** | **MBChB, Mmed** | **Kenya** | **wwkui@yahoo.com.au** | **4** |
| **Mathias** | **Issuja** | **MD, MPH** | **Tanzania** | **mattyabuya@yahoo.com** | **1** |
| **Jairy** | **Khanga** | **MBBS, MPH** | **Tanzania** | **jerrykhanga@yahoo.com** | **2** |
| **Angela** | **Ramadhani** | **MD, MPH** | **Tanzania** | **arshayo@yahoo.com** | **3** |
| **Hellen** | **Siril** | **MBBS, MPH** | **Tanzania** | **hsiril@mdh-tz.org** | **4** |
| **Joel**  | **Bazira** | **MBChB, MMed, PhD**  | **Uganda** | **jbazira@gmail.com** | **1** |
| **Peter** | **Elyanu** | **MBChB, MMed** | **Uganda** | **ellypj@yahoo.co.uk** | **2** |
| **Christine** | **Mugasha** | **MBChB, MMed** | **Uganda** | **cmugasha@idi.co.ug** | **3** |
| **Charles** | **Osingada** | **BSc, MA, MPH** | **Uganda** | **ocpeter2@yahoo.co.uk** | **4** |
| **Jaclyn** | **Hagon** | **BA, MSN, BSN** | **US** | **Jaclyn.Hagon@ucsf.edu** | **1** |
| **Madrano** | **Jason** | **BA, Phd** | **US** | **jmadrano@uw.edu** | **2** |

# LECTURES ON HUMAN RESOURCES

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| **SUGGESTED PLANS FOR INSTRUCTORS**Rather than write out complete lectures, we have identified the content for several lectures. We are assuming that we will have local HR experts give these lectures, and we will leave it to them to develop the detailed content. |

## Lecture 1: Overview of human resources (HR)

This lecture will cover the following topics:

* Defining human resource management? What are the main concepts?
* Importance of human resource management, with illustrative examples from personal experience.
* Identify and define basic competencies in human resource: business knowledge, human resource practices, team work, management of change, management of organizational structure, and personal skills?
* Discussion of the Employment Act of the country where the module is taking place and its importance in HR guidelines (perhaps reference can be made to each African country where possible)
* Strategic planning in human resource management

**Learning Objectives:**

1. Fellows will be able to identify and define the main concepts in human resources management.
2. Fellows will be able to describe how effective human resource management processes add to the success on an organization.

## Lecture 2: Recruitment, placement, evaluation of employees

This lecture will cover the following topics:

* Job analysis and job description
* Recruitment, selection and appointment of staff. What is the process? Who does it? Who is the final appointing authority? How long does it take? What is the source of applicants? What are the challenges in recruitment?
* Training and development of employees, limitations, and challenges
* Performance appraisal systems, their merits and demerits?
* Employee loyalty and retention
* Mentoring and coaching (Fellows might share some living examples of how they were mentored or how they mentored others, or any mentoring plans in their prior experience)

**Learning Objectives:**

1. Fellows will be able to complete a job analysis and job description.
2. Fellows will be able to identify the main steps in effectively recruiting, selecting, and appointing staff.
3. Fellows will be able to discuss why the training and development of staff is essential and describe some of the potential limitations and challenges that are inherent in these processes.
4. Fellows will be able to identify strategies to increase employee loyalty and retention.

## Lecture 3: Employer/employee issues

This lecture will cover the following topics:

* Salary structure, fringe benefits, and employee services
* Ethics, justice, and fair treatment in human resource management
* Labour relations and collective bargaining
* Employee safety and health issues
* Managing HIV AIDS at the workplace: what are the options?

**Learning Objectives**:

1. Fellows will be able to identify key concerns in the ethics of managing human resources in the workplace.
2. Fellows will be able to describe the processes of collective bargaining and consider how it applies to their specific contexts.
3. Fellows will be able to identify three strategies to managing HIV and AIDS in the workplace.

**HUMAN RESOURCE CASE STUDIES**

HR case study 1A**: No HR unit**

Dr Y is a young health professional in Sub-Saharan Africa who has an MPH degree. “Community Care”, a small NGO in the western region of his country has offered her/him the position of Director, to replace the present Director who is retiring. “Community Care” is focused on improving primary care which is a particular interest of Dr Y, so she/he is captivated by the opportunity to implement some of the ideas about community-based health systems. During her/his interviews with the staff of “Community Care” she/he hears that they do not have an HR office or anyone with specific responsibility for dealing with personnel. Also, there is no well-defined set of HR policies. Dr Y has been asked by the governing board of “Community Care” to present her/his plans for the NGO as part of the negotiations with them about the position of Director.

**QUESTIONS**

1. Should Dr Y include a proposal for HR policies and processes in the negotiations?
2. If she/he is going to make an HR proposal, what are the elements that it should include?
3. What resources external to this NGO could be utilized to help them organize an HR plan for “Community Care”?
4. Can the HR needs of Community Care be outsourced? If so, how? Would this be the best way to handle their HR needs?

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| **SUGGESTED ANSWERS FOR INSTRUCTORS**NOTE. These questions are designed to provoke discussion, and there are no “right” answers. The following responses represent comments not answers, and the group may come up with quite different views.1. Should Dr Y include a proposal for HR policies and processes in his/her negotiations?

Absolutely, this is a key management component. Absent some HR policies and processes, the NGO could get into all sorts of trouble.1. If she/he is going to make an HR proposal, what are the elements that it should include?

Since Dr Y is not an HR professional, she/he might wish to bring in an HR expert as a consultant to make some recommendations. However, based on general experience plus common sense, there are several elements that need to be created. These would include a set of HR policies, which might be copied from those existing at other similar entities and customised to their environment. These policies should include a process for hiring, evaluation of employees, promotion and removal of employees, a plan for employee representation, and the like.1. What resources external to this NGO could be utilized to help them organize an HR plan for “Community Care”?

As mentioned above, a short consultation with an external HR expert could be very useful.1. Can the HR needs of Community Care be outsourced? If so, how? Would this be the best way to handle their HR needs?

One key decision is whether or not to hire a staff member to deal with HR issues. If the size of the NGO and its budget permitted, this would likely be the best approach. Alternatively, it might be possible to send an existing employee for training in HR procedures, who would then add this to her/his current job responsibilities. Under these circumstances, it might be wise to contract with a professional HR individual or entity, to provide a reference resource, so that the NGO staff member could get advice when in doubt. Finally, in some countries there are companies that can provide HR services, which can also permit several small organizations to share a single HR worker, thereby reducing the costs while maintaining the expertise. |

HR case study 1B**: Setting the terms of employment**

Dr A is a young health professional who works for a private hospital and clinic in her/his own country. Due to an increasing workload, he/she has asked for two new positions for nurse practitioners to oversee the clinic, with responsibility to triage new patients and oversee the other nurses who are the primary care providers. The manager of the hospital has agreed to create these two new positions and given Dr A the responsibility to fill them. The hospital has an HR staff person and Dr A asks him how to proceed. The HR staff person tells Dr A to write up a proposal that they can discuss before beginning the hiring process.

**QUESTIONS**

1. What items does Dr A need to include in her/his hiring plan? Describe each of the components that should be included for HR discussion.
2. Should Dr A discuss these positions with the current employees of the clinic? Why or why not?

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| **SUGGESTED ANSWERS FOR INSTRUCTORS**NOTE. These questions are designed to provoke discussion, and there are no “right” answers. The following responses represent comments not answers, and the group may come up with quite different views.1. What items does Dr A need to include in his/her hiring plan? Describe each of the components that should be included for HR discussion.

First, a job description is needed. If similar jobs already exist in this health entity, they could be used as a model, but Dr A needs to carefully consider exactly what responsibilities she/he wishes to assign to these new positions.If there is an existing HR program in the health entity, then Dr A needs to discuss with the HR staff person what “grade” to assign these new positions. The grade in turn will determine the salary range that would be available for these positions. The salary of a new employee will fall within that range, and the exact level will be determined by professional education and prior work experience.Another consideration is the existing pay scale for similar jobs at other health entities, particularly those in the same country or locale. To obtain the best available candidates, it is important to offer competitive salary and benefits.The package of employee benefits is likely set for the health entity, and Dr A needs to find out what these are. Benefits would include health insurance, retirement contributions and plan, sick leave, disability plans, workman’s compensation for job-related illness, as well as vacation plans, maternity leave, and others. It is often wise to let the HR office describe these benefits to prospective employees, since they understand the technical specifics.Another consideration is how to advertise the new positions, how to interview candidates, and how to prioritize the applicants. For this purpose, Dr A likely should ask other professional personnel in her organization, including the HR staff person, to interview and make recommendations. There may be a standard application form that the HR office can provide. In addition, for high priority candidates, it would be best to obtain references and to talk directly to these individuals. Sometimes, a conversation with off-the-record comments will elicit important negative information not provided in a written letter. For instance, it may be revealing to ask someone “would you hire this person for your organization.”Another issue is whether or not existing nursing personnel will be permitted or encouraged to apply for these new positions. This could be an important issue, since one aspect of employee satisfaction is the opportunity to be promoted within the workplace.1. Should Dr A discuss these positions with the current employees of the clinic? Why or why not?

This is a sensitive matter. It is probably best to explain the hiring plan to the present staff for several reasons. If Dr A brings the staff together and asks them for their views on how to organize the clinic and what the responsibilities should be for the new recruits, the present staff members will feel included and that they have some “ownership” of the new plan. They may make useful suggestions about the organization of the clinic, and they are more likely to accept the new employees and work with – not against – them. Also, some of the nurses in the clinic may wish to apply for these new positions, so it would be best to include them in the discussions prior to starting the hiring process. Dr A needs to consider carefully how to be fair to any internal applicants relative to external applicants, to avoid hard feelings if he/she recruits external candidates. |

HR case study 2A**: Hiring a new employee**

Dr X is a young health professional with an MPH degree who has recently joined an NGO that is dedicated to improving child nutrition in rural areas of his country. He/she is in charge of a newly-created unit that deals with a specific rural sector of the country. The Director of the NGO has told Dr X that the unit has 3 new unfilled positions. Dr X decides that he/she will need a secretary so he places an ad in the 3 local papers. He/she interviews 6 candidates and then offers the position to one candidate. When this person appears for work, he takes her into the office of the Director to introduce her. The Director asks the new employee to leave the room and upbraids Dr X for his/her mistakes.

**QUESTIONS**

What HR mistakes did Dr X make? How many can you identify?

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| **SUGGESTED ANSWERS FOR INSTRUCTORS**NOTE. These questions are designed to provoke discussion, and there are no “right” answers. The following responses represent comments not answers, and the group may come up with quite different views.What HR mistakes did Dr X make? How many can you identify?* Dr X should have inquired whether there is an HR office in the NGO
* If there is an HR office, then she/he should have consulted with them for instructions regarding hiring process for new employees
* If there are HR policies, then any offers to new employees should conform to those policies
* It is not clear whether Dr X offered a specific salary to the new employee, but – if so – this should have been determined by a job classification with corresponding salary ranges
* It is not clear whether Dr X explained the fringe benefits, vacation, sick leave, and the like, all of which would be determined by the HR policies of his NGO
* Most HR policies will bring new employees on for a probationary period (perhaps 3-6 months) so that either the employer or employee can terminate the relationship without sanctions in case the new employee doesn’t work out or is dissatisfied with her/his new position
* When Dr X was hired her/himself, the NGO should have explained their HR policies and introduced him to the HR office as part of his hiring process; if that was done and he ignored that information, then there would be some question about Dr X’s management skills
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HR case study 2B**: Evaluating employee performance**

B is a nurse with a masters’ degree in nutrition who has recently been hired to oversee a nutritional program operated by the District health centre in a rural section of her country. There are 10 employees in the section that runs the nutritional program, including an assistant to B, two clerks, and 7 field workers. After B has been employed for 6 months, he/she receives a note from the HR office of the District health centre that he/she should submit an evaluation of the performance of each of her/his employees, which is a routine annual requirement. Based on her experience with her/his staff, B believes that 3 of them are outstanding, 5 of them are acceptable, and two are marginal, in regard to their work performance. However, this is just his/her impressions and there are no records to support these impressions.

**QUESTIONS**

1. How should B develop the requested performance evaluations?
2. What are the essential elements in a performance evaluation?
3. Should B have been keeping records about performance of her employees? If so, what kind of records?
4. How can the District health centre insure that performance evaluations are fair, impartial, and equitable?

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| **SUGGESTED ANSWERS FOR INSTRUCTORS**NOTE. These questions are designed to provoke discussion, and there are no “right” answers. The following responses represent comments not answers, and the group may come up with quite different views.1. How should B develop the requested performance evaluations?

Assuming that the District health centre has an HR department, they should provide a standard form that is used for performance evaluations. This form would be submitted to each employee to complete certain sections and then the supervisor would have certain sections to complete. Usually, there is a requirement that supervisor and employee meet to review the form, negotiate any questions, and both then sign off on the form, which is submitted to the HR office.1. What are the essential elements in a performance evaluation?

To provide some objective basis for performance, it is important to start with the job description. The employee has a right to know what they are expected to do and what specific tasks will be included in their evaluation. However, there are a number of intangibles in performance that are rather subjective. One is creativity in completing assigned tasks, a second is initiative (being a “self starter”), a third is working well with other employees, a fourth is leadership, a fifth is reliability, and there may be other aspects of performance.1. Should B have been keeping records about performance of her employees? If so, what kind of records?

It may be too time-consuming to keep records on all one’s employees. However, if an employee is not performing well, then it is particularly important to keep some record of specific problems as they occur. Also, it’s important to talk to such employees, so that there is a clear record that they have been warned about dissatisfaction with their performance. It probably is wise to consult the HR staff about any unsatisfactory employees to get their advice on these issues, as soon as one thinks that there is a problem. This is particularly true if there is a possibility of termination for cause.1. How can the District health centre insure that performance evaluations are fair, impartial, and equitable?

This is not easily done. Using a standard evaluation form is an important part of a fair evaluation system. Also, it is important to be sure that each employee understands and agrees with their job description so that the employee has a clear understanding of what their supervisor expects. Also, it would be useful to indicate to employees what are the most common attributes associated with an outstanding performance, and the most common causes of a poor performance. Another source of objectivity is to have more than one supervisor evaluate each employee, if this is consistent with the organization of the workplace. |

HR case study 3A: **Request for salary increase**

Dr C is in charge of a Government-run outreach program dedicated to reduction of mother-to-child transmission of HIV. He/She has a group of 20 field workers who are assigned to antenatal clinics, where they conduct voluntary counselling and testing, with follow up for HIV + pregnant women. One of her/his best field workers asks him/her for an increase in salary of 30%, because she has been offered a job with a higher salary in another NGO doing similar field work, in a program to control tuberculosis. The employee says that she does not want to change jobs but cannot afford to decline this offer. She also says that the salary that she has been offered at the other NGO is similar to the salary that they pay all their field workers in this job category.

**QUESTIONS**

1. How should Dr C handle this request?
2. Whom should she/he consult in her/his workplace?
3. What options does she/he have?

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| 1. How should Dr C handle this request?

With care, diplomacy, and consultation, as described below. This is a challenging problem.1. Whom should he/she consult in his/her workplace?

A Government program will have an HR office and Dr C has to consult the staff of this office. If the HR staff tells her/him that there is nothing that can be done, Dr C may be put into a position where her/his program is in jeopardy because the Government salary standards are not competitive with private not-for-profit NGOs that have similar positions.1. What options does she/he have?

There are several options. One option is to promote this excellent worker to a higher grade with additional responsibilities, perhaps to oversee co-workers at several antenatal clinics. Of course, this could cause morale problems with other members of her field staff.Another option is to upgrade the field worker jobs to a higher grade with an increase in salary for all the staff doing similar jobs. This could push the budget for her unit over its planned level. So such a move would require Dr C to consult with his/her superiors. The discussion here could include an assessment of competitive remuneration between Government pay scales and those of private NGOs. It may turn out that the Government positions offer certain “offsets” such as “permanent” employment and a better retirement plan and health benefits than those provided by the NGOs in the same field. So total remuneration, including benefits, needs to be considered in such a comparison. If the offsets provided by Government employment are substantial, Dr C may be able to persuade her field workers to accept a lower salary in return.Finally, as a last resort, Dr C could him/herself threaten to leave her current position, unless her/his present supervisor agrees to some remediation plan that would help to retain excellent staff workers. But this is an option of last resort and could be very counter-productive. |

HR case study 3B**: Dealing with a difficult employee**

You are a manager of a research project on a very important topic which is awaited by the Ministry of Health to make a decision on and to ensure funding from the Global fund. Furthermore, you are working against a tight deadline. You have collected data on this project and you are now at a stage where data have to be inputted into the computer for analysis. You have this very skilled and meticulous data entry clerk who has a pattern of not coming to work on Mondays and Tuesdays and shows up Wednesdays. He always claims that he was not well and had to see a doctor and always has a sick leave report which attests to the fact that he was not well.

**QUESTIONS**

1. What steps would you would take in order to address this matter?
2. Do you think this data entry clerk is a candidate who should be dismissed and why?
3. What strategies do you think your organization has that will ensure that situations of this kind are well dealt with?
4. What do you have to do to motivate staff under your supervision?

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| **SUGGESTED ANSWERS FOR INSTRUCTORS**NOTE. These questions are designed to provoke discussion, and there are no “right” answers. The following responses represent comments not answers, and the group may come up with quite different views.1. What steps would you would take in order to address this matter?

What are the facts? Who has signed the sick leave report? How do you know it’s not forged? Can you ethically or legally contact the doctor to determine if she/he knows about these sick leave reports? It seems unlikely that most legitimate practitioners would knowingly be party to what looks like malingering. Since the Ministry likely has both an HR unit and a legal counsel, should you consult them for advice?More immediate, is the question how to get the data inputted in a timely fashion. With little time to spare, you likely would have to turn to other staff persons for temporary immediate help to get over this short term crisis.1. Do you think this data entry clerk is a candidate who should be dismissed and why?

This is a matter that should be referred to your HR unit within the Ministry. Likely, the first step would be to ascertain the facts underlying this pattern of sick leave. If the clerk has been malingering, it is likely that this is justification for dismissal. However, more compassionate options might be considered. For instance, if the clerk is an alcoholic (and this pattern is typical of some alcoholic individuals) he might be put on administrative leave without pay until he has been rehabilitated.1. What strategies do you think your organization has that will ensure that situations of this kind are well dealt with?

In an organization such as a Ministry, there would be an HR unit that would/should deal with problems of this type. It could be asked why wasn’t this situation referred to HR long before this crisis erupted? The HR unit would then have had to determine the facts here. They might begin by interviewing the clerk or they might begin by investigating the weekly sick leave reports. The HR unit certainly should encourage employees and supervisors to seek their help and advice in situations of this type, in confidence, and early before a problem festers.1. What do you have to do to motivate staff under your supervision?

It doesn’t appear that this situation is necessarily a matter of motivation. If the clerk was acting this way out of sheer brazen effrontery, and was malingering out of spite, it seems unlikely that her/his performance would be so excellent when he was working. It could be that the clerk has a health or behavioural problem, such as alcoholism. So our instinct is to get to the bottom of the facts in the case, and then consider a course of action. |

HR case study 4A: **Maintaining employee morale**

You are working for the Ministry of Health and you are the director of a unit that develops policies for the Ministry. You have 15 employees in your unit, at various levels and types of expertise. One day the Director of HR for the Ministry calls you in and tells you that she has received a number of complaints from your staff about morale in your unit. Also, she tells you that the number of sick days used per person is the highest of any unit in the Ministry, which is sometimes a surrogate for low morale. The HR director says that when she asked about specific complaints, they included a lack of collaboration and collegiality among the workers in your unit, competition among different members of the unit, a lack of “team spirit”, and the perception that good work was not given adequate recognition. Also, there was a complaint that the reports issued by your unit did not recognize the authors of those reports or staff who assembled the data or did the analyses that were included in the reports.

**QUESTIONS**

1. How do you handle this situation?
2. Do you seek advice and from whom?
3. Do you discuss this problem with your staff members?
4. What steps can you take to improve morale?

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| **SUGGESTED ANSWERS FOR INSTRUCTORS**NOTE. These questions are designed to provoke discussion, and there are no “right” answers. The following responses represent comments not answers, and the group may come up with quite different views.1. How do you handle this situation?

See comments below.1. Do you seek advice and from whom?

It sounds like you need advice from the HR staff, experts who have handled this type of problem many times before, and hopefully would give you some useful advice. Also, if you have a mentor or senior colleagues in whom you can confide, you might ask them for their advice.1. Do you discuss this problem with your staff members?

It could be very useful to bring your staff together and share your concerns about what you have heard. Alternatively, you might choose to talk to individual staff members separately, particularly if part of the problem is friction between various staff members. There may be some individuals with whom you have a comfortable relationship or whom you trust and you might wish to talk with them individually. You could seek several types of suggestions, ideas that are “neutral” and are often mentioned, and comments about personal conflicts between staff members, which are a different kind of problem. But in some way, you need to invoke the help from at least some of your staff members to improve this situation.1. What steps can you take to improve morale?

Of course this will depend upon what you hear and your views about the nature of the morale problems. Among others, the following might be relevant. First, providing recognition to individual staff members for their contributions to individual reports, including authorship, opportunities to present reports internally, and also opportunities to attend professional meetings and make presentations, as well as authorship on publications. Recognition of various types is often very important to staff members.Second, it may be useful to consider how individual projects are organized within your unit. It is important to define the team members for each project, what each person’s responsibility is, what are the timeline for individual assignments, and who leads each team effort?Third, if your information indicates that there is “bad chemistry” between two specific individuals in your unit, you may need to talk to each of them separately, and perhaps – eventually – together. You might need to invoke help from HR staff to participate or to advise on such delicate issues.Fourth, you might wish to consider some group “play” activities, to engender group morale. Although this is a bit artificial, it can have a positive impact in some situations.Fifth, if there are issues about compensation or promotion, these need to be considered. It may or may not be possible to deal with these issues. |

HR case study 4B**: Striking for benefits**

In April, 2011, the Botswana public service was engulfed by a nationwide strike by public service employees. The employees wanted the government of Botswana to increase salaries by 16%. Negotiations were undertaken but no suitable agreement was reached between the main public servants’ union [BOFEPUSO] and the Government. The Government of Botswana believed that 16% was rather too high considering that the country was experiencing an economic recession and could not afford this large a raise in salaries. The Government instead proposed a conditional 5% in September after it had evaluated the situation. The Unions did not accept this proposal and they went out on strike. The striking personnel included all sectors. Among these were nurses, doctors, and other health personnel.

According to the labour laws in Botswana, health workers are regarded as essential service workers, meaning that the services they provide are very crucial to human life. Under the law, they are forbidden to participate in a strike that would jeopardize the lives of patients under their care. This notwithstanding the health care workers joined the strike. Realizing that these health care workers were persistent strikers, the Directorate of Public Service Management took them to court. The court ruled that all essential workers should stop participating in the strike and should go back to work. Some health workers went back to work but others further joined the strike in solidarity with those who were being ordered to back to work. Consequently government had no choice but to expel all those essential workers who did not return to work after the court order. This further worsened the lives of those workers who were expelled from the civil service; they had to reapply for their positions and some failed to get re-employed. Many were left without any employment because their positions were no longer available.

This strike actually caused a lot of harm for both sides. Both parties ended up losing since the unions had to accede to 3% increase which was far less than what the Government had originally offered. On the other hand, the government also lost because services were at standstill and the economic downturn was deepened since the unemployment rate rose.

**QUESTIONS**

1. Imagine yourself being the Chief Executive of a health institution, what would you have done to mitigate the strike?
2. What would you do to have avoided the strike as a manager of the institution?
3. How would you have assisted both parties, that is government and the unions, so that they end up with a win-win situation rather than a lose-lose situation which was the case?
4. Outline future strategies that should be put in place to avoid future strikes because this strike has shown that the problems were not resolved and cannot be resolved through strikes.
5. All public servants ended up with 3% increase, which also benefited the high ranking government officers. Some of these leaders were negotiating with unions on behalf of the Government. If you were an ethical CEO would you also take the 3% raise, considering that some striking health workers had now lost their jobs?

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| **SUGGESTED ANSWERS FOR INSTRUCTORS**NOTE. These questions are designed to provoke discussion, and there are no “right” answers. The following responses represent comments not answers, and the group may come up with quite different views.1. Imagine yourself being the Chief Executive of a health institution, what would you have done to mitigate the strike?

This scenario is outside the usual scope of HR responsibilities, since it involves the national Government of a country and national unions. Having said that, in many countries there are laws that regulate bargaining between the Government and its employees. Those regulations usually begin with a plan for negotiation, but if negotiations fail, then the laws sometimes invoke “binding arbitration” conducted by an external expert or group of experts in negotiation. Both sides must agree to abide by the recommendations of the arbitration process. Failure to follow the “laws of the land” by either side could then lead to criminal prosecution and sanctions.1. What would you do to have avoided the strike as a manager of the institution?

I am not sure that managers at the local level could do much, since this was a national issue that pre-empted the authority of local managers. However, if the local institution was a health entity so that employees were bound not to strike by national law, the manager could have consulted with the involved staff and attempted to conciliate them and persuade them not to strike on the basis of their responsibilities for their patients. The manager could also have made clear to his/her employees that they might well forfeit their jobs if they went out on strike, since striking was in violation of national law.1. How would you have assisted both parties, that is government and the unions, so that they end up with a win-win situation rather than a lose-lose situation which was the case?

I don’t believe that local managers could do much, since this issue was “above their pay grade”. However, they could offer to provide assistance to those in the Government who were leading the negotiations. Also, they could have informal discussions with their own employees to see – at the local level – what might be acceptable to their employees. That could have been useful input for the Government officials conducting the negotiations.1. Outline future strategies that should be put in place to avoid future strikes because this strike has shown that the problems were not resolved and cannot be resolved through strikes.

As mentioned above, a sovereign nation needs to have laws that govern the rules and regulations for Government employees. I am not sure if the problem here was inadequate laws or inadequate implementation of the laws. Furthermore, there is an unwritten “social contract” under which citizens of a country agree to abide by the laws of the land. If government employees – who are also citizens – refuse to accept this “social contract” and refuse to abide by the laws, then the system breaks down, leading to a lose-lose outcome, as happened in this instance. If the situation is moving in that direction, then the President and other political leaders need to get on their “bully pulpit” and exhort the Government employees to recognize their responsibilities as citizens. When that fails, then a lose-lose outcome is almost inevitable.1. All public servants ended up with 3% increase, which also benefited the high ranking government officers. Some of these leaders were negotiating with unions on behalf of the Government. If you were an ethical CEO would you also take the 3% raise, considering that some striking health workers had now lost their jobs?

That’s an unfair question. If the CEO behaved in an honest and ethical way during this stormy period, there is no particular reason why he/she should be penalized for the lose-lose outcome. One can argue that the decision to provide a 3% increase should have been tiered so that the lowest paid employees received a higher increase, which was stepwise decreased with increasing level of pay. If the CEO had any input into this national decision, he/she could have suggested alternatives to a 3% across the board proposal. But such a decision was not the responsibility of the individual CEO and they should not feel that they have an ethical obligation to “correct” the “errors” of those who set the pay raise plan.  |

**REFERENCES**

Armstrong S, Mitchell B. The essential HR handbook. Career Press, Pompton Plains, NJ, 2008. About $15 used from Amazon.com.

 A small concise paperback that is a useful reference if you are faced with HR responsibilities.

# BUDGET MANAGEMENT

This part of the module will give you an introduction to the basics of budget management. Depending upon your work situation, you may or may not be responsible for your budget. If you are in charge of a small unit, you may have to manage the budget yourself. If you are in a larger unit, there may be a staff member who is responsible for overseeing the finances. Whatever your situation, it is important to understand your budget and to assert some control over it. If you let someone else control your budget, you may find that they are also making some of the decisions that you should be making, simply by deciding how to spend your resources. When negotiating for a new position, it is appropriate to ask questions about budget, such as: can you see it? Do you have a place at the table when the budget is planned? What control do you have over budget decisions?

This section of the module will introduce (or review) a number of issues, such as

How to plan a budget?

How to construct an Excel spreadsheet for your budget

How to present your budget as part of the plans for your administrative unit

How to monitor expenditures and avoid cost overruns

How to fix problems with your budget

How to construct a budget for a grant or contract application

How to prepare a budget justification

Post award grant budget negotiation (hints)

Budget shifts redirection (practical clues)

**Learning Objectives:**

1. Fellows will be able to apply basic principles when creating a budget.
2. Fellows will be able to use excel to create a budget.
3. Fellows will be able to evaluate a budget and select appropriate strategies to manage cost overruns and fix problems.
4. Fellows will be able to outline the steps to constructing a budget for grant or contract applications.

# LECTURES ON BUDGET MANAGEMENT

There will be three lectures on budget management.

**Lecture 1: General principles of budget management**

This lecture will cover topics such as

* The role of the budget in managing a program
* What you should know about your budget
* Who controls budget decisions
* The budget as a surrogate for program control
* Strategic budget management
* Budget shifts and redirections
* Budget negotiations (post award)

**Learning Objectives:**

1. Fellows will list three roles budgets can play in program management.
2. Fellows will identify the individuals involved in budget management.
3. Fellows will describe how to shift budget management if required by program management issues.

**Lecture 2: How to construct a budget and present it**

This lecture will cover topics such as

* Excel spreadsheet basics
* How to structure your budget
* How to justify items in the budget
* How to present the budget as part of your program
* Budgeting for Indirect costs/Overheads

**Learning Objectives:**

1. Fellows will create an excel spreadsheet for the purposes of managing a budget.
2. Fellows will list key considerations when structuring a budget.
3. Fellows will create a budget presentation using powerpoint.

**Lecture 3: How to track a budget and trouble shoot budget problems**

This lecture will cover topics such as

* How to set up a tracking system
* How to control expenditures and their authorization
* How to anticipate cost overruns and make corrections
* How to troubleshoot budget problems
* Budget variance analysis/reports
* Budget and exchange rates/inflation

**Learning Objectives:**

1. Fellows will describe the steps necessary to set up a tracking system.
2. Fellows will list three strategies that will allow them to control budget expenditures.
3. Fellows will list and explain three strategies that will allow them to identify and manage potential budgeting problems.

# BUDGET MANAGEMENT CASE STUDIES

NOTE. In some instances there are two case studies (A and B) and in others a single case study.

Budget management case 1A**: How to use Excel, the basics**

Excel is the Microsoft Office spreadsheet. You need to have a beginner’s level of competence in Excel to do the case studies that will be presented in this part of the module. If you use Excel and believe that you have reached at least the beginner’s level of competence, you will probably not need to use this tutorial. If you have not used Excel before, we suggest that you go through a beginner’s tutorial.

Microsoft provides such a tutorial at

* [http://office.microsoft.com/en-us/Excel-help/basic-tasks-in-Excel-2010-HA101829993.aspx?CTT=5&origin=HA010370218](http://office.microsoft.com/en-us/excel-help/basic-tasks-in-excel-2010-HA101829993.aspx?CTT=5&origin=HA010370218)
* which can be accessed in Google by typing in the request box

“basic tasks in Excel 2010”

Another Excel tutorial is

1. [http://people.usd.edu/~bwjames/tut/Excel/](http://people.usd.edu/~bwjames/tut/excel/)

Budget management case 1B: **Developing a budget using Microsoft Excel**

You have just been hired to plan and operate a new unit within an NGO that is focused on AIDS prevention. Your unit will work in 4 antenatal clinics in a small city in your country, where your employees will be administering a counselling and testing service for pregnant women coming to the clinic. You have been told that your unit will have an annual budget of $250,000. You have been requested to develop a plan and budget for your new unit, and to present the budget as an Excel spreadsheet. Your team needs to set up the spreadsheet, and make the decisions what items need to be included in the budget and how much each of them will cost. You will be asked to present the budget, to explain it, to justify it, and to answer any questions that may be asked. The presentation will be made to the Director of the NGO, his senior staff, and the heads of other existing sections in the NGO. You need to prepare a spreadsheet that will be printed out for each member of the review group.

**QUESTIONS**

1. What plans do you need to make for your new unit prior to planning a budget?
2. What components need to be included?
3. How do you decide how much to budget for each one?
4. Can you fit the costs of operating your new unit within the budget total provided?
5. If you think you will need less than the amount suggested, what do you do? If you think you will need more than the amount provided, what do you do?

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| **SUGGESTED ANSWERS FOR INSTRUCTORS**NOTE. These questions are designed to provoke discussion, and there are no “right” answers. The following responses represent comments not answers, and the group may come up with quite different views.1. What plans do you need to make for your new unit prior to planning a budget?

First, you will need to define the responsibilities and activities of the new unit. To do this you would probably need to consult with the directors of the 4 antenatal clinics, to be sure that what you are planning is well coordinated with the other activities of these clinics, and that you have “buy in” from the clinic directors.Also, you will need to determine whether your unit will be responsible for the care of HIV-positive pregnant women, or whether that will be the responsibility of the antenatal clinic, once you have identified these patients.1. What components need to be included?

The activities of your unit will determine what personnel you will need at each clinic, as well as at the NGO. In addition, you will need to plan for a record-keeping system, both to follow patients and to produce reports of your activities for your NGO and for the antenatal clinics. You may be asked to determine the cost-effectiveness of your unit, so it would be wise to consider what data you would need for that purpose. Record keeping may best be built on existing record-keeping programs within your NGO or the antenatal clinics. You may need help from the IT (information technology) staff within the NGO, if it has an IT staff.The new unit will need some equipment, depending on what is provided by the NGO or antenatal clinics. In addition, there will be various supplies, such as HIV diagnostic kits. 1. How do you decide how much to budget for each component of your program?

Here you will need to consult with both the HR section of your NGO and the directors of the antenatal clinics, to determine appropriate classification and remuneration for your new staff members. The cost of supplies and of rental of space or equipment will also require some homework.1. Can you fit the costs of operating your new unit within the budget total provided?

That will be determined by the budget plan that you develop.1. If you think you will need less than the amount suggested, what do you do? If you think you will need more than the amount provided, what do you do?

Probably, the best approach is to draft a budget and then discuss it with the Director of your NGO. There are many variables that will need discussion and negotiation, based both on budget issues and on the division of responsibilities between your NGO, your own unit, and the antenatal clinics.For your presentation to the senior staff of the NGO, you may wish to present a plan with several options for selected aspect s of your work plan and budget, rather than try to “sell” a single option. This strategy can convert a potential confrontation into a consultation.Below is a draft budget, set up on a spreadsheet and then copied as a table into this Word document. |

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| **DRAFT BUDGET FOR THE HIV UNIT (ANNUAL)** |
| **GENERAL CATEGORY** | **ITEM** | **BUDGET ($ US)** | **SUBTOTALS** |
| **PERSONNEL: REMUNERATION INCLUDES FRINGE BENEFITS** | **UNIT DIRECTOR** | **40,000** |  |
|  | **COORDINATOR AND DATA MANAGER** | **30,000** |  |
|  | **CASE WORKER AND HIV TESTER** | **25,000** |  |
|  | **CASE WORKER AND HIV TESTER** | **25,000** |  |
|  | **CASE WORKER AND HIV TESTER** | **25,000** |  |
|  | **CASE WORKER AND HIV TESTER** | **25,000** | **170,000** |
|  | **IT CONSULTANT WITHIN NGO** | **0** |  |
|  |  |  |  |
| **CURRENT EXPENSES** | **OFFICE SPACE IN NGO** | **0** |  |
|  | **RENT FOR CONSULTING ROOM IN EACH ANTENATAL CLINIC: 4 @ $1,000** | **4,000** |  |
|  | **TEST KITS FOR HIV DIAGNOSIS: 5000 @ $1** | **5,000** |  |
|  | **ANNUAL RENTAL: LAPTOP COMPUTER FOR EACH ANTENATAL CLINIC AND FOR UNIT OFFICE: 6 @ $500** | **3,000** |  |
|  | **OFFICE EQUIPMENT: ANNUAL RENTAL** | **1,500** |  |
|  | **CELL PHONES FOR ALL STAFF: 6 ANNUAL CONTRACTS @ $500** | **3,000** |  |
|  | **TRAVEL EXPENSES FOR ALL STAFF** | **3,000** | **19,500** |
|  |  |  |  |
| **SUBTOTAL** |  |  | **189,500** |
|  |  |  |  |
| **CONTINGENCY (5% OF SUBTOTAL BUDGET)** |  |  | **9,475** |
|  |  |  |  |
| **GRAND TOTAL** |  |  | **198,975** |
|  |  |  |  |

Budget management case 2**: Tracking your budget expenditures in real time**

You have been given a green light to launch your new unit described in Budget management case 1B, and you have recruited staff and begun operations. The Director of the NGO, who is your boss, has told you (among other things) that it is your responsibility to be sure that your unit operates within the allocated budget. You need to be able to follow the expenditures of your unit on a regular basis to determine whether you are operating within budget. The budget you need to follow is tabled below

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| **DRAFT BUDGET FOR THE HIV UNIT (ANNUAL)** |
| **GENERAL CATEGORY** | **ITEM** | **BUDGET ($ US)** | **SUBTOTALS** |
| **PERSONNEL: REMUNERATION INCLUDES FRINGE BENEFITS** | **UNIT DIRECTOR** | **40,000** |  |
|  | **COORDINATOR AND DATA MANAGER** | **30,000** |  |
|  | **CASE WORKER AND HIV TESTER** | **25,000** |  |
|  | **CASE WORKER AND HIV TESTER** | **25,000** |  |
|  | **CASE WORKER AND HIV TESTER** | **25,000** |  |
|  | **CASE WORKER AND HIV TESTER** | **25,000** | **170,000** |
|  | **IT CONSULTANT WITHIN NGO** | **0** |  |
|  |  |  |  |
| **CURRENT EXPENSES** | **OFFICE SPACE IN NGO** | **0** |  |
|  | **RENT FOR CONSULTING ROOM IN EACH ANTENATAL CLINIC: 4 @ $1,000** | **4,000** |  |
|  | **TEST KITS FOR HIV DIAGNOSIS: 5000 @ $1** | **5,000** |  |
|  | **ANNUAL RENTAL: LAPTOP COMPUTER FOR EACH ANTENATAL CLINIC AND FOR UNIT OFFICE: 6 @ $500** | **3,000** |  |
|  | **OFFICE EQUIPMENT: ANNUAL RENTAL** | **1,500** |  |
|  | **CELL PHONES FOR ALL STAFF: 6 ANNUAL CONTRACTS @ $500** | **3,000** |  |
|  | **TRAVEL EXPENSES FOR ALL STAFF** | **3,000** | **19,500** |
|  |  |  |  |
| **SUBTOTAL** |  |  | **189,500** |
|  |  |  |  |
| **CONTINGENCY (5% OF SUBTOTAL BUDGET)** |  |  | **9,475** |
|  |  |  |  |
| **GRAND TOTAL** |  |  | **198,975** |

**QUESTIONS**

1. Whom should you consult for advice
2. Can you set up a system to track the expenditures on a monthly basis?
3. Who in your unit will be responsible for this process?
4. If it appears that there is an over-expenditure in the monthly budget reports, how will you respond?

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| **SUGGESTED ANSWERS FOR INSTRUCTORS**NOTE. These questions are designed to provoke discussion, and there are no “right” answers. The following responses represent comments not answers, and the group may come up with quite different views.1. Whom should you consult for advice

If there is a chief financial or operating officer in your NGO, you could ask her/him for advice. Perhaps the NGO has a well-established system for tracking expenditures, which you could or should use.1. Can you set up a system to track the expenditures on a monthly basis?

If you have to set up your own system, then there are several points to keep in mind. First, you can divide your budget into two major components, personnel and everything else. If your NGO has a reliable payroll system, you can assume that your staff will be paid on a regular basis, and you can project the payroll expenditures for the whole year right at the start. You don’t need to follow these on a monthly basis, unless there are changes in personnel during the year.Other expenditures can be divided into those that are “one off” and those that are recurring. The “one off” expenditures need to be tracked on an annual basis. For instance, if you have budgeted for equipment, you then need to determine if those annual expenditures are consistent with your planned budget. On the other hand, recurring expenditures, such as for staff travel, need to be followed monthly.For recurring expenses, you can compare the monthly projected expenditures with the actual monthly expenditures.You will need to establish a process where all expenditures get reported to a person within you unit, or perhaps to a budget clerk in the NGO who is not part of your unit. This person will then need to prepare a monthly report to review with you. The NGO may already have a process to do this.1. Who in your unit will be responsible for this process?

As noted above, this could be a budget person in the NGO outside your unit or someone in your unit. It is possible that you will have to take on this task yourself.1. If it appears that there is an over-expenditure in the monthly budget reports, how will you respond?

By following the budget each month, you will be aware if some element of your budget is being over-expended before it is too late to make a course correction. There are several options. You may need to “dig into” the details of the over-expended item, to determine whether or not it could be reduced going forward. If there are parts of the budget that are under-expended, you may need to re-allot funds within your budget. Finally, if all else fails, you have the contingency item within your budget. |

Budget management case 3A**: Powerpoint presentation of your budget**

You have just been hired to plan and operate a new unit within an NGO that is focused on AIDS prevention. Your unit will work in 4 antenatal clinics in a small city in your country, where your employees will be administering a counselling and testing service for pregnant women coming to the clinic. You have been told that your unit will have an annual budget of $250,000. You have been requested to develop a plan and budget for your new unit, and to present the budget as an Excel spreadsheet. Your team needs to set up the spreadsheet, and make the decisions what items need to be included in the budget and how much each of them will cost.

Once you have made a plan for your new unit, you are asked to make a powerpoint presentation of your plans. You will be asked to present the budget, to explain it, to justify it, and to answer any questions that may be asked. The presentation will be made to the Director of the NGO, his senior staff, and the heads of other existing sections in the NGO. You need to prepare a powerpoint presentation that can be completed in 20 minutes with no more than 15 slides. The basis for the powerpoint presentation will be the table shown below.

**QUESTIONS**

This exercise should be presented as a powerpoint within the boundaries described above

1. What are you trying to accomplish in your presentation?
2. What is the sequence of points that you wish to make?
3. What questions do you anticipate? Can you handle these in the presentation?
4. How will you present the budget in a format that can be read on the screen?
5. How will you keep the audience interested? And convinced?

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| **DRAFT BUDGET FOR THE HIV UNIT (ANNUAL)** |
| **GENERAL CATEGORY** | **ITEM** | **BUDGET ($ US)** | **SUBTOTALS** |
| **PERSONNEL: REMUNERATION INCLUDES FRINGE BENEFITS** | **UNIT DIRECTOR** | **40,000** |  |
|  | **COORDINATOR AND DATA MANAGER** | **30,000** |  |
|  | **CASE WORKER AND HIV TESTER** | **25,000** |  |
|  | **CASE WORKER AND HIV TESTER** | **25,000** |  |
|  | **CASE WORKER AND HIV TESTER** | **25,000** |  |
|  | **CASE WORKER AND HIV TESTER** | **25,000** | **170,000** |
|  | **IT CONSULTANT WITHIN NGO** | **0** |  |
|  |  |  |  |
| **CURRENT EXPENSES** | **OFFICE SPACE IN NGO** | **0** |  |
|  | **RENT FOR CONSULTING ROOM IN EACH ANTENATAL CLINIC: 4 @ $1,000** | **4,000** |  |
|  | **TEST KITS FOR HIV DIAGNOSIS: 5000 @ $1** | **5,000** |  |
|  | **ANNUAL RENTAL: LAPTOP COMPUTER FOR EACH ANTENATAL CLINIC AND FOR UNIT OFFICE: 6 @ $500** | **3,000** |  |
|  | **OFFICE EQUIPMENT: ANNUAL RENTAL** | **1,500** |  |
|  | **CELL PHONES FOR ALL STAFF: 6 ANNUAL CONTRACTS @ $500** | **3,000** |  |
|  | **TRAVEL EXPENSES FOR ALL STAFF** | **3,000** | **19,500** |
|  |  |  |  |
| **SUBTOTAL** |  |  | **189,500** |
|  |  |  |  |
| **CONTINGENCY (5% OF SUBTOTAL BUDGET)** |  |  | **9,475** |
|  |  |  |  |
| **GRAND TOTAL** |  |  | **198,975** |
|   |   |   |   |

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| **SUGGESTED ANSWERS FOR INSTRUCTORS**NOTE. These questions are designed to provoke discussion, and there are no “right” answers. The following responses represent comments not answers, and the group may come up with quite different views.1. What are you trying to accomplish in your presentation?

To convince your audience (your evaluators) that you have a credible plan, from every possible perspective1. What is the sequence of points that you wish to make?

The need for MTCT intervention at the 4 clinics; with data on the number of cases each month; the intervention plan; the resources needed to mount the plan; the proposed use of the available budget; with semi-quantitative projections wherever possible1. What questions do you anticipate? Can you handle these in the presentation?

Will your team be able to handle the work? Do they have the competence? Can they handle the workload? Who will oversee them to be sure that they are performing up to goals? Will there be budget overruns? What is the cost effectiveness projection (cost per years of life saved)?1. How will you present the budget in a format that can be read on the screen?

An example is shown below.1. How will you keep the audience interested? And convinced?

The trick here is many visuals, either graphs, tables, pictures, but very few “bullet” slides (fewer than 1 in 3). Pictures of your clinic sites, of prospective patients (with their prior approval), of prospective staff. |

This is the table simplified and reworked in for improved communication in powerpoint.

|  |
| --- |
| ANNUAL DRAFT BUDGET FOR THE HIV UNIT |
| ITEM | BUDGET($1000s US) |
| UNIT DIRECTOR | 40 |
| COORDINATOR AND DATA MANAGER | 30 |
| 4 CASE WORKERS | 100 |
| CURRENT EXPENSES | 20 |
| TOTAL | 2009 |

Budget management case 3B**: Fixing a budget problem**

You are a physician and the director for a Government-run ambulatory care clinic that provides primary care to a rural area with about 50,000 inhabitants. Your clinic has facilities for basic care including simple surgery, but for more complicated cases you refer patients to the District hospital which is 50 kilometers away, and is a two hour trip on poorly maintained roads. Your staff includes an administrator who handles many operational issues, including your budget. The rest of your staff consists of 3 nurses, 3 nurse assistants, and one laboratory technician.

The budget for your clinic comes from the Ministry of Health, via the District hospital. Because you are so busy dealing with individual patients and overseeing the rest of the clinic staff, you have left the budget management to your clinic manager.

About half way through your fiscal year, your administrator comes to you with a distraught look on his face and tells you that the clinic is over-expending its budget and he thinks that you will run out of money about 2 months before the end of the year.

**QUESTIONS**

1. What do you do? How do you handle this situation?
2. What information do you need to obtain?
3. What analyses do you need to do?
4. What options do you have?
5. Do you consult anyone for advice? If so, whom?
6. To whom do you report this situation? And when?
7. Could this situation have been avoided? How?

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| **SUGGESTED ANSWERS FOR INSTRUCTORS**NOTE. These questions are designed to provoke discussion, and there are no “right” answers. The following responses represent comments not answers, and the group may come up with quite different views.1. What do you do? How do you handle this situation?

This is a potential crisis that might cost you your job. First rule, don’t panic but think carefully.One decision you have to make is whether or not to report the problem to your superiors, such as the Director of the District Hospital. Likely, this is a good idea, since otherwise you could be accused of failing to report the problem as soon as you became aware of it. Furthermore, you might also request some external help, such as borrowing a senior administrator to help you analyse the problem. Such a move would transfer partial ownership of the problem to the District hospital, and might recruit someone who could be an advocate for whatever remediation can be recommended.1. What information do you need to obtain?

You will need to obtain the proposed budget for the fiscal year and the information about expenditures for the year to date. Also, it would be pertinent to look at the budget for the prior year: was that over-expended? Was that a similar amount to the present year? What accounts for the discrepancy? Until you have the data, you have no idea what the explanation is. For instance, perhaps the budget was over-expended for the prior year, and no one noticed or cared? Perhaps the budget for the present year was cut below that for the prior year and no one informed you? Perhaps there were increased expenditures during the present year in comparison with the prior year? Maybe the problem is that the workload and expenses increased for some legitimate reason that did not imply bad management?1. What analyses do you need to do?

See above1. What options do you have?

It’s difficult to enumerate options since these will depend upon the nature of the problem. Let’s assume that the problem is bad management. It’s possible that the administrator under-budgeted for personnel or for current expenses. In that case, you may have to reduce the size of your staff or try to cut some of the current expenses. Also, you could ask the District hospital to “bail you out” as a partial solution.1. Do you consult anyone for advice? If so, whom?

As mentioned above, it is probably smart to consult your supervisor, ie, the Director of the District hospital. In addition, it might be very wise to bring in an external management person to review the books and provide a neutral and professional opinion. This could shield you against accusations of irresponsibility and mismanagement.1. To whom do you report this situation? And when?

See above.1. Could this situation have been avoided? How?

Clearly, as the director of your unit, you can’t avoid some responsibility for the budget. You should have asked your administrator to review the proposed budget before the fiscal year began, and compared it with the actual expenditures for the prior year, as one way to determine if it appeared to be adequate. Another buffer is a contingency item of 5-10%, either explicit or “hidden”. Furthermore, you could have asked a senior administrator in the District hospital to review your budget before you approved it.In addition, you should have been sure that your administrator had a system to track the budget on a monthly basis, and to give you a monthly report, with particular emphasis on any element of the budget that was being over-expended. |

Budget management case 4**:** **Budget for a grant application**

You are a Professor of Obstetrics and Gynecology at the major hospital situated in the capital city of your country. The Fogarty International Center of the US National Institutes of Health announces a new grant program to train nurse midwives in SubSaharan Africa. The application must be submitted by an established African institution, and offers a maximum of US $500,000 per year for up to 5 years. You have long been concerned about reducing maternal mortality in your country and convinced that this could be best accomplished by training nurses as midwives, so you are enthusiastic about this opportunity. You gather together a team of physicians, nurses, public health experts, and plan to submit an application. For a meeting of this team, you have been asked to draft a proposed budget for the application together with a justification of each component. Using the form pages that follow, prepare a budget and justification.

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| DETAILED BUDGET FOR INITIAL BUDGET PERIODDIRECT COSTS ONLY | **FROM** | **THROUGH** |
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 **List PERSONNEL *(Applicant organization only)***

**Use Cal, Acad, or Summer to Enter Months Devoted to Project**

 **Enter Dollar Amounts Requested *(omit cents)* for Salary Requested and Fringe Benefits**

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| **NAME** | **ROLE ONPROJECT** | **Cal.****Mnths** | **Acad.****Mnths** | **Summer****Mnths** | **INST.BASESALARY** | **SALARYREQUESTED** | **FRINGEBENEFITS** | **TOTAL** |
|  | **PD/PI** |  |  |  |  |  |  |  |
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| SUBTOTALS |  |  |  |
| **CONSULTANT COSTS** |  |
| **EQUIPMENT *(Itemize)*** |  |
| **SUPPLIES *(Itemize by category)*** |  |
| **TRAVEL** |  |
| **INPATIENT CARE COSTS** |  |
| **OUTPATIENT CARE COSTS** |  |
| **ALTERATIONS AND RENOVATIONS *(Itemize by category)*** |  |
| **OTHER EXPENSES *(Itemize by category)*** |  |
| **CONSORTIUM/CONTRACTUAL COSTS** | **DIRECT COSTS** |  |
| SUBTOTAL DIRECT COSTS FOR INITIAL BUDGET PERIOD *(Item 7a, Face Page)* | $ |  |
| **CONSORTIUM/CONTRACTUAL COSTS** | **FACILITIES AND ADMINISTRATIVE COSTS** |  |
| TOTAL DIRECT COSTS FOR INITIAL BUDGET PERIOD  | $ |       |

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| BUDGET FOR ENTIRE PROPOSED PROJECT PERIODDIRECT COSTS ONLY |
| **BUDGET CATEGORYTOTALS** | **INITIAL BUDGETPERIOD*(from Form Page 4)*** | **2nd ADDITIONAL YEAR OF SUPPORT REQUESTED** | **3rd ADDITIONAL YEAR OF SUPPORT REQUESTED** | **4th ADDITIONAL YEAR OF SUPPORT REQUESTED** | **5th ADDITIONAL YEAR OF SUPPORT REQUESTED** |
| **PERSONNEL: *Salary and fringe benefits. Applicant organization only*.** |  |  |  |  |  |
| **CONSULTANT COSTS** |  |  |  |  |  |
| **EQUIPMENT** |  |  |  |  |  |
| **SUPPLIES** |  |  |  |  |  |
| **TRAVEL** |  |  |  |  |  |
| **INPATIENT CARECOSTS** |  |  |  |  |  |
| **OUTPATIENT CARE COSTS** |  |  |  |  |  |
| **ALTERATIONS ANDRENOVATIONS** |  |  |  |  |  |
| **OTHER EXPENSES** |  |  |  |  |  |
| **DIRECT CONSORTIUM/CONTRACTUALCOSTS** |  |  |  |  |  |
| SUBTOTAL DIRECT COSTS***(Sum = Item 8a, Face Page)*** |  |  |  |  |  |
| **F&A CONSORTIUM/CONTRACTUALCOSTS** |  |  |  |  |  |
| TOTAL DIRECT COSTS |  |  |  |  |  |
| TOTAL DIRECT COSTS FOR ENTIRE PROPOSED PROJECT PERIOD | $ |  |
| **JUSTIFICATION. Follow the budget justification instructions exactly. Use continuation pages as needed.** |

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**REFERENCES**

Kemp S, Dunbar E. Budgeting for managers. McGraw Hill, New York, 2003. About $15 from amazon.com.

* An introductory primer on all aspects of budget management.

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