



Australian Government

Department of Education, Employment and Workplace Relations

MTMBUS701A Manage financial performance

Release: 1

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Modification History

Not Applicable

Unit Descriptor

Unit descriptor	<p>This unit covers the skills and knowledge required to manage financial performance in an organisation or business unit.</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	<p>Leaders in agri-business are typically required to forecast future financial resource needs, analyse current asset performance and capacity to a standard expected in a commercial environment, and to set business targets. There will be a requirement to manage compliance mechanisms, to manage financial risk within agreed plans and mechanisms, and to monitor compliance with financial projections.</p> <p>This unit will have specific relevance for leaders or managers working in a competitive commercial environment.</p>
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Licensing/Regulatory Information

Refer to Unit Descriptor

Pre-Requisites

Prerequisite units	

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. Forecast future financial resource needs	<p>1.1. The capacity of existing financial systems is established and assessed.</p> <p>1.2. Financial data and business system requirements are forecasted.</p> <p>1.3. Forecasted requirements are analysed.</p> <p>1.4. Budget forecasts are prepared and planned according to organisational and statutory requirements.</p> <p>1.5. Recommendations for budget expenditure or for modification of existing projections are prepared and presented.</p>
2. Analyse current asset performance and capacity	<p>2.1. The costs of, and returns from, assets and liabilities are analysed using standard accounting reports identifying the extent of the debt and equity financing.</p> <p>2.2. Management responsibilities and legal requirements for reporting are identified in consultation with relevant organisational staff.</p> <p>2.3. Financial reports and key information are analysed and interpreted.</p> <p>2.4. The effects of financial decisions on the ability of the organisation to meet planned outcomes in relation to a specific activity or specified timeframe are analysed and evaluated.</p>
3. Set business targets and compliance mechanisms	<p>3.1. Comparative and trend information is collected and needs for future budget and associated resources confirmed.</p> <p>3.2. Consultation on relevant short-term and long-term needs is completed.</p> <p>3.3. Resources are allocated against the budget to maximise organisation's performance.</p> <p>3.4. Accurate and up-to-date records of resource allocation and usage are maintained according to organisational requirements.</p> <p>3.5. Management systems which enable timely collection, management and processing of information are developed and reviewed.</p> <p>3.6. Records of budget performance and expenditure are completed and accurately reported according to organisational procedures and statutory requirements.</p> <p>3.7. Budget audit mechanisms and compliance requirements are evaluated and improved, as</p>

ELEMENT	PERFORMANCE CRITERIA
	required.
4. Manage financial risk	<p>4.1. Financial risk factors are identified and analysed.</p> <p>4.2. Financial risks are documented and managed according to organisational policies and procedures.</p> <p>4.3. Procedures are implemented to review financial risk management activities regularly.</p>
5. Monitor compliance with financial projections	<p>5.1. Deviations from budgets that generate an adverse affect on budget objectives are identified.</p> <p>5.2. Action plans to remedy significant deviations from budget objectives and projections are promptly developed.</p> <p>5.3. Financial documentation is monitored and reviewed against organisational objectives.</p> <p>5.4. Budget priorities are revised and renewed to meet operational contingencies and risk management.</p> <p>5.5. Costs to targets set in the budget are managed.</p>

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

Required skills

Ability to:

- identify and analyse potential risks of any type
- identify financial information and to follow relevant accounting procedures
- apply decision making skills
- use interpersonal skills to:
 - maintain appropriate relationships with colleagues
 - establish trust
 - value and be open to, the opinions of others
 - work as part of a team
 - listening actively
- negotiate effectively
- timetable and schedule reports and lodgements
- use problem-solving, initiative and enterprise skills to prepare budgets and to

REQUIRED SKILLS AND KNOWLEDGE

- monitor their implementation
- use research skills to identify asset management valuations
- apply applicable professional standards
- manage risk

Required knowledge

Knowledge of:

- accounting, financial statements and cash flow
- communication processes and methods
- compliance requirements
- cost of capital, capital structure and working capital
- finance and investment decisions
- goal of financial resource management
- legislation, codes and by-laws relevant to the organisation's operations
- principles of finance management
- relevant legislation
- risk and return

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:

- preparing a financial resource plan/budget
- monitoring and managing financial resources over a full planning cycle
- effectively communicating financial reports and operational execution
- making adjustments to changing circumstances and responding to unusual situations
- knowledge of relevant legislation.

Context of and specific resources for assessment

Assessment must ensure:

- access to workplace contractual and procurement documentation
- competence is consistently demonstrated over time, and over a range and variety of situations
- access to appropriate documentation and resources normally used in the workplace
- access to an appropriate operating environment.

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:

- direct questioning combined with review of portfolios of evidence and third party workplace reports of on-the-job performance by the candidate
- completion of applied projects or learning activities, such as budget preparation, analysis and reporting, preparation of financial forecasts, and review and analysis of costs
- direct observation of contextual application of skills
- oral or written questioning to assess knowledge of risk and return
- review of documentation displaying compliance with professional and regulatory standards for financial management.

Guidance information for

Holistic assessment with other units relevant to the

EVIDENCE GUIDE**assessment**

industry sector, workplace and job role is recommended, for example, with other units in the qualification in which this unit is packaged.

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.

Systems are defined as:

- a detailed description/depiction of how organisations relate to their environments and how they process information through strategic and tactical management to develop actual operating procedures
- electronic financial management systems used by the organisation.

Financial data may include:

- Australian Bureau of Statistics (ABS) economic data
- balance sheet
- benchmarks or trend analysis
- budget variances
- budgets and forecasts
- cash flow/profit reports
- financial/operational statements and reports (e.g. expenditures and receipts, and profit and loss statements)
- financial markets monitoring services (e.g. Reuters)
- income statements
- market valuations.

Statutory requirements may include:

- delegated authorities
- internal control procedures
- reporting periods
- taxation payment timings.

RANGE STATEMENT	
<i>Standard accounting reports</i> may include:	<ul style="list-style-type: none"> • deprival asset valuations • direct and indirect allocation • discounted cash flows • impact statements • internal rate of return • net present value • pay back break even periods • pro-rata and percentage apportionment • rates of return.
<i>Management responsibilities</i> may include:	<ul style="list-style-type: none"> • organisational policies, procedures, guidelines, ethical and/or professional standards.
<i>Legal requirements</i> may include:	<ul style="list-style-type: none"> • private sector requirements, such as: <ul style="list-style-type: none"> • Australian Accounting Standards (SAC 1, 2, Framework AASB1001) • Corporations Act 2001 • GST and income tax reporting • public sector requirements, such as: <ul style="list-style-type: none"> • Financial Administration and Audit Act 1977 • Financial Management Standard 1997.
<i>Key information</i> may include:	<ul style="list-style-type: none"> • gross profit • net profit • return on investment • for public or not-for-profit organisations: <ul style="list-style-type: none"> • best use of resources • surplus/deficit against budget • value for money.
<i>A specific activity</i> might include:	<ul style="list-style-type: none"> • significant project (e.g. new product line) • introduction of new technology • partnership arrangement with another organisation • introduction of a new customer.
<i>A specified time frame</i> may:	<ul style="list-style-type: none"> • be long enough to be able to undertake a meaningful impact evaluation of an activity (e.g. over a period of several months or a full planning cycle) • cover the lifetime of a specific project.
<i>Comparative and trend information</i> includes:	<ul style="list-style-type: none"> • benchmarks as agreed • business activity

RANGE STATEMENT	
	<ul style="list-style-type: none"> • brand value • expenses • leverage • liquidity • profitability • return on equity • sales • wages.
Organisational requirements may include:	<ul style="list-style-type: none"> • financial analysis assessments • financial management manuals • legal and organisational policies, guidelines and requirements • Occupational Health and Safety (OH&S) policies, procedures and programs • price and exchange parameters • quality assurance and/or procedures manuals • recording and filing systems • reporting requirements • standard financial analysis techniques.
Risks may include:	<ul style="list-style-type: none"> • damage to property/equipment • environmental • equipment/system failures • financial/economic loss/failure • industrial disputation • market changes • natural disasters • OH&S (e.g. disease) • contamination • political events • product failure • professional incompetence • security failure (e.g. criminal or terrorist activities).
Risk management is:	<ul style="list-style-type: none"> • the process of identifying potential negative events and developing plans to mitigate or minimise the likelihood of the negative event occurring and/or the consequences in the event it does occur.
Financial documentation may include:	<ul style="list-style-type: none"> • balance sheets • budgetary analysis

RANGE STATEMENT

	<ul style="list-style-type: none">• electronic forms• financial year reports• forecasts and estimates• operating statements• order and supplier documentation• returns on investments• spreadsheets• taxation and statutory returns.
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Unit Sector(s)

Unit sector	
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Co-requisite units

Co-requisite units		

Competency field

Competency field	
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