SITXFIN004A Manage finances within a budget

Modification History
Not applicable.

Unit Descriptor
Unit descriptor This unit describes the performance outcomes, skills and knowledge required to take responsibility for budget management where others may have developed the budget. The skills and knowledge for budget development are found in unit SITXFIN005A Prepare and monitor budgets.

Application of the Unit
Application of the unit This unit applies to individuals responsible for managing and controlling a budget in any industry context.

The budget may be for an entire small organisation, for a section of a larger organisation, or for a particular project or activity.

Senior operational personnel or supervisors undertake this role.

Licensing/Regulatory Information
Not applicable.

Pre-Requisites
Prerequisite units Nil
Employability Skills Information

Employability skills

The required outcomes described in this unit of competency contain applicable facets of employability skills. The Employability Skills Summary of the qualification in which this unit is packaged will assist in identifying employability skills requirements.

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

<table>
<thead>
<tr>
<th>ELEMENT</th>
<th>PERFORMANCE CRITERIA</th>
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<tbody>
<tr>
<td>1</td>
<td>Allocate budget resources.</td>
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<tr>
<td>1.1</td>
<td>Allocate funds according to budget and agreed priorities.</td>
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<td>1.2</td>
<td>Discuss changes in income and expenditure priorities with appropriate colleagues prior to implementation.</td>
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<td>1.3</td>
<td>Consult and inform all relevant personnel in relation to resource decisions.</td>
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<td>1.4</td>
<td>Promote awareness of the importance of budget control.</td>
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<td>1.5</td>
<td>Maintain detailed records of resource allocation according to organisation control systems.</td>
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<tr>
<td>2</td>
<td>Monitor financial activities against budget.</td>
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<tr>
<td>2.1</td>
<td>Check actual income and expenditure against budgets at regular intervals.</td>
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<tr>
<td>2.2</td>
<td>Include financial commitments in all documentation to ensure accurate monitoring.</td>
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<td>2.3</td>
<td>Identify and report deviations according to organisation policy and significance of deviation.</td>
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<td>ELEMENT</td>
<td>PERFORMANCE CRITERIA</td>
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<td>2</td>
<td>2.4 Investigate appropriate options for more effective management of deviations.</td>
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<td>2.5 Advise <em>appropriate colleagues</em> of budget status in relation to targets, within agreed timeframes.</td>
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<tr>
<td>3</td>
<td>3.1 Assess existing costs and resources and proactively identify areas for improvement.</td>
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<td>Identify and evaluate options for improved budget performance.</td>
<td>3.2 Discuss desired budget outcomes with relevant colleagues.</td>
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<td>3.3 Undertake appropriate <em>research to investigate new approaches to budget management</em>.</td>
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<td></td>
<td>3.4 Define and communicate clearly the benefits and disadvantages of new approaches.</td>
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<td>3.5 Take account of impacts on customer service levels and colleagues in developing new approaches.</td>
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<td>3.6 Present recommendations for <em>budget management</em> clearly and logically to the appropriate person or department.</td>
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<tr>
<td>4</td>
<td>4.1 Complete all required <em>financial and statistical reports</em> accurately and within designated timelines.</td>
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<tr>
<td>Complete financial and statistical reports.</td>
<td>4.2 Produce clear and concise information to enable informed decision making.</td>
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<td>4.3 Forward reports promptly to the appropriate person or department.</td>
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Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

The following skills must be assessed as part of this unit:
- research, critical thinking and problem-solving skills to investigate and develop options for potential budget performance improvements
- communication skills to discuss budget requirements and to seek and provide feedback
- literacy skills to interpret a wide range of business and financial documents, and to create accurate budget reporting and recommendations documentation
- numeracy skills to interpret and use budget figures in day-to-day work operations, and to develop budget estimates and scenarios for performance improvement.

The following knowledge must be assessed as part of this unit:
- knowledge and understanding of budgets, specifically how a budget is structured and how to interpret a budget
- any legislative requirements in relation to disbursement of funds and record keeping
- techniques related to maximising budget performance relevant to the organisation or industry sector
- budgeting terminology relevant to a specific industry context
- financial reporting procedures and cycles relevant to the organisation or industry sector.

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, the range statement and the Assessment Guidelines for this Training Package.

Critical aspects for assessment and evidence required to demonstrate competency in this unit

Evidence of the following is essential:
- knowledge of basic budget principles and structures
- budgeting terminology relevant to a specific industry context
- ability to monitor budgeted income and expenditure and to identify ways of improving budget performance
- understanding of the main types of budgets that apply in the specific organisation or industry context
EVIDENCE GUIDE

- management of and reporting on a budget for a specific project or operational area over a period of time so that the monitoring and implementation aspects of managing finances within a budget can be assessed.

Context of and specific resources for assessment

Assessment must ensure:

- use of figures and data that reflect the realistic financial operating conditions of industry.

Methods of assessment

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

- evaluation of financial reports detailing financial performance of projects or activities conducted by the candidate
- evaluation of reports produced by the candidate detailing the processes undertaken to manage finances within a budget
- case studies and problem-solving to assess application of the principles of budget management to different situations
- review of portfolios of evidence and third-party workplace reports of on-the-job performance by the candidate.

Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended, for example:

- SITXFIN005A Prepare and monitor budgets.

Assessing employability skills

Employability skills are integral to effective performance in the workplace and are broadly consistent across industry sectors. How these skills are applied varies between occupations and qualifications due to the different work functions and contexts.

Employability skills embedded in this unit should be assessed holistically with other relevant units that make up the skill set or qualification and in the context of the job role.
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.

**Budgets** may include:
- cash budgets
- departmental budgets
- wage budgets
- project budgets
- purchasing budgets
- sales budgets
- cash flow budgets
- budgets for micro, small, medium or large businesses.

**Appropriate colleagues** may include:
- operational staff
- managers
- internal or external financial specialists.

**Research to investigate new approaches** may include:
- discussions with existing suppliers
- sourcing new suppliers
- evaluating staffing and rostering requirements
- reviewing operating procedures
- potential roster changes.

**Financial and statistical reports** may relate to:
- daily, weekly and monthly transactions and reports
- break-up by department
- occupancy
- sales performance
- commission earnings
- sales returns
- yield management
- commercial account activity.
Unit Sector(s)
Sector	Cross-Sector

Competency field
Competency field	Finance