

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