



Australian Government

Department of Education, Employment and Workplace Relations

SIRXFIN005A Manage operations to budget

Revision Number: 2

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Modification History

The version details of this endorsed unit are in the table below. The latest information is at the top.

Release	Comments
Second Release	Editorial updates

Unit Descriptor

This unit describes the performance outcomes, skills and knowledge required to control cost expenditure while managing the overall activities of a wholesale or retail operational area to budget.

Application of the Unit

This unit applies to personnel with managerial responsibility who estimate expenditure, prepare budgets and monitor performance against those budgets within an appropriate business accounting system. It includes some supervision of other staff.

Licensing/Regulatory Information

No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.

Pre-Requisites

Nil

Employability Skills Information

This unit contains employability skills.

Elements and Performance Criteria Pre-Content

Elements and Performance Criteria

Element	Performance Criteria
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.
1. Control costs.	<p>1.1. Implement effective cost reduction measures, according to <i>company policy and procedures</i>.</p> <p>1.2. Assess and interpret <i>information</i> on costs and <i>resource</i> allocation.</p> <p>1.3. Encourage <i>team members</i> actively to control costs in their areas of responsibility.</p> <p>1.4. Implement recommendations promptly for improving cost reduction or communicate to <i>relevant personnel</i>.</p>
2. Control budget.	<p>2.1. Monitor and maintain expenditure within budget targets according to business policy.</p> <p>2.2. Compare actual income and expenditure to budget targets at regular intervals according to business policy.</p> <p>2.3. Analyse gross profit and loss figures by business areas and compare with budget targets.</p> <p>2.4. Monitor net profit figures and report according to budget targets.</p> <p>2.5. Inform relevant personnel promptly where potential occurs for budget under or overspend.</p> <p>2.6. Take prompt corrective action where significant deviations from budget occur.</p> <p>2.7. Negotiate necessary changes to agreed budget allocations in advance of requirement.</p> <p>2.8. Authorise modifications to existing budgets according to business policy.</p>
3. Propose expenditure.	<p>3.1. Ensure estimates of costs and benefits are supported by valid, relevant information.</p> <p>3.2. Ensure final recommendations are supported by realistic alternatives and contain accurate, clear <i>proposals</i>.</p> <p>3.3. Ensure recommendations clearly indicate net benefits over designated timeframe and related changes in operations.</p> <p>3.4. Clarify contentious issues by further explanation.</p> <p>3.5. Compare estimates to actual costs and benefits to improve future proposals.</p>

4. Maintain business accounting systems.
 - 4.1. Manage and maintain business policy and procedures in regard to **record-keeping systems**.
 - 4.2. Monitor and maintain business systems for recording sales figures, revenue and expenditure.
 - 4.3. Monitor and maintain systems for recording and retrieving financial, personnel and payroll information as required by business policy and **relevant legislation**.
5. Prepare business sales budgets.
 - 5.1. Observe business policy and procedures in regard to preparation of **budget or target figures**.
 - 5.2. Compare, analyse, document and report budget and accurate sales revenue and expenditure figures, according to budget targets and business policy.
 - 5.3. Maintain accurate records on past sales budgets or targets according to business policy.
 - 5.4. Present proposed budgets or targets accurately and concisely.
 - 5.5. Justify variations to proposed targets and report according to business policy.
 - 5.6. Report sales budgets accurately and concisely.
6. Set budget targets and monitoring mechanisms.
 - 6.1. Conduct budget negotiations within a set timeframe and in a manner likely to promote good relationships.
 - 6.2. Ensure budget negotiations reflect the overall business policies and objectives relevant to the manager's area of responsibility.
 - 6.3. Acquire and deploy resources, according to relevant legislation and company guidelines.
 - 6.4. Maintain accurate and up to date records of resource allocation and usage according to company guidelines.
 - 6.5. Develop and **review** management systems that enable timely collection, management and processing of information.
 - 6.6. Complete records of budget performance and expenditure and report according to company procedures and guidelines.
 - 6.7. Enforce budget **audit mechanisms** and compliance requirements.
 - 6.8. Inform relevant personnel promptly of **budget decisions**.

Required Skills and Knowledge

This section describes the essential skills and knowledge and their level, required for this unit.

Required skills

- interpersonal skills to:
 - encourage team members to control costs
 - provide information to relevant personnel where potential occurs for budget under or overspend
 - negotiate budgets and provide information on budget decisions through clear and direct communication
 - ask questions to identify and confirm requirements
 - use language and concepts appropriate to cultural differences
 - use and interpret non-verbal communication
- planning and self management skills to:
 - prepare budgets and monitor performance against those budgets within set timeframes
 - manage resources
- literacy skills to:
 - write and present reports
 - interpret business policy and procedures
 - generate reports
- numeracy skills in regard to:
 - budget calculation and control
 - using accounting systems

Required knowledge

- principles and techniques in:
 - interpersonal communication
 - monitoring resource utilisation and costs
 - analysing efficiency and effectiveness
 - cost-benefit analysis
 - differential analysis
 - risk analysis
 - resource planning
 - interpreting and analysing budget and accounting documentation
- information sources on product and supply arrangements for customers
- business policy and procedures affecting job role or function
- resource utilisation, including capital, material and human
- business revenue
- capital and overhead costs
- interest rates

- cost of stock, materials and equipment
- accounting and reporting protocols and professional standards
- staffing costs
- operational costs
- relevant legislation relating to finance management

Evidence Guide

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

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

Evidence of the following is essential:

- negotiating, developing and implementing budgets according to business policy and procedures
- managing and maintaining accounting systems according to business policy and procedures
- monitoring, analysing and reporting on operational areas income and expenditure against budget
- taking corrective actions, where appropriate, where income and expenditure performance is not being completed according to budget or business targets
- consistently producing financial reports to standard business requirements over a period of time
- consistently implementing policy and procedures for the reporting and recording of budgetary and financial information within an operational area
- developing, advocating and gaining approval for an operational area's budget.

Context of and specific resources for assessment

Assessment must ensure access to:

- a real or simulated work environment
- business or sample policy and procedures in regard to financial management
- an accounting system
- budgetary information
- a team involved in budget control.

Methods of assessment

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

- observation of performance in the workplace
- third-party reports from a supervisor
- a case study
- written or verbal questioning to assess knowledge and understanding
- review of portfolios of evidence and third-party workplace reports of on-the-job performance.

Guidance information for assessment

Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended.

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 in the performance criteria is detailed below.

Company policy and procedures in regard to:

- operating procedures and instructions
- financial management
- resource management
- reporting mechanisms.

Information may be obtained by:

- direct observation
- accessing written reports
- accessing numerical data.

Resources may include:

- people
- materials
- equipment and technology
- finances
- time.

Team members may include:

- full-time, part-time, casual or contract staff
- people from a range of social, cultural and ethnic backgrounds
- people with varying degrees of language and literacy levels.

Relevant personnel may include:

- senior managers
- team members.

Proposals may:

- be long-term or short-term
- include potential improvements in profitability
 - productivity
 - quality of service
 - environmental impact
 - working conditions
 - working relationships
 - team motivation.

Record-keeping systems may include:

- manual
- computerised.

Relevant legislation may include:

- taxation law, including GST
- superannuation guarantee
- awards, workplace agreements, and other industrial arrangements
- WHS
- workplace relations
- workers' compensation

- Budget or target figures*** may encompass:
- industry codes of practice
 - transport, storage and handling of goods
 - Australian Competition and Consumer Commission provisions
 - Trade Practices and Fair Trading Acts.
 - sales
 - cash flow
 - net profit
 - payroll
 - staff expenditure
 - capital
 - maintenance costs.
- Review*** of management systems may include:
- stakeholder consultation
 - modelling results
 - cost-benefit analysis
 - data analysis.
- Audit mechanisms*** may be:
- manual or electronic
 - cyclical
 - automated.
- Budget decisions*** may vary according to:
- key performance indicators
 - strategic objectives
 - cash flow
 - net profit or loss
 - market and sales indicators
 - brand value
 - quality standards and criteria
 - performance benchmarks.

Unit Sector(s)

Cross-Sector

Competency field

Finance