FNSACC503A Manage budgets and forecasts
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Modification History
Not applicable.

Unit Descriptor

| Unit descriptor | This unit describes the performance outcomes, skills and knowledge required to prepare, document and manage budgets and forecasts, and encompasses forecasting estimates and monitoring budgeted outcomes. No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement. |

Application of the Unit

| Application of the unit | The unit has application to job roles that have responsibility for managing budgets and forecasts such as accountants and chief financial officers. |

Licensing/Regulatory Information
Not applicable.

Pre-Requisites

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<th>Prerequisite units</th>
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Employability Skills Information

| Employability skills | This unit contains employability skills. |

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. |
# Elements and Performance Criteria

<table>
<thead>
<tr>
<th>ELEMENT</th>
<th>PERFORMANCE CRITERIA</th>
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</table>
| 1. Prepare budget | 1.1. Cash, *expenditure and revenue items* are clearly defined and relevant to identified objectives of the budget  
1.2. *Budget objectives* are clear and consistent with organisational aims and projects  
1.3. Discussions and negotiations with *stakeholders* are conducted in a manner that promotes understanding, goodwill and ongoing cooperation  
1.4. *Milestones and performance indicators* are identified and included in budgets to monitor financial performance with annual budgets are broken down into seasonal periods in accordance with operating trends |
| 2. Forecast estimates | 2.1. Estimates of future cash flow, costs and revenues are realistic and attainable and supported by *verifiable evidence and source documentation*  
2.2. Relevant *data* for forecasts are identified and changes in circumstances anticipated  
2.3. *Assumptions and parameters* are established and reviewed for accuracy, relevance and compliance with organisational procedures and policies  
2.4. Financial risks are identified and protection strategies initiated in accordance with organisational procedures and policies |
| 3. Document budget | 3.1. Data are 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  
3.3. Trends, issues and comparisons are identified and reported in a structured format to ensure transparency and validity of analysis  
3.4. Feasibility is identified by comparison of projections with market growth and development |
| 4. Monitor budget outcomes | 4.1. Budget variances are analysed in accordance with organisational procedures and recommendations based on the analysis made to the client or designated person  
4.2. Budget processes are reviewed and implemented as required |
# Required Skills and Knowledge

## REQUIRED SKILLS AND KNOWLEDGE

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

### Required skills

- **Communication skills to:**
  - determine and confirm budgeting requirements and deal with clients, using questioning and active listening as required
  - liaise with others, share information, listen and understand
  - use language and concepts appropriate to cultural differences
- **Research skills for accessing and managing financial services information**
- **Literacy skills for analysing budget needs and preparing clear written advice for organisational clients**
- **Numeracy skills for financial calculations and analysis, estimating and forecasting**
- **IT skills for developing and using spreadsheets and databases and using internet information**
- **Learning skills to maintain knowledge of budgeting principles and procedures**
- **Problem solving skills to identify any budgeting issues that have the potential to impact on clients and to develop options to resolve these issues when they arise**
- **Organisational skills, including the ability to plan and sequence work and correctly schedule budget monitoring and reporting**

### Required knowledge

- **Ethical considerations for budgetary forecasting and projections such as:**
  - strength of assumptions
  - forecast reliabilities
  - forecasting techniques
  - organisational procedures and policies
  - principles and practices of accrual accounting
  - principles of budgetary control
  - principles of corporate governance
  - principles of double-entry bookkeeping
  - principles of statistical analysis and measures of variance
# 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

<table>
<thead>
<tr>
<th>Critical aspects for assessment and evidence required to demonstrate competency in this unit</th>
<th>Evidence of the ability to:</th>
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<tbody>
<tr>
<td></td>
<td>• prepare and document budgets and forecasting estimates</td>
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<td>• monitor budget outcomes periodically</td>
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<td></td>
<td>• apply accounting principles and practices and organisational policies and procedures</td>
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<td>• use an organisational chart of accounts.</td>
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### Context of and specific resources for assessment

<table>
<thead>
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<th>Assessment must ensure:</th>
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<td>• competency is demonstrated in the context of the financial services work environment and conditions specified in the range statement either in a relevant workplace or a closely simulated work environment</td>
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<td>• access to and the use of a range of common office equipment, technology, software and consumables.</td>
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### Method of assessment

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

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<td>• evaluating an integrated activity which combines the elements of competency for the unit or a cluster of related units of competency</td>
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<td>• verbal or written questioning on underpinning knowledge and skills which may include formal examinations</td>
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<td>• setting and reviewing workplace projects and business simulations</td>
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<td>• evaluating samples of work</td>
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<td>• accessing and validating third party reports.</td>
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Range Statement

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<th>RANGE STATEMENT</th>
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<tr>
<td>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.</td>
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**Expenditure and revenue items** may include:
- capital expenditure
- client and supplier payments such as:
  - sales
  - commissions
- community service obligation expenditure
- discretionary expenditure
- fees and charges
- occasional expenditures
- other revenues
- revenue producing expenditures
- sales
- service fees.

**Budgets** may include:
- cash budgets
- labour budgets
- manufacturing budgets
- production budgets
- purchase budgets
- sales budgets
- statements of financial performance
- statements of financial position.

**Budget objectives** may include:
- annual planning
- business expansion and growth
- cost reduction
- debt reduction
- rolling forecasts:
  - next period
  - monthly
  - next year
- solvency
- strategic review for the long term

**Stakeholders** may
- chief executive and financial officers
- clients
### RANGE STATEMENT

**include:**
- employees
- financial institutions
- managers and company officers such as:
  - company directors
  - boards of management
  - government ministers
  - suppliers

**Milestones and performance indicators** may include:
- compliance with scheduled payment dates
- debt reduction targets
- profits and losses
- reports
  - quarterly
  - half yearly
  - annually
- unit costs.

**Verifiable evidence and source documentation** may include:
- financial institution statements
- invoices and receipts
- order and supplier documentation
- taxation and statutory returns.

**Data** may include:
- cash flow projections
- fixed costs
- sales records and projections
- variable business costs.

**Assumptions and parameters** may include:
- cash and business returns
- competitors' behaviour
- expenditure limits
- market share growth
- productivity levels
- regulatory stability.

### Unit Sector(s)

| Unit sector | Accounting |
### Competency field

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### Co-requisite units

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