



# Compass A Budget Management Solution for Central Government

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# Budget Management for Central Government

## Compass helps government departments to effectively manage:

- Public Expenditure Controls
  - o DEL
  - o AME
  - o Admin / Programme / Capital
  - o Estimates
  - o Voted and Non Voted expenditure
- Planning against objectives and targets
- Monthly management reporting
- Scenario planning
- Variance reporting and financial risk management
- Statutory returns

## Benefits

Improved departmental efficiency through the ability to plan and do analysis

Departmental cost savings which is achieved by automating budgeting, forecasting and consolidation processes

Faster Close “Research shows that departments can achieve a 70% reduction in the time taken to complete planning and forecasting cycles”

“Compass is in complete synchronization with Central government controls, processes and procedures plus the structures used by HM Treasury. This is clearly reflected in the way it has been built.”



# The Need For A Budget Management Solution

Budgeting is vital for achieving high performance and  
finance mastery

Problems with existing budgeting processes

Problems with using excel as a budgeting tool

To meet the aims and objectives outlined by the HMT  
2007 Comprehensive Spending Review

Nature and complexities of Government departments



# Working Example of a Government Department

## The Department for Under 21's

“The following case study aims to show why departments need a Government specific solution for their budgeting”



**Keep children and young people on the path to success**



# The Department for Under 21's

The Department for Under 21's has a set of Departmental Strategic Objectives (DSOs) which are agreed with the HMT for the 2007 Comprehensive Spending Review (CSR07) period.

All Departments must work to their objectives.

One of the Departments for Under 21's objective was as follows: **DSO9: Keep under 21's on the path to success**

I have extracted a number of entries that form part of the plan to achieve this objective. These activities will need to be planned for, forecasts must be made and budgets must be put in place.

- Reduce the percentage of graduates in unemployment (NEET) (PSA)
- More participation in positive activities (Public Service Agreements)
- Reduce the proportion of young people using cocaine (PSA)
- Reduce the number of teenage pregnancies (PSA)
- Reduce the level of knife crime in deprived areas (PSA)



# The Department for Under 21's

In order for this objective **DSO9: Keep under 21's on the path to success** to be achieved a huge amount of planning, forecasting and budgeting is required. We have identified a few potential projects, initiatives and campaigns that would help achieve this objective and thus will need to be allocated money:

- Contributing to the Department for work and pensions by ensuring the Jobcentre Plus division reaches out and supports graduates
- Contributing to the social services department by providing assistance for disadvantaged or problem families
- Contributing to the "say no to drugs" campaign
- Contributing to the recreation department by providing leisure facilities in the form of sports grounds and youth clubs
- Contributing to the police department by providing police patrols to arrest or deter young criminals.
- Contributing to the local NHS services by providing guidance on contraception and safe sex



# Compass

Compass provides a tool to manage a Department's spend, budget and forecasts. The system provides an easy to use budgeting system which holds budgets at both the operational level and at the strategic management level. Budgets outturn and plans can be allocated to departmental objectives and targets and impact of changes to plans modelled at both the operational and strategic level.

Data can come from accounting systems and other data sources to ensure that there is data integrity between Compass and other systems, similarly data and plans from Compass can be loaded into other systems complete with a full audit trail and associated documentation. This allows swift changes to plans that are supported by documentation and available to be interrogated across the organisation.

The system works with the organisations own internal organisation hierarchies as well as providing links to the HM Treasury system for managing public expenditure. This allows departments to plan at the Spending Review level and to relate this to their internal management plans. An additional feature is the ability to assign priority or certainty to budgets which is a handy tool when looking at options to reduce activity and cut programmes.

Risks associated with programmes can be built into the planning and reporting process allowing the Board to make decisions aware of the financial risks.

## Planning for Crises – Swine Flu

Furthermore, aside from ensuring that Departments have an easy-to-use budgeting system for their pre-planned and day-to-day activities the system needs to be able to cope with anomalies and unexpected events such as Swine Flu.

Managing a situation like Swine Flu is highly complicated. Adjustments, re-forecasting, scenario planning all have to be undertaken. With Compass your strategy to incorporate swine flu into your department is made much simpler as you will get answers quicker to important questions such as:

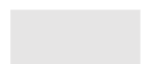
- From which programmes and projects do we take money from and allocate to Swine Flu.
- What will the impact of Swine Flu be on our yearend figures?
- Monitor the impact of swine flu on your organisation



# Features of Compass

- Planning and analysis
  - Budgeting
  - Forecasting
  - Reporting
- Data consolidation
- Communication
- Risk Management
  - Traceability





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