



Australian Government

Department of Education, Employment and Workplace Relations

FNSORG506A Prepare financial forecasts and projections

Revision Number: 1

FNSORG506A Prepare financial forecasts and projections

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	<p>This unit describes the performance outcomes, skills and knowledge required to plan and schedule a financial forecast or projection, identify assumptions and parameters, and collect, consolidate and analyse data to make forecasts or projections before documenting results and obtaining approval.</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

Application of the unit	This unit may apply to forecasting job roles in any sector of the financial services industry.
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units	

Employability Skills Information

Employability skills	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 preparation timetable	1.1. All critical milestones are identified to ensure financial <i>forecasts</i> and projections can be prepared within timeframes 1.2. Business plans, financial forecasting and processing systems are reviewed to identify timeframes and parameters and any potential conflicts
2. Identify assumptions and parameters	2.1. Business plans and exception reports are reviewed to identify and resolve conflicts in assumptions 2.2. Assumptions and parameters are reviewed to ensure compliance with <i>organisation policy and procedures</i> 2.3. <i>Current and historical financial reports</i> are analysed to establish trends and the <i>external environment</i> examined to gain an objective overview
3. Issue instructions and relevant aids for preparation of forecasts and projections	3.1. Instructions issued are clear and unambiguous and comply with organisation format to ensure ease of use and consistency of interpretation 3.2. Types of business are identified to enable effective <i>financial models</i> to be selected with training provided to ensure comprehensive understanding and effective use of the models by users
4. Collect, consolidate, model and analyse data	4.1. Data is reviewed to ensure consistency with actual results and model used with analysis results documented in a clear and unambiguous way 4.2. Data collected are reliable, valid, complete and comprehensive 4.3. Processing is completed in accordance with established timetable and data are consolidated in a logical structured format that enables ready analysis
5. Document results and obtain approval	5.1. Results are documented in a clear and understandable manner and in a format suitable to meet needs of target <i>users</i> 5.2. All approvals are obtained in accordance with management objectives, financial and organisation policies and the results distributed within the timetable

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

Required skills

- well-developed communication skills to:
 - determine and confirm forecasting and projection requirements, using questioning and active listening as required
 - negotiate timelines and responsibilities
 - liaise with others, share information, listen and understand
 - use language and concepts appropriate to cultural differences
- well-developed research and analysis skills for accessing, analysing and managing financial services information and analysing data
- well-developed literacy skills for preparing clear written reports for organisations and business units in required formats
- highly developed numeracy skills for financial calculations and analysis, estimating and forecasting
- IT skills for using integrated financial systems and using spreadsheets and databases and internet information
- learning skills to maintain knowledge of forecasting systems and best practice and procedures
- problem solving skills to identify any forecasting issues that have the potential to impact on organisations and to develop options to resolve these issues when they arise
- organisational skills, including the ability to plan and sequence work and correctly schedule reporting

Required knowledge

- financial industry codes of practice
- forecasting techniques, models and best practice
- organisation policy and procedures
- relevant Acts and regulations impacting on the financial services industry
- relevant legal systems and procedures impacting on the financial services industry

Evidence Guide

EVIDENCE GUIDE	
<p>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.</p>	
Overview of assessment	
Critical aspects for assessment and evidence required to demonstrate competency in this unit	<p>Evidence of the ability to:</p> <ul style="list-style-type: none"> • identify, interpret and comply with organisation policies and procedures regarding preparing financial forecasts and projections • apply standard accounting principles and techniques • accurately identify assumptions and parameters of forecasts • collect, consolidate, model and analyse data in a timely manner, document results and obtain approval where required.
Context of and specific resources for assessment	<p>Assessment must ensure:</p> <ul style="list-style-type: none"> • 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 • access to and the use of a range of common office equipment, technology, software and consumables • access to an integrated financial software system and data • access to organisational policies and procedures documentation.
Method of assessment	<p>A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit:</p> <ul style="list-style-type: none"> • evaluating an integrated activity which combines the elements of competency for the unit or a cluster of related units of competency • verbal or written questioning on underpinning knowledge and skills • setting and reviewing business simulations or scenarios • evaluating samples of work • accessing and validating third party reports.
Guidance information for assessment	

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.

<i>Forecasts</i> may include:	<ul style="list-style-type: none"> • capital expenditure • claims • investment income • long-term (e.g. 5 year) • management expenses • premiums • reinsurance levels • short-term (e.g. 1 year).
<i>Organisation policy and procedures</i> may include:	<ul style="list-style-type: none"> • computer system documentation • internal control guidelines • operations manuals.
<i>Current and historical financial reports</i> may include:	<ul style="list-style-type: none"> • change in renewal date of policies • commission and charges ratios • customer retention • loss reports • new business reports.
<i>External environment</i> may include:	<ul style="list-style-type: none"> • activities of competitors • consumer activity • finance markets • government policy • inflation rates • market place • market conditions.
<i>Financial models</i> may include:	<ul style="list-style-type: none"> • account structure at summary level and key ratios • alternative scenarios • cost or profit centre analysis • format for calculations • standalone or be driven from computer ledgers • sensitivity analysis • simulations.
<i>Users</i> may include:	<ul style="list-style-type: none"> • Australian Bureau of Statistics (ABS) • banks

RANGE STATEMENT	
	<ul style="list-style-type: none"> • branch managers • claims managers • directors • distribution stream managers • finance section • product managers • regional or state managers • shareholders • underwriting managers.

Unit Sector(s)

Unit sector	Organisational skills
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Competency field

Competency field	
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Co-requisite units

Co-requisite units		