



Australian Government

Department of Education, Employment and Workplace Relations

FNSACCT503B Manage budgets and forecasts

Release: 1

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Modification History

Not applicable.

Unit Descriptor

This unit covers the competency to prepare and manage budgets and forecasts.

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Application of the Unit

This unit requires the application of skills and knowledge required to prepare and manage budgets and forecasts. The unit encompasses preparing budgets, forecasting estimates and documenting budgets and monitoring budgeted outcomes.

The unit has application to those job functions that have responsibility for managing budgets and forecasts such as accountants and chief financial officers.

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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Not applicable.

Employability Skills Information

The required outcomes described in this unit of competency contain applicable facets of employability skills. The Employability Skills Summary for the qualification in which this unit of competency is packaged, will assist in identifying employability skills requirements.

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Elements and Performance Criteria Pre-Content

Elements define the essential outcomes of a unit of competency.

Performance Criteria describe the required performance needed to demonstrate achievement of the Element. **Bold, italicised** terms are elaborated in the Range Statement. Assessment of performance is to be consistent with the Evidence Guide.

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Elements and Performance Criteria

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Element	Performance Criteria
1 Prepare budgets	<p>1.1 Cash, expenditure and revenue items are clearly defined and relevant to identified objectives of the budget</p> <p>1.2 Budget objectives are clear and consistent with organisational aims and projects</p> <p>1.3 Discussions and negotiations with stakeholders are conducted in a manner that promotes understanding, goodwill and ongoing cooperation</p> <p>1.4 Milestones and performance indicators are identified and included in budgets to monitor financial performance</p> <p>1.5 Annual budgets are broken down into seasonal periods in accordance with operating trends</p>
2 Forecast estimates	<p>2.1 Estimates of future cash flow, costs and revenues are realistic and attainable and supported by verifiable evidence and source documentation</p> <p>2.2 Relevant data for forecasts are identified and changes in circumstances anticipated</p> <p>2.3 Assumptions and parameters are established and reviewed for accuracy, relevance and compliance with organisational procedures and policies</p> <p>2.4 Financial risks are identified and protection strategies initiated in accordance with</p>

- organisational procedures and policies
- 3 Document budget
- 3.1 Data is presented in a format that is easily understood and appropriate to budget reporting
- 3.2 Reports are completed within timelines and distributed for specified periods and projects
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- Feasibility is identified by comparison of projections with market growth and development
- 4 Monitor budget outcomes
- 4.1 Budget variances are prepared in accordance with organisational procedures
- 4.2 Budget variances are analysed
- 4.3 Recommendations based on the analysis are made to client/designated person
- 4.4 Budget processes are reviewed and implemented as required

Required Skills and Knowledge

REQUIRED KNOWLEDGE&SKILLS

Knowledge requirements include:

principles of budgetary control

forecasting techniques

principles of double entry bookkeeping

principles of statistical analysis and measures of variance

organisational procedures and policies

principles and practices of accrual accounting

ethical considerations for budgetary forecasting and projections (eg strength of assumptions, forecast reliabilities)

principles of corporate governance

Skills requirements include:

interpersonal skills and communication skills (eg liaising, listening, consulting)

information technology use for the set up and analysis of spreadsheets

estimating, forecasting and analysis skills

reading and interpreting financial statements and reports

writing skills for reports and recommendations

numeracy for financial calculations and analysis

recording, gathering and classifying financial information

Evidence Guide

EVIDENCE GUIDE

Assessment of performance requirements in the unit should be undertaken in an industry context. The Evidence Guide identifies the critical aspects, knowledge and skills to be demonstrated to confirm competency for the unit. Competency is demonstrated by performance of all stated criteria including the Range Statement applicable to the workplace.

Overview of assessment requirements

To achieve competency in this unit, a person must be able to demonstrate:

- ability to prepare budgets
- ability to forecast estimates
- ability to document budget
- ability to monitor budget outcomes
- knowledge of accounting principles and practices
- knowledge of organisational policies and procedures
- knowledge of organisational chart of accounts

Critical aspects of evidence

Evidence required for demonstration of consistent performance:

Competence in this unit must be assessed over a period of time in order to ensure consistency of performance over the Range Statement and contexts applicable to the work environment.

Delivery/assessment relationship to other units:

This unit may be assessed on its own or it may be assessed with other units that cover related skills and knowledge.

Evidence is most relevant when provided through an integrated activity, which combines the elements of competency for the unit, or a cluster of units of competency.

Assessment requirements

Method of assessment:

For valid and reliable assessment of this unit, evidence should be gathered through a range of methods to indicate consistent performance.

Assessment of this unit of competence will usually include observation of processes and

procedures, oral and/or written questioning on underpinning knowledge and skills and other methods as required.

Context of assessment:

Assessment of performance requirements in this unit should be undertaken within the financial services industry context and should cover aspects of personal/financial responsibility and accountability.

Aspects of competency, including the attainment of relevant knowledge and skills, may be assessed in a relevant workplace, a closely simulated work environment, or other appropriate means that clearly meet industry competency requirements.

Resources required for assessment:

Assessment of this unit of competence requires access to suitable resources to demonstrate competence.

Assessment instruments, including personal planner and assessment record book.

Access to registered provider of assessment services.

Range Statement

The Range Statement relates to the unit of competency as a whole. It allows for different work environments and situations that will affect performance.

The following variables 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. If **bold italicised** text is shown in Performance Criteria, details of the text are provided in the Range Statement.

Expenditure and revenue items may include:

- revenue producing expenditures
- occasional expenditures
- discretionary expenditure
- client and supplier payments (eg sales and commissions)
- fees and charges
- capital expenditure
- community service obligation expenditure
- sales
- service fees
- other revenues

Budgets may include:

- sales budgets
- purchase budgets
- labour budgets
- production budgets
- manufacturing budgets
- statement of financial performance
- statement of financial position
- cash budgets

Budget objectives may include:

- annual planning
- rolling forecasts (next period, monthly, next year)
- strategic review (long term)
- debt reduction
- business expansion and growth
- cost reduction

	solvency
Stakeholders may include:	employees clients managers and company officers (eg company directors and board of management) financial institutions suppliers ministers chief executive officers
Milestones and performance indicators may include:	reports (quarterly, half yearly, annual) compliance with scheduled payment dates profits and losses debt reduction targets unit costs
Verifiable evidence and source documentation may include:	order and supplier documentation invoices/receipts financial institution statements taxation and statutory returns
Data may include:	cash flow projections fixed costs variable business costs sales records and projections
Assumptions and parameters may include:	expenditure limits productivity levels cash and business returns market share growth competitors' behaviour regulatory stability

Unit Sector(s)

Not applicable.

Relationship to other units

This unit replaces FNSACCT503A.

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