Step 2b – Allocating Budgets

Quick Reference Guide

Allocating Budgets

The Workflow for Step 3 of the Portfolio Management process is as follows:

Prerequisites	Activities	Outcomes
• Steps 1 and 2 Complete • Approved Investments have accurate planned	• Enter the capital and operational budgets allocated to the selected Investments via the Portfolio Workbench (should match Planned amounts at annual planning) • Update the Target amounts as necessary (Targets should match Planned/Budget amounts)	• Budget allocated to Investments for fiscal year

Once all the Investments have been selected and their corresponding Planned amounts have been updated to reflect the approved funding for the coming fiscal year, budgets need to be set. The budget amounts track the approved funding for the year. At the end of annual Portfolio Planning, the planned, budget and target amounts on a Portfolio should all be in balance. As the year begins these amounts may change and can be used to quickly see variance. In Standard Portfolio Management, most of these amounts are fluid throughout the year and display the current amounts. If you want to be able to snapshot these amounts to compare at specific periods, Financial Planning will need to be implemented. Below are when these amounts may change:
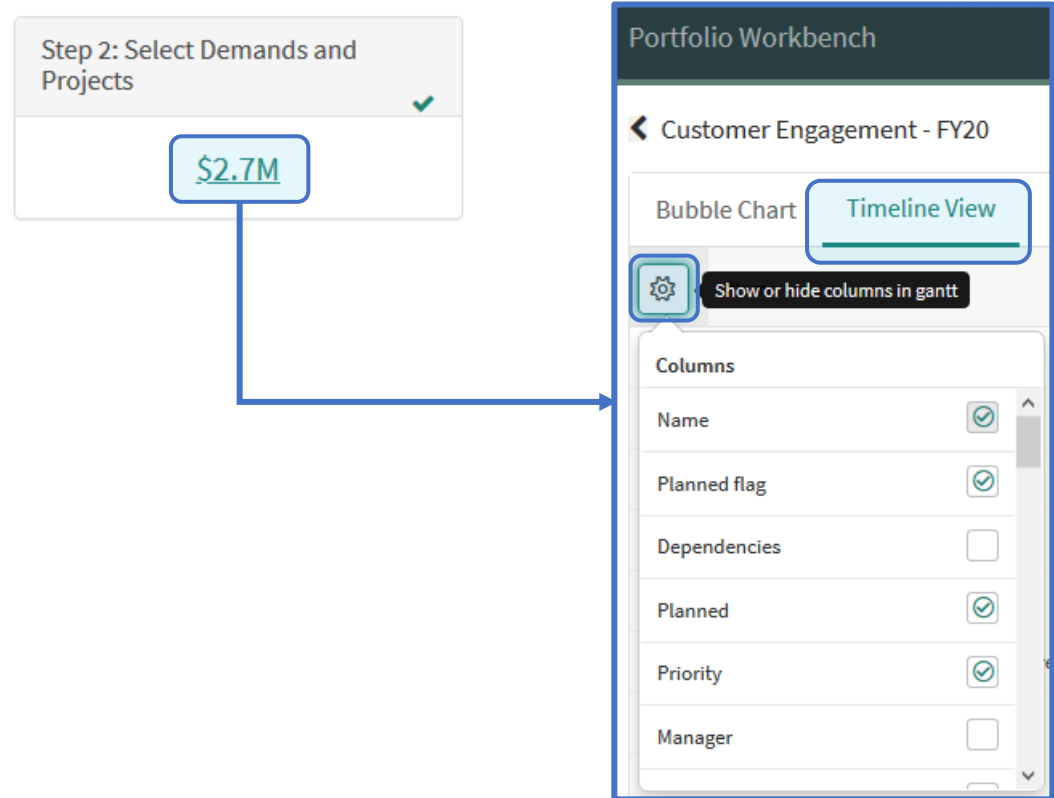
- **Planned Costs** – Planned costs reflect the current estimated cost and will get update each fiscal period. The difference between the planned costs and budget costs is the variance. Changes to the underlying Cost Plans create these changes to portfolio totals.

- **Budgeted Costs** – Budgets costs may get updated when allocated funds are added or removed from an investment. This is done directly through the Portfolio Workbench.

- **Target Amounts** – The only time target amounts should get updated is when funding is added or removed from the Portfolio.

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Allocating Budgets

When using the Portfolio Workbench to understand planned costs (from Cost Plans) and setting the budget for each Project/ Demand, you will first need to add a few columns to the Workbench.

Within **Step 2** of the Portfolio Workbench, click on the gear in the upper right of the **Timeline View** and add the following columns to your view:

- Planned Opex (this comes from cost plans)

- Planned Capex (this comes from cost plans)

- Opex Budget

- Capex Budget

- Total Budget

Step 2: Select Demands and Projects ✔

$2.7M

Portfolio Workbench

< Customer Engagement - FY20

Bubble Chart   Timeline View

⚙ Show or hide columns in gantt

Columns	
Name	☑
Planned flag	☑
Dependencies	☐
Planned	☑
Priority	☑
Manager	☐

Allocating Budgets

Once the fields have been added, you can now see all planned costs and budget fields, and adjust budget fields accordingly via inline editing. Once the **Planned** column equals the **Total Budget** column, you know the project has been fully funded for the current fiscal year.
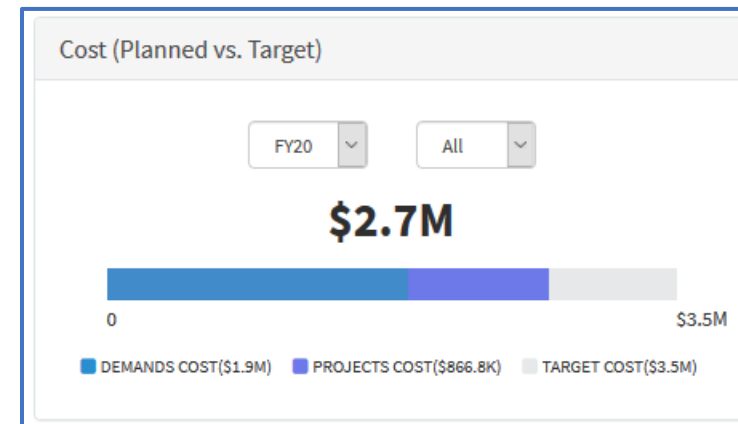

Note: if you need to change the Planned Opex or Planned Capex fields, you will need to edit the Cost Plans directly on each investment.
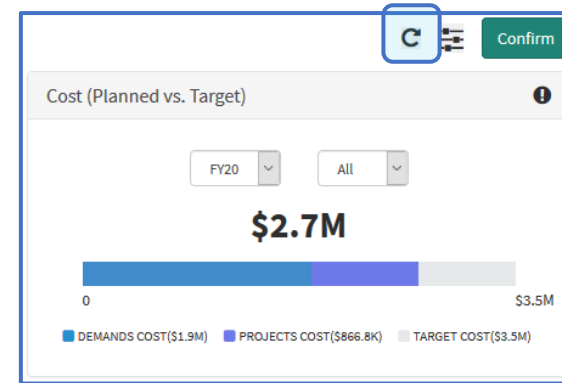
As you adjust budgets, the **Cost** graph on the right will reflect the changes compared to the portfolio targets from Step 1 when you refresh the page.

Allocating Budgets

There are two ways to update the graphs on the right of the Portfolio Workbench.

Method 1: Click the **Refresh** button when you want to refresh the graphs

Method 2: Set the Workbench to **Auto-Refresh**.