



Australian Government

Department of Education, Employment and Workplace Relations

SITXFIN008A Manage financial operations

Revision Number: 1

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Modification History

Not applicable.

Unit Descriptor

Unit descriptor

This unit describes the performance outcomes, skills and knowledge required to manage day-to-day financial operations of a small organisation, a department within a larger organisation or a complex project.

The unit is not intended to cover detailed specialist accounting skills that are undertaken by qualified accountants or financial controllers, but does include the awareness of accounting issues and concepts needed by managers for effective communication with accountants or other specialists on financial matters.

Application of the Unit

Application of the unit

This unit applies to any manager responsible for overseeing the financial operations of a small business, a department within a larger organisation or a complex project. It requires the application of highly developed planning and management skills underpinned by significant knowledge of financial management concepts.

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

| ELEMENT | PERFORMANCE CRITERIA |
|---|--|
| 1 Develop approaches to financial management. | <p>1.1 Assess <i>scope of financial management requirements</i> for a given organisation or project.</p> <p>1.2 Identify need for and organise specialist accounting assistance where appropriate.</p> <p>1.3 Develop approaches to financial management based on overall direction and goals of the organisation or project.</p> <p>1.4 Develop financial management systems and procedures according to organisation needs.</p> |

| ELEMENT | PERFORMANCE CRITERIA |
|---|--|
| 2 Develop and monitor financial procedures and systems. | <ul style="list-style-type: none">2.1 Develop <i>financial procedures and systems</i> to meet relevant statutory and internal control requirements.2.2 Communicate importance of financial objectives, management controls and systems to all staff.2.3 Develop practical procedures and systems for monitoring income and ensuring payment of accounts.2.4 Research and integrate the use of current industry practices and technology into systems where appropriate.2.5 Check compliance with procedures and systems on a regular basis.2.6 Monitor the flow of financial information within the organisation in terms of currency, accuracy, level of detail and relevance.2.7 Review financial management systems regularly and make adjustments according to organisation needs. |
| 3 Make pricing decisions. | <ul style="list-style-type: none">3.1 Make pricing decisions based on current, sufficient, accurate and relevant financial and marketplace data.3.2 Identify fixed, variable and semi-variable costs.3.3 Perform and interpret simple cost-volume-profit analysis.3.4 Set appropriate profit margins according to organisation policy and calculate prices correctly. |
| 4 Monitor financial performance. | <ul style="list-style-type: none">4.1 Monitor budgets against performance targets on a regular basis.4.2 Negotiate corrective budgets to maximise business performance.4.3 Take remedial action to address financial performance problems where appropriate.4.4 Prepare and interpret profit and loss statements accurately with appropriate level of detail.4.5 Conduct financial ratio analysis and apply the findings to financial management and reporting as appropriate. |

ELEMENT**PERFORMANCE CRITERIA**

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|-----|---|
| 4.6 | Communicate feedback on positive and negative performance to appropriate colleagues in an appropriate manner. |
| 5 | Prepare financial reports. |
| 5.1 | Prepare accurate, concise, relevant and sufficiently detailed <i>financial reports</i> to schedule, in a format appropriate to the audience and according to organisation and statutory requirements. |
| 5.2 | Identify the need for and access specialist advice on reporting requirements where appropriate. |

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:

- critical thinking and analytical skills to evaluate complex financial and other business information and develop appropriate management initiatives
- planning and organisational skills to develop and implement systems and procedures for sound financial management within an organisation or project
- literacy skills to interpret and develop information and documentation dealing with complex ideas, concepts and data
- numeracy skills to interrogate and develop financial data, work with complex mathematical ideas and develop approaches to strategic issues such as pricing.

The following knowledge must be assessed as part of this unit:

- different financial management roles for given industry sectors or types of business, including operational managers, owner-operators, financial controllers and external accountants or auditors
- aspects of financial management to be considered for a given organisation or industry sector
- ways in which financial management interrelates with all other areas of business activity
- major steps in the total accounting process and relationship of each with business operations and reporting requirements
- typical financial management systems and technology relevant to the organisation or industry sector, including features and capabilities of one or more computerised accounting packages
- key features of and how to prepare the main financial reports used to monitor business performance, including:
 - profit and loss statements
 - balance sheets
 - sales and receivables reports
- techniques for calculating profit margins relevant to a given industry sector
- overview of specific financial and taxation regulations and requirements relevant to the industry sector, including how GST applies to different business operations and reporting requirements
- overview of economic issues that affect financial performance in specific industry contexts.

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:

- understanding of the total financial management process within a business
- ability to integrate the financial management activities of a business into overall business operations
- knowledge of financial control, reporting and monitoring systems
- establishment and management of financial systems over a period of time so that the monitoring and implementation aspects of the unit can be assessed.

Context of and specific resources for assessment

Assessment must ensure:

- project or work activities that include the use of figures and data that reflect the financial operating conditions of industry
- use of industry-current technology for financial management.

EVIDENCE GUIDE

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 financial management strategies produced by the candidate detailing systems and procedures for the management of given business operations or situations
- case studies and problem-solving to assess application of financial management strategies to particular 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.

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.

RANGE STATEMENT

- Scope of financial management requirements for different projects or organisations*** will vary and may relate to differing requirements for:
- budgeting and forecasting
 - reporting, including depth, regularity and nature of reports
 - control mechanisms
 - specialist financial skills.
- Financial procedures and systems:***
- must address:
 - transaction recording
 - checking and reconciliation processes
 - banking procedures
 - invoicing
 - accounts payable and receivable
 - cash management and security measures
 - cash flow management
 - budget management
 - reporting requirements
 - GST and other taxation requirements
 - statutory requirements that apply to the specific business structure
 - sector specific requirements, such as the Travel Compensation Fund in retail travel
 - may cover:
 - stock control
 - financial responsibilities within an organisation or department.
- Financial reports*** must include:
- GST reports and business activity statements
 - cash flow statements
 - profit and loss statements
 - balance sheets
 - reconciliations.

Unit Sector(s)

Sector

Cross-Sector

Competency field

Competency field Finance