



Australian Government

Department of Education, Employment and Workplace Relations

BSBFIM701A Manage financial resources

Revision Number: 1

BSBFIM701A Manage financial resources

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	<p>This unit describes the performance outcomes, skills and knowledge required to manage financial resources in a complex environment for a substantial business unit or organisation.</p> <p>No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.</p>
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Application of the Unit

Application of the unit	<p>Leaders in learning operations are typically required to forecast future financial resource needs, analyse current asset performance and capacity to a standard expected in a commercial environment, and to set business targets. There will be a requirement to manage compliance mechanisms, to manage financial risk within agreed plans and mechanisms, and to monitor compliance with financial projections.</p> <p>This unit will have specific relevance for leaders or managers working to leverage how learning can enhance individual, team and organisational capabilities. Management of financial resources relating to complex and diverse training operations or projects is an important aspect of work for managers in training and/or assessment organisations or leaders seeking to implement organisational learning.</p> <p>The unit may relate equally to small scale learning activities within a small to medium sized organisation or a significant activity in a large organisation.</p>
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units		

Employability Skills Information

Employability skills	This unit contains employability skills.
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Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.	Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.
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Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Forecast future financial resource needs	1.1. Establish and report on the capacity of existing financial <i>systems</i> 1.2. Forecast <i>financial data</i> and business system requirements 1.3. Analyse forecasted requirements 1.4. Prepare and plan budget forecasts according to organisational and <i>statutory requirements</i> 1.5. Prepare and present recommendations for budget expenditure or for modification of existing projections
2. Analyse current asset performance and capacity	2.1. Analyse the costs of, and returns from, assets and liabilities using <i>standard accounting techniques</i> to identify extent of debt and equity financing 2.2. Establish <i>management responsibilities</i> and <i>legal requirements</i> for reporting, in consultation with relevant organisational staff 2.3. Analyse and interpret financial reports and <i>key information</i> 2.4. Analyse and evaluate the effects of financial decisions on the ability of the organisation to meet planned outcomes
3. Set business targets and compliance mechanisms	3.1. Collect <i>comparative and trend information</i> and confirm needs for future budget and associated resources 3.2. Complete negotiations to secure resources in accordance with relevant short-term and long-term needs 3.3. Allocate resources against the budget to maximise organisation's performance 3.4. Maintain accurate and up-to-date records of resource allocation and usage according to <i>organisational requirements</i> 3.5. Develop and review management systems which enable timely collection, management and processing of information 3.6. Complete and accurately report records of budget performance and expenditure according to organisational procedures and statutory requirements 3.7. Evaluate and improve budget audit mechanisms and compliance requirements as required

ELEMENT	PERFORMANCE CRITERIA
4. Manage financial risk	<ul style="list-style-type: none">4.1. Identify and analyse financial risk factors4.2. Document and manage financial risks according to organisational policies and procedures4.3. Implement procedures to review financial risk management activities regularly
5. Monitor compliance with financial projections	<ul style="list-style-type: none">5.1. Identify deviations from budgets that generate an adverse affect on budget objectives5.2. Promptly develop action plans to remedy significant deviations from budget objectives and projections5.3. Monitor and review financial documentation against organisational objectives5.4. Revise and renew budget priorities to meet operational contingencies and risk management5.5. Manage costs to targets set in the budget

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit.

Required skills

- analytical skills to identify potential risks of any type
- communication skills to identify financial information and to follow Australian Accounting and Auditing Standards, and the organisation's accounting procedures
- decision making skills
- interpersonal skills to:
 - maintain appropriate relationships with colleagues
 - establish trust
 - value and be open to, the opinions of others
 - work as part of a team
 - listening actively
- negotiation skills
- planning and organisation skills to timetable and schedule reports and lodgements
- problem-solving, initiative and enterprise skills to prepare budgets and to monitor their implementation
- research skills to identify valuations and applicable professional standards
- risk management skills.

Required knowledge

- accounting, financial statements and cash flow
- communication processes and methods
- compliance requirements
- cost of capital, capital structure and working capital
- finance and investment decisions
- goal of financial resource management
- legislation, codes and by-laws relevant to the organisation's operations
- principles of finance
- relevant legislation from all levels of government that affect business operation, especially occupational health and safety (OHS) and environmental issues, equal opportunity, industrial relations and anti-discrimination
- risk and return .

Evidence Guide

EVIDENCE GUIDE

The Evidence Guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.

Overview of assessment

Critical aspects for assessment and evidence required to demonstrate competency in this unit

Evidence of the following is essential:

- preparing a financial resource plan/budget
- monitoring and managing financial resources over a full planning cycle
- effectively communicating financial reports and operational execution
- transferring competence to changing circumstances and responding to unusual situations
- knowledge of relevant legislation.

Context of and specific resources for assessment

Assessment must ensure:

- access to workplace contractual and procurement documentation
- competence is consistently demonstrated over time, and over a range and variety of situations
- access to appropriate documentation and resources normally used in the workplace
- access to an appropriate operating environment.

Method of assessment

A range of assessment methods should be used to assess practical skills and knowledge. The following examples are appropriate for this unit:

- direct questioning combined with review of portfolios of evidence and third party workplace reports of on-the-job performance by the candidate
- completion of applied projects or learning activities, such as budget preparation, analysis and reporting, preparation of financial forecasts, and review and analysis of costs
- direct observation of contextual application of skills
- oral or written questioning to assess knowledge of risk and return
- review of documentation displaying compliance with professional and regulatory standards for financial management.

Guidance information for

Holistic assessment with other units relevant to the

EVIDENCE GUIDE**assessment**

industry sector, workplace and job role is recommended, for example:

- BSBLED710A Develop human capital.

Range Statement

RANGE STATEMENT

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

<i>Systems</i> are defined as:	<ul style="list-style-type: none"> • a detailed description/depiction of how organisations relate to their environments and how they process information through strategic and tactical management to develop actual operating procedures
<i>Financial data</i> may include:	<ul style="list-style-type: none"> • Australian Bureau of Statistics (ABS) economic data • balance sheet • benchmarks or trend analysis • budget variances • budgets and forecasts • cash flow/profit reports • financial/operational statements and reports (such as expenditures and receipts, profit and loss statements) • financial markets monitoring services (such as Reuters) • income statements • market valuations
<i>Statutory requirements</i> may include:	<ul style="list-style-type: none"> • delegated authorities • internal control procedures • reporting periods • taxation payment timings
<i>Standard accounting techniques</i> relating to the management of financial resources for an organisation may include:	<ul style="list-style-type: none"> • deprival asset valuations • direct and indirect allocation • discounted cash flows • impact statements • internal rate of return • net present value • pay back break even periods • pro-rata and percentage apportionment • rates of return
<i>Management responsibilities</i> may	<ul style="list-style-type: none"> • organisational policies, procedures, guidelines,

RANGE STATEMENT	
include:	ethical and/or professional standards
<i>Legal requirements</i> may include:	<ul style="list-style-type: none"> • private sector requirements such as: <ul style="list-style-type: none"> • Australian Accounting Standards (SAC 1, 2, Framework AASB1001) • Corporations Act 2001 • GST and income tax reporting • public sector requirements such as: <ul style="list-style-type: none"> • Financial Administration and Audit Act 1977 • Financial Management Standard 1997
<i>Key information</i> may include:	<ul style="list-style-type: none"> • gross profit • net profit • return on investment • Or for public or not-for-profit organisations: • best use of resources • surplus/deficit against budget • value for money
<i>Comparative and trend information</i> includes:	<ul style="list-style-type: none"> • availability of external funding sources • benchmarks as agreed • business activity • brand value • expenses • leverage • liquidity • profitability • return on equity • sales • wages
<i>Organisational requirements</i> may include:	<ul style="list-style-type: none"> • financial analysis assessments • financial management manuals • legal and organisational policies, guidelines and requirements • OHS policies, procedures and programs • price and exchange parameters • quality assurance and/or procedures manuals • recording and filing systems • reporting requirements • standard financial analysis techniques
<i>Risks</i> may include:	<ul style="list-style-type: none"> • damage to property/equipment

RANGE STATEMENT	
	<ul style="list-style-type: none"> • environmental • equipment/system failures • financial/economic loss/failure • industrial disputation • market changes • natural disasters • OHS including disease • political events • product failure • professional incompetence • security failure (including criminal or terrorist activities)
<i>Risk management</i> is:	<ul style="list-style-type: none"> • the process of identification of potential negative events and the development of plans to mitigate or minimise the likelihood of the negative event occurring and/or the consequences in the event it does occur
<i>Financial documentation</i> relating to the management of financial resources for an organisation may include:	<ul style="list-style-type: none"> • balance sheets • budgetary analysis • electronic forms • financial year reports • forecasts and estimates • operating statements • order and supplier documentation • returns on investments • spreadsheets • taxation and statutory returns

Unit Sector(s)

Unit sector	
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Competency field

Competency field	Finance - Financial Management
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Co-requisite units

Co-requisite units		