



Australian Government

SITXFIN501 Prepare and monitor budgets

Release 1

SITXFIN501 Prepare and monitor budgets

Modification History

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

Version	Comments
1.0	E Replaces and is equivalent to SITXFIN005A Prepare and monitor budgets.

Unit Descriptor

This unit describes the performance outcomes, skills and knowledge required to analyse financial and other business information to prepare and monitor budgets. It requires the ability to draft and negotiate budgets, identify deviations and manage the delivery of successful budgetary performance.

Application of the Unit

This unit applies to all tourism, hospitality and event sectors and the budget may be for an entire organisation, for a department or for a particular project or activity.

It applies to senior personnel who operate independently or with limited guidance from others and who are responsible for making a range of financial management decisions.

Licensing/Regulatory Information

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

Pre-Requisites

Not applicable.

Employability Skills Information

This unit contains employability skills.

Elements and Performance Criteria Pre-Content

Elements and 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.

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|--------------------------------|---|
| 1. Prepare budget information. | <ul style="list-style-type: none"> 1.1 Determine and confirm scope and nature of required budgets. 1.2 Identify, access and interpret <i>data and data sources</i> required for <i>budget</i> preparation. 1.3 Analyse <i>internal and external factors</i> for potential impact on budget. 1.4 Provide opportunities for colleagues to contribute to the budget planning process. |
| 2. Prepare budget. | <ul style="list-style-type: none"> 2.1 Draft budget, based on analysis of all available information. 2.2 Estimate income and expenditure and support with valid, reliable and relevant information. 2.3 Reflect organisational objectives within the draft budget. 2.4 Assess and present options and recommendations in a clear format. 2.5 Circulate the draft budget to colleagues and managers for input. |
| 3. Finalise budget. | <ul style="list-style-type: none"> 3.1 Negotiate budget according to organisational policy and procedures. 3.2 Agree on and incorporate modifications. 3.3 Complete final budget in a clear format within designated timelines. 3.4 Inform colleagues of final budget decisions and their application within the relevant work area, including reporting and financial management responsibilities. |
| 4. Monitor and review budget. | <ul style="list-style-type: none"> 4.1 Regularly review budget to assess actual performance against estimated performance and prepare accurate <i>financial reports</i>. 4.2 Incorporate all financial commitments into budget and all budget reports. 4.3 Investigate and take appropriate action on significant deviations. 4.4 Analyse changes in the internal and external environment and make necessary adjustments. 4.5 Collect and record relevant information to assist in future budget preparation. |

Required Skills and Knowledge

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

Required skills

- communication skills to liaise and negotiate with colleagues on potential complex and conflicting budget requirements
- critical thinking skills to analyse internal and external factors for potential impact on budget
- initiative and enterprise skills to draft budgets that meet organisational objectives
- literacy skills to:
 - read and interpret information that deals with complex ideas and concepts
 - research internal and external factors that may impact on budgetary performance
 - write complex budget reports and recommendations
- numeracy skills to interpret and analyse financial information, including forecasts and previous performance data, and to develop financial estimates and scenarios using complex calculations
- planning and organising skills to access and sort all information required for budget preparation and to coordinate a timely, efficient and consultative budget development process
- problem-solving skills to:
 - identify budgetary challenges and develop different options for their resolution
 - identify budget deviations and deficiencies and develop options for meeting budgetary requirements
- self-management skills to take responsibility for budget development
- teamwork skills to invite and coordinate the input of others in the organisation, and provide direction on budget management
- technology skills to use accounting software packages.

Required knowledge

- budget terminology
- for the specific industry sector and organisation:
 - role and nature of budgets
 - a range of budget formats, budget performance and financial reports
 - financial reporting procedures and cycles
 - features and functions of accounting software programs used to prepare and monitor budgets
- budget preparation and monitoring practices and techniques, including:
 - sources and contents of data required for budget preparation
 - techniques for making budget estimates
 - common reasons for deviations and budget deviation management.

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 ability to:

- prepare multiple budgets to meet specific and differing workplace needs
- consult on budget components and monitor and review budgets against performance over a budgetary life cycle
- analyse the factors that impact the budget
- integrate knowledge of budget preparation and monitoring practices and techniques
- complete draft and final budgets within designated timelines.

Context of and specific resources for assessment

Assessment must ensure use of:

- a real or simulated tourism, hospitality or event industry business operation or activity for which budgets are prepared
- computers, printers and accounting software packages currently used by the tourism, hospitality and event industries
- financial and operational data and reports used to prepare budgets for tourism, hospitality and event business activities
- others with whom the individual can discuss, and negotiate draft and final budget components.

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:

- projects and activities that allow assessment of the individual's ability to:
 - prepare and monitor budgets
 - produce reports evaluating actual performance against estimated performance
 - produce financial reports related to the budgets
- evaluation of reports produced by the individual detailing the processes undertaken to prepare a budget
- direct observation of the individual negotiating the acceptance of a proposed budget

- use of case studies and problem-solving activities about budget deviations and required actions
- written or oral questioning to assess knowledge of budget preparation and monitoring practices and techniques
- review of portfolios of evidence and third-party workplace reports of on-the-job performance by the individual.

Guidance information for assessment

The assessor should design integrated assessment activities to holistically assess this unit with other units relevant to the industry sector, workplace and job role, for example:

- BSBCMM401A Make a presentation
- BSBPMG501A Manage projects
- SITXFIN401 Interpret financial information
- SITXFIN402 Manage finances within a budget
- SITXFIN601 Manage physical assets.

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.

Data and data sources required for budget preparation may include:

- competitor research
- customer or supplier research
- declared commitments in areas of operation
- financial information from suppliers
- financial proposals from key stakeholders
- income and expenditure for previous time periods
- departmental, event or project budgets
- grant funding guidelines or limitations
- management policies and procedures
- organisational budget preparation guidelines
- performance information from previous periods.

Budget may include:

- budgets for micro, small, medium or large businesses
- cash budgets
- cash flow budgets
- departmental budgets
- event budgets
- grant funding budgets
- project budgets
- sales budgets
- wage budgets
- whole of organisation budgets.

Internal and external factors that could impact on budget development may include:

- growth or decline in economic conditions
- human resource requirements
- new legislation or regulation
- organisational and management restructures
- organisational objectives
- scope of the project
- shift in market trends
- significant price movement for certain commodities or items
- supplier availability and cost.

Financial reports may include:

- annual general meeting reports
- board reports

- funding acquittals in relation to grants received
- periodic reports showing budget versus year-to-date actuals and financial commitments
- periodic sales reports
- taxation commitments.

Unit Sector(s)

Cross-Sector

Competency Field

Finance