

BUDGET REVIEW AND ADJUSTMENT

Budget Variance Detective

Detailed practice, calculation, diagnosis, and assessment

GRADES 9-12	TIME 2 x 42 min	GROUPING I / pairs / whole	PRODUCT Variance report and revised budget
YOUR CHALLENGE Priya made a budget, but her actual spending was different. Find the differences, explain what may have caused them, and create a better plan for next month.			

Learning Goals

- Find the dollar difference between the budget and the actual amount.
- Find the percent difference.
- Decide whether each difference helped or hurt Priya’s plan.
- Use clues to make a realistic budget for next month.

Term	Student-friendly meaning
Dollar difference	Actual amount minus budgeted amount.
Percent difference	Dollar difference divided by the budgeted amount, then multiplied by 100.
Helpful result	A change that supports the goal.
Unhelpful result	A change that makes the goal harder to reach.
Important difference	A change large enough to review, such as more than \$20 or 10%.
Main cause	The most likely reason the result was different from the plan.

Part 1 - Calculate the Variances

Priya planned: food \$240, transportation \$120, entertainment \$80, personal \$60, saving \$200.
Actual: food \$278, transportation \$105, entertainment \$126, personal \$44, saving \$160.

Category	Budget	Actual	Actual - budget	Variance %	Favorable / unfavorable / neutral
Food	\$240	\$278			
Transportation	\$120	\$105			
Entertainment	\$80	\$126			
Personal	\$60	\$44			
Saving	\$200	\$160			

Show at least two percentage calculations. Round to the nearest tenth.

For an expense, spending less than planned may help. For saving, putting away less than planned hurts the goal. Explain this difference in your own words.

Part 2 - Look Beyond the Total

Measure	Calculation	Answer
Planned total including saving		
Actual total including saving		
Overall variance		
Entertainment overage		
Saving shortfall		

Why can the overall total make the month look close to plan while hiding a major priority problem?

Priya spent \$46 more than planned on entertainment and saved \$40 less than planned. How might these results be connected? What else would you need to know before you could be sure?

REMEMBER Two things happening in the same month does not prove that one caused the other. Priya may also have had a late paycheck, another expense, or a change in plans.

Part 3 - Root-Cause Investigation

Category	New clue	Cause type	Controllable ?	Evidence needed	Next control
Food	Two grocery trips cost more; household supplies were mixed into the food category.				
Transportation	Monthly pass included a discount not known when budgeting.				
Entertainment	Three impulse purchases occurred after limited-time promotions.				
Personal	A planned purchase was postponed to next month.				
Saving	Automatic transfer was reduced after the account balance alert.				

Label each clue using one or more of these choices: estimate was too low or high; purchase happened earlier or later; item was placed in the wrong category; spending choice; income change; one-time event.

Part 4 - Build an Evidence-Based Next-Month Plan

Priya has \$700 for these five categories next month. Your new targets must add to exactly \$700. A delayed purchase may still need money later, so do not treat it as money that disappeared forever.

Category	This month actual	Next-month target	Dollar change	Evidence/rationale	Control or checkpoint
Food	\$278				
Transportation	\$105				
Entertainment	\$126				
Personal	\$44				
Saving	\$160				
TOTAL	\$713	\$700			

Challenge: If entertainment becomes \$90 and food \$260, how much could be redirected to saving compared with this month’s actual spending? Show work and state the new savings amount if all \$54 is redirected.

Part 5 - Check the Plan for Three Months

Category	When will I review it?	What record will I check?	What change will get my attention?	What will I do next?
Food				
Transportation				
Entertainment				
Personal				
Saving				

Choose a review rule, such as: “I will look closely at any difference over \$20 or 10%.” Explain why checking both dollars and percentages gives you a clearer picture.

Write a 150–200 word report. Include: the total difference, two important category differences, what the clues show, what is still only a guess, your targets for next month, and one date when Priya should check her progress.