



**Australian Government**

**Department of Education, Employment and Workplace Relations**

# **BSBFIM501A Manage budgets and financial plans**

**Release: 1**

## BSBFIM501A Manage budgets and financial plans

### Modification History

Not applicable.

### Unit Descriptor

<b>Unit descriptor</b>	<p>This unit describes the performance outcomes, skills and knowledge required to undertake financial management within a work team in an organisation. This includes planning and implementing financial management approaches, supporting team members whose role involves aspects of financial operations, monitoring and controlling finances, and reviewing and evaluating effectiveness of financial management processes in line with the financial objectives of the work team and the 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

<b>Application of the unit</b>	<p>This unit addresses the requirement for managers to ensure that financial resources are used effectively. This is done by ensuring access to budget/s and ongoing monitoring expenditure against the budget/s.</p> <p>The unit applies to managers working in small and large business environments and not for profit organisations.</p>
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### Licensing/Regulatory Information

Not applicable.

### Pre-Requisites

<b>Prerequisite units</b>		

<b>Prerequisite units</b>		

## Employability Skills Information

<b>Employability skills</b>	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. Plan financial management approaches	1.1. Access <b><i>budget/financial plans</i></b> for the work team 1.2. Clarify budget/financial plans with <b><i>relevant personnel</i></b> within the organisation to ensure that documented outcomes are achievable, accurate and comprehensible 1.3. Negotiate any changes required to be made to budget/financial plans with relevant personnel within the organisation 1.4. Prepare <b><i>contingency plans</i></b> in the event that initial plans need to be varied
2. Implement financial management approaches	2.1. Disseminate relevant details of the agreed budget/financial plans to team members 2.2. Provide <b><i>support</i></b> to ensure that team members can competently perform <b><i>required roles</i></b> associated with the management of finances 2.3. Determine and access <b><i>resources and systems</i></b> to manage financial management processes within the work team
3. Monitor and control finances	3.1. Implement <b><i>processes</i></b> to monitor actual expenditure and to control costs across the work team 3.2. Monitor expenditure and costs on an agreed cyclical basis to identify cost variations and expenditure overruns 3.3. Implement, monitor and modify contingency plans as required to maintain financial objectives 3.4. <b><i>Report</i></b> on budget and expenditure in accordance with organisational protocols
4. Review and evaluate financial management processes	4.1. Collect and collate for analysis, <b><i>data and information on the effectiveness of financial management processes</i></b> within the work team 4.2. Analyse data and information on the effectiveness of financial management processes within the work team and identify, document and recommend any improvements to existing processes 4.3. Implement and monitor agreed improvements in line with financial objectives of the work team and the organisation

## Required Skills and Knowledge

### REQUIRED SKILLS AND KNOWLEDGE

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

#### Required skills

- numeracy skills to read and understand a budget and to update a budget
- technology skills to use software associated with financial record keeping.

#### Required knowledge

- basic accounting principles
- organisational requirements related to financial management
- relevant legislation and current requirements of the Australian Taxation Office, including GST
- requirements for organisational record keeping and auditing
- principles and techniques involved in:
  - budgeting
  - cash flows
  - electronic spreadsheets
  - GST
  - ledgers and financial statements
  - profit and loss statements.

## 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:

- financial skills required to work with and interpret budgets, ageing summaries, cash flow, petty cash, GST, and profit and loss statements
- knowledge of the record keeping requirements for the ATO and for auditing purposes.

#### Context of and specific resources for assessment

Assessment must ensure:

- access to appropriate documentation and resources normally used in the workplace.

#### 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:

- assessment of written reports indicating broad knowledge of managing budgets and managing financial resources in the organisation
- demonstration of techniques using financial record keeping software
- direct questioning combined with review of portfolios of evidence and third party workplace reports of on-the-job performance by the candidate
- oral or written questioning to assess knowledge of requirements for organisational record keeping and auditing
- review of contingency plans
- review of identification of cost variations and expenditure overruns
- evaluation of documentation reporting on budget and expenditure
- review of documentation identifying and recommending improvements to financial management processes.

#### Guidance information for assessment

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

**EVIDENCE GUIDE**

- other units from the Diploma of Management.

## 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.

<b><i>Budget/financial plans</i></b> may include:	<ul style="list-style-type: none"> <li>• cash flow projections</li> <li>• long-term budgets/plans</li> <li>• operational plans</li> <li>• short-term budgets/plans</li> <li>• spreadsheet-based financial projections</li> <li>• targets or key performance indicators for production, productivity, wastage, sales, income and expenditure</li> </ul>
<b><i>Relevant personnel</i></b> may include:	<ul style="list-style-type: none"> <li>• financial managers, accountants or financial controllers</li> <li>• supervisors, other frontline managers</li> </ul>
<b><i>Contingency plans</i></b> may include:	<ul style="list-style-type: none"> <li>• contracting out or outsourcing human resources and other functions or tasks</li> <li>• diversification of outcomes</li> <li>• finding cheaper or lower quality raw materials and consumables</li> <li>• increasing sales or production</li> <li>• recycling and re-using</li> <li>• rental, hire purchase or alternative means of procurement of required materials, equipment and stock</li> <li>• restructuring of organisation to reduce labour costs</li> <li>• risk identification, assessment and management processes</li> <li>• seeking further funding</li> <li>• strategies for reducing costs, wastage, stock or consumables</li> <li>• succession planning</li> </ul>
<b><i>Support</i></b> may include:	<ul style="list-style-type: none"> <li>• access to specialist advice</li> <li>• documentation of procedures</li> <li>• help desk or identified experts within the organisation</li> <li>• information briefings or sessions</li> </ul>



<b>RANGE STATEMENT</b>	
	<ul style="list-style-type: none"> <li>• intranet-based information</li> <li>• training including mentoring, coaching and shadowing</li> </ul>
<b>Required roles</b> may include:	<ul style="list-style-type: none"> <li>• arranging for use of corporate credit cards</li> <li>• banking</li> <li>• debt collection</li> <li>• ensuring security, accuracy and currency of financial operations</li> <li>• invoicing clients, customers and consumers</li> <li>• maintaining journals, ledgers and other record keeping systems</li> <li>• maintaining petty cash system</li> <li>• purchasing and procurement</li> <li>• wages and salaries payments and record keeping</li> </ul>
<b>Resources and systems</b> may include:	<ul style="list-style-type: none"> <li>• hardware and software</li> <li>• human, physical or financial resources</li> <li>• record keeping systems (electronic and paper-based)</li> <li>• specialist advice or support</li> </ul>
<b>Processes</b> to monitor actual expenditure and to control costs across the work team include:	<ul style="list-style-type: none"> <li>• reporting of:               <ul style="list-style-type: none"> <li>• assets</li> <li>• consumables</li> <li>• equipment</li> <li>• expenditure</li> <li>• income</li> <li>• stock</li> <li>• wastage</li> </ul> </li> </ul>
<b>Reporting</b> may include data from:	<ul style="list-style-type: none"> <li>• bank statements</li> <li>• credit card statements</li> <li>• financial reports</li> <li>• invoices and receipts</li> <li>• ledgers and journals</li> <li>• logs</li> <li>• petty cash records</li> <li>• spreadsheet-based records</li> </ul>
<b>Data and information on the effectiveness of financial management processes</b> may include records (paper-based and	<ul style="list-style-type: none"> <li>• bank account records</li> <li>• cash flow data</li> <li>• contracts</li> </ul>

**RANGE STATEMENT**

electronic) related to:

- credit card receipts
- employee timesheets
- files of paid purchase and service invoices
- income and expenditure
- insurance reports
- invoices
- job costings
- petty cash receipts
- quotations
- taxation records
- wages/salaries books

**Unit Sector(s)**

Unit sector

**Competency field**

Competency field

Management and Leadership - Management

**Co-requisite units**

Co-requisite units		