



**Australian Government**

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

# **PSPFIN602A Undertake strategic financial analysis**

**Revision Number: 1**

## **PSPFIN602A Undertake strategic financial analysis**

### **Modification History**

Not applicable.

### **Unit Descriptor**

#### **Unit descriptor**

This unit covers strategic financial analysis by specialist finance officers in the public sector. It includes analysing organisational issues, determining the current resource position of the organisation, and assisting in identifying and assessing resourcing strategies.

In practice, strategic financial analysis occurs in the context of other generalist or specialist work activities such as acting ethically, managing compliance with public sector legislation, managing resources, formulating business strategies etc.

This is a new unit of competency, added to the *Financial Services* Competency field of the Training Package in 2004.

### **Application of the Unit**

Not applicable.

### **Licensing/Regulatory Information**

Not applicable.

### **Pre-Requisites**

Not applicable.

### **Employability Skills Information**

**Employability skills**      This unit contains employability skills.

## Elements and Performance Criteria Pre-Content

Elements are the essential outcomes of the unit of competency. Together, performance criteria specify the requirements for competent performance. Text in *bold italics* is explained in the Range Statement following.

## Elements and Performance Criteria

### ELEMENT

### PERFORMANCE CRITERIA

#### 1. Analyse organisational issues

- 1.1 The financial management implications of the *internal* and *external* issues facing the organisation are identified
- 1.2 Internal and external *stakeholders* are consulted and the impact of their expectations on financial management is identified
- 1.3 Information is *analysed* to identify strategic financial management issues and the impact of legislative requirements

#### 2. Ascertain the current resource position of the organisation

- 2.1 Existing strategic priorities are identified and the resource requirements of these are confirmed
- 2.2 The economic viability of proposed goals and objectives is *assessed* and resource requirements are identified
- 2.3 Resource assessments are prepared to confirm the current *resource position* and endorsement by management is sought in accordance with organisational *policy and procedures*

#### 3. Assist in identifying and assessing resourcing strategies

- 3.1 The financial implications of *alternative resourcing* and program delivery strategies are considered in accordance with government policy
- 3.2 *Financial evaluation techniques* are used to assess the effect and *financial sensitivity* of alternative strategies and program variations

## **Required Skills and Knowledge**

### **REQUIRED SKILLS AND KNOWLEDGE**

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

#### **Skill requirements**

Look for evidence that confirms skills in:

- interpreting organisational information in financial terms
- preparing strategies and reports requiring precision of expression
- financial assessment and evaluation
- responding to diversity, including gender and disability
- applying environmental and occupational health and safety procedures relating to working in the public sector

#### **Knowledge requirements**

Look for evidence that confirms knowledge and understanding of:

- legislation, policies and processes relating to public sector finance
- strategic planning processes
- undertaking financial evaluation techniques
- alternative resourcing strategies
- forecasting, financial sensitivity testing and cost-benefit analysis
- legislation related to work in the public sector such as environmental and occupational health and safety requirements

## Evidence Guide

### EVIDENCE GUIDE

The Evidence Guide specifies the evidence required to demonstrate achievement in the unit of competency as a whole. It must be read in conjunction with the Unit descriptor, Performance Criteria, the Range Statement and the Assessment Guidelines for the Public Sector Training Package.

#### Units to be assessed together

- *Pre-requisite* units that must be achieved prior to this unit: *Nil*
- *Co-requisite* units that must be assessed with this unit: *Nil*
- *Co-assessed units* that may be assessed with this unit to increase the efficiency and realism of the assessment process include, but are not limited to:

PSPETHC601B Maintain and enhance confidence in public service

PSPLEGN601B Manage compliance with legislation in the public sector

PSPMNGT602B Manage resources

PSPMNGT608B Manage risk

PSPMNGT609B Formulate business strategies

#### Overview of evidence requirements

In addition to integrated demonstration of the elements and their related performance criteria, look for evidence that confirms:

- the knowledge requirements of this unit
- the skill requirements of this unit
- application of the Employability Skills as they relate to this unit (see Employability Summaries in Qualifications Framework)
- strategic financial analysis undertaken in a range of (2 or more) contexts (or occasions, over time)

#### Resources required to carry out assessment

These resources include:

- public sector and organisational financial procedures and protocols
- case studies and scenarios that provide organisational information for analysis
- financial legislation and guidelines, such as central agency guidelines

#### Where and how to assess evidence

Valid assessment of this unit requires:

- a workplace environment or one that closely resembles normal work practice and replicates the range of conditions likely to be encountered when undertaking strategic financial analysis, including coping with difficulties, irregularities and breakdowns in routine
- strategic financial analysis undertaken in a range of (3 or more)

## EVIDENCE GUIDE

contexts (or occasions, over time)

Assessment methods should reflect workplace demands, such as literacy, and the needs of particular groups, such as:

- people with disabilities
- people from culturally and linguistically diverse backgrounds
- Aboriginal and Torres Strait Islander people
- women
- young people
- older people
- people in rural and remote locations

Assessment methods suitable for valid and reliable assessment of this competency may include, but are not limited to, a combination of 2 or more of:

- case studies
- portfolios
- projects
- questioning
- scenarios
- authenticated evidence from the workplace and/or training courses

### **For consistency of assessment**

Evidence must be gathered over time in a range of contexts to ensure the person can achieve the unit outcome and apply the competency in different situations or environments

## Range Statement

### RANGE STATEMENT

The Range Statement provides information about the context in which the unit of competency is carried out. The variables cater for differences between States and Territories and the Commonwealth, and between organisations and workplaces. They allow for different work requirements, work practices and knowledge. The Range Statement also provides a focus for assessment. It relates to the unit as a whole. Text in *italics* in the Performance Criteria is explained here.

**Internal issues may include**

- public sector and departmental policies and priorities
- specific government initiatives
- linkage to existing strategic, corporate or business plans
- information technology
- human resources and industrial relations
- historical performance

**External issues may include**

- government policies and priorities
- economic climate and forecasts
- federal and other government policy and legislation
- political/community views
- service demand assessments
- demographics
- technological developments

**Stakeholders may include**

- Parliament
- community groups
- executive or central agencies
- clients
- other agencies and government entities
- staff

**Analysis may include**

- situation analysis
- strengths, weaknesses, opportunities, threats (SWOT)
- economic analysis

**Assessment may include**

- forecasting
- sensitivity testing
- cost-benefit analysis

**Resource position may include consideration of**

- cash flow patterns and financial position
- physical asset requirements and maintenance
- debt/equity structure
- human resource and organisational issues
- extent and timing of liabilities including contingencies
- taxation requirements
- return on investment

## RANGE STATEMENT

### **Policies and procedures may include**

- financial management Acts and regulations
- financial administration and audit Acts
- public sector finance standards
- Treasury guidelines
- financial management benchmarking studies
- the organisation's:
  - financial management
  - delegations
  - budget guidelines/instructions
  - style requirements
  - quality requirements
- government financial policy statements and guidelines
- Australian Accounting Standards
- Generally Accepted Accounting Practices (GAAP)
- Australian Bureau of Statistics (ABS) requirements
- Government Finance Statistics (GFS) requirements
- corporate planning
- whole-of-government/agency systems and reporting

### **Alternative resourcing strategies may include consideration of**

- outsourcing
- right-sizing
- reorganisation
- amalgamation
- user charging
- revenue generation
- commercialisation
- corporatisation
- competitive service delivery
- strategic alliances/partnering

### **Financial evaluation techniques will vary depending on the nature of the strategy but may include**

- cash flow forecasts
- accrual-based financial statement forecasts
- net present value calculations
- activity-based costing
- economic value added analysis
- cost-benefit analysis
- internal rates of return
- benchmarking of services
- program evaluations

### **Financial sensitivity testing may require consideration of possible**

- service output levels
- economic, regulatory and technological factors impacting on the agency's operations that may include:



## **RANGE STATEMENT**

### **variations in**

- program variations
- changing risk profiles
- cash flow impacts
- tax effects

## **Unit Sector(s)**

Not applicable.

## **Competency field**

**Competency field**            Financial Services