THE ANALYSIS OF THE MONTHLY VARIANCE REPORT (MONITORING AND MANAGING EXPENDITURES PER UNIT/COST CENTRE)

Learning outcome

Learners will be able to use these reports effectively to monitor and control costs in their respective units/cost centres.

Range statement

First-level managers will be able to interpret the printed figures correctly and communicate the results to every member of the unit staff on a consistent basis.

Assessment criteria

(1) Interpreting the staffing costs according to the number and categories of nurse employees who worked in the unit for the past month.

(2) In the case of a positive variance, determining whether the cause was due to:
   • new appointments to posts receiving higher salaries than previous incumbents of these posts
   • additional overtime payments which had to be made
   • hiring of agency staff because of shortages which occurred due to an increased patient workload

(3) Ability to investigate the reason for an increase in expenditure regarding supplies, for example:
   • overall increase in nursing activities, due to higher bed occupancy rates, increased acuity levels
   • changes in clinical procedures and treatments requiring the use of more expensive items than before
   • a new consultant who is using more/different CSSD-packs for his/her procedures
   • incorrect coding of stock issues, wrong cost centre
   • expense code typed incorrectly
   • price changes of supplies

(4) In the case of a positive variance regarding the telephone account, determining whether this is due to:
   • unnecessarily long calls, unwarranted long-distance calls, or too many private calls

(5) Determining whether the budgeted figures for the unit are still the same as at the start of the new financial year.
(6) Determining whether there are new expense categories which were not there before.

(7) Investigating whether the total variance for the cost centre (unit) shifted positively or whether only certain expense categories were involved.

(8) Identifying the possible reasons for negative variances.

Specific outcome

Learners will demonstrate the ability to act appropriately upon the results of the report.

Critical outcomes

Learners will be able to:

• determine whether a slightly positive variance can be left as it is or not

• take appropriate action in the case of a real over-expenditure regarding telephone use

• investigate the reason for new expense categories which were not there before

• determine the pattern or range of the total shift in variances in order to compare it with previous and future reports

• demonstrate the required knowledge about which variance percentages should be closely watched, and which should be acted on regarding hospital policy