



**Australian Government**

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

# **LGACOM407B Manage finances within a budget**

**Revision Number: 1**

## **LGACOM407B Manage finances within a budget**

### **Modification History**

Not applicable.

### **Unit Descriptor**

#### **Unit Descriptor**

This unit covers allocating funds, managing cash flows and preparing financial reports. It is appropriate for council staff with authority and responsibility for the management of budgeted funds.

### **Application of the Unit**

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This unit supports the attainment of skills and knowledge required for competent workplace performance in councils of all sizes. Knowledge of the legislation and regulations within which councils must operate is essential. The unique nature of councils, as a tier of government directed by elected members and reflecting the needs of local communities, must be appropriately reflected.

### **Licensing/Regulatory Information**

Not applicable.

### **Pre-Requisites**

#### **Prerequisite Unit/s**

## 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 required performance needed to demonstrate achievement of the element. Where ***bold italicised*** text is used, further information is detailed in the Required Skills and Knowledge and/or the Range Statement. Assessment of performance is to be consistent with the Evidence Guide.

## Elements and Performance Criteria

### ELEMENT

### PERFORMANCE CRITERIA

#### 1. Allocate funds

- 1.1. Funds are allocated according to agreed priorities and council requirements.
- 1.2. All relevant people are kept informed of resource decisions, allocations and usage.
- 1.3. Records of resource allocation and usage are current and complete according to relevant legislation and council or departmental requirements.

#### 2. Manage cash flow

- 2.1. All documentation on cash flow is up to date and accurate.
- 2.2. Cash receipts and payments are monitored against budgeted cash flow.
- 2.3. Relevant employees and departments are consulted to determine the likely pattern of cash flows and to anticipate any unusual receipts or payments.
- 2.4. Forecasts of future cash flows are made in accordance with available information.
- 2.5. Cash budgets are presented in the approved format and clearly indicate net cash requirements.
- 2.6. Significant deviations from the projected cash flow requirements are identified, assessed and appropriate action is taken.
- 2.7. Cash budgets are developed to ensure effective utilisation of available funds whilst maintaining an adequate level of liquidity.

#### 3. Monitor and control activities against budget

- 3.1. Systems are implemented to facilitate timely and accurate monitoring of actual income and expenditure against budgetary predictions.
- 3.2. Actual income and expenditure are checked against budgets at regular designated intervals.
- 3.3. Deviations from expected budget estimates or expenditure are identified and addressed and/or reported according to council requirements.
- 3.4. Departments and relevant employees are advised of financial status with regard to budget allocations and expenditure.

#### 4. Prepare reports

- 4.1. Accurate, clear and concise financial reports are prepared within required time frames according to council or departmental auditing and legislative requirements.

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## **Required Skills and Knowledge**

### **REQUIRED SKILLS AND KNOWLEDGE**

This describes the essential skills and knowledge and their level, required for this unit

#### **Required Skills**

- forecasting
- contingency management
- review
- reporting
- consultation.

#### **Required Knowledge**

- relevant legislation and Australian accounting standards
- auditing requirements
- relevant council or departmental requirements and guidelines, and including sustainability practices
- budget processes and procedures
- relevant accounting procedures.

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## Evidence Guide

### EVIDENCE GUIDE

#### Overview of assessment requirements

A person who demonstrates competency in this unit will be able to perform the outcomes described in the Elements to the required performance level detailed in the Performance Criteria. The knowledge and skill requirements described in the Range Statement must also be demonstrated. For example, knowledge of the legislative framework and safe work practices that underpin the performance of the unit are also required to be demonstrated.

#### Critical aspects of evidence to be considered

The demonstrated ability to:

- identify unexpected changes, such as loss of income or funding, and minimise impact
- manage finances within budget
- manage any variations in accordance with council procedures.

#### Context of assessment

Assessment of performance requirements in this unit should be undertaken within the context of the local government framework. Competency is demonstrated by performance of all stated criteria, including the Range of Variables applicable to the workplace environment.

#### Relationship to other units (prerequisite or co-requisite units)

Prerequisite units: nil.

Co-requisite units: nil.

#### Method of assessment

The following assessment methods are suggested:

- observation of the learner performing a range of workplace tasks over sufficient time to demonstrate handling of a range of contingencies
- written and/or oral questioning to assess knowledge and understanding
- completion of workplace documentation
- third-party reports from experienced practitioners
- completion of self-paced learning materials including personal reflection and feedback from trainer, coach or supervisor.

#### Evidence required for demonstration of consistent performance

Evidence should be gathered over a period of time in a range of actual or simulated management environments.

#### Resource implications

Access to a workplace or simulated case study that provides the following resources:

## EVIDENCE GUIDE

- financial management systems and records
- copies of relevant legislation and accounting standards
- examples of council guidelines and procedures.

## 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 in the Performance Criteria is detailed below.

**Relevant people may include:**

- employees affected by the budget
- management
- finance department
- elected members
- any relevant people or bodies outside council
- contractors
- members of the public.

**Auditing and legislative requirements may include:**

- Australian accounting standards
- local government act
- regulations.

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## Unit Sector(s)

**Unit Sector**

Common Units

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## Competency field

**Competency Field**

## **co-requisite unit/s**

### **Co-requisite Unit/s**