



Australian Government

FNSACC609 Evaluate financial risk

Release: 3

FNSACC609 Evaluate financial risk

Modification History

Release	Comments
Release 3	This version first released with FNS Financial Services Training Package Release 8.1. Pre-requisite unit updated.
Release 2	This version first released with FNS Financial Services Training Package Version 3.1 Update to pre-requisite unit code

Application

This unit describes the skills and knowledge required to assess financial risk and exposure, analyse financial histories and establish processes to minimise risks associated with an organisation's cash flow or assets and securities.

It applies to experienced individuals with specialised knowledge who use well-developed analytical skills and systematic approaches to manage and mitigate risk in their area of responsibility.

Work functions in the occupational areas where this unit may be used are subject to regulatory requirements. Refer to the FNS Implementation Guide Companion Volume or the relevant regulator for specific guidance on requirements.

Pre-requisite Unit

FNSACC521	Provide financial and business performance information
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Unit Sector

Accounting

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
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ELEMENT	PERFORMANCE CRITERIA
<i>Elements describe the essential outcomes.</i>	<i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>
1. Assess financial risk exposure	1.1 Identify and measure magnitude and volatility of organisational risks to determine extent of risk exposure and implications for financial strategies 1.2 Identify key factors supporting or driving risk exposure and establish timeframes to monitor and improve performance 1.3 Compare short-term and long-term financial outcomes and projections with actual cash flows using standard financial analysis techniques to determine effects on liquidity and budget adjustments
2. Develop risk management processes	2.1 Ensure risk management options include assessments of alternatives, criteria for success and estimates of long-term and short-term effects 2.2 Identify and evaluate key ethical, legislative and organisational considerations for risk management options 2.3 Develop strategies using standard financial analysis techniques to identify financial flows, trends in returns and adjustments in asset values 2.4 Establish financial recording systems to monitor and evaluate changes in market conditions and business needs using range of data sources 2.5 Develop risk management strategies that optimise mix of asset structures and liabilities in operations and ensure flexibility to meet changing environments
3. Analyse financial histories	3.1 Evaluate financial performance using trends and patterns that identify magnitude and volatility of financial exposures 3.2 Compare long-term and short-term financial outcomes with forecast outcomes to assess variances and parameters in performance and reliability of financial advice 3.3 Identify and analyse incidents and factors increasing or diminishing financial performance using standard financial analysis techniques
4. Establish processes to minimise risks	4.1 Develop and review recording systems to monitor financial outcomes and to guide and document decision making 4.2 Maintain and establish inventories to ensure up-to-date records on value of assets and liabilities 4.3 Assess contribution of organisational attitudes to risk taking

ELEMENT	PERFORMANCE CRITERIA
	and incorporate in risk analysis process 4.4 Develop, review and communicate parameters for variances in financial outcomes to support financial decision making

Foundation Skills

This section describes language, literacy, numeracy and employment skills incorporated in the performance criteria that are required for competent performance.

Skill	Performance Criteria	Description
Reading	1.1, 1.2, 2.2, 3.1, 3.2	Uses highly developed research skills and critically analyses complex financial information
Writing	2.3, 2.4, 4.2, 4.4	Prepares written analyses and forecasts that clearly explain relationships between data and advice
Oral Communication	4.4	Participates effectively in verbal exchanges using active listening and questioning to gauge organisational attitudes and obtain feedback on proposed options
Numeracy	1.1, 1.3, 2.3, 2.4, 3.1-3.3, 4.1, 4.4	Performs mathematical calculations and uses a range of mathematical problem-solving techniques to analyse trends and forecast financial data
Navigate the world of work	2.2	Recognises and responds to relevant ethical, legislative and organisational requirements in managing risk and meets expectations associated with own role
Get the work done	1.1-1.3, 2.1-2.4, 3.1-3.3, 4.1-4.4	- Plans and sequences complex activities, and correctly schedules risk and financial performance monitoring and reporting - Plans and implements new systems and processes with strategic implications for the organisation - Uses systematic analytical problem-solving processes in complex, routine and non-routine situations, gathering information and identifying and evaluating options against criteria - Evaluates effectiveness of systems and processes to inform decisions on how to implement improvements - Creates tools and systems to enhance the decision-making process - Uses digital technologies to access, organise and analyse complex data

Unit Mapping Information

Code and title current version	Code and title previous version	Comments	Equivalence status
FNSACC609 Evaluate financial risk	FNSACC609A Evaluate financial risk	Updated to meet Standards for Training Packages Minor edits to clarify intent of element Prerequisite updated	No equivalent unit

Links

Companion Volume implementation guides are found in VETNet -

<https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=c7200cc8-0566-4f04-b76f-e89fd6f102fe>

Assessment Requirements for FNSACC609 Evaluate financial risk

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Performance Evidence

Evidence of the ability to:

- apply standard financial analysis techniques and knowledge of an organisation's attitude to risk to identify and assess financial risk
- develop risk management processes that comply with relevant ethical, legislative and organisational requirements
- establish processes to minimise risks based on analysis of financial histories.

Note: If a specific volume or frequency is not stated, then evidence must be provided at least once.

Knowledge Evidence

To complete the unit requirements safely and effectively, the individual must:

- identify and discuss the key ethical considerations for compliance
- explain the key features of financial legislation relevant to financial risk and compliance
- compare and contrast methods of storing, recording and updating financial information and data
- explain the key principles of:
 - internal control, including statutory reporting
 - risk management and budgetary control
- explain organisational structures and lines of management authority.
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Assessment Conditions

Assessment must be conducted in a safe environment where evidence gathered demonstrates consistent performance of typical activities experienced in the accounting field of work and include access to:

- common office equipment, technology, software and consumables
- an integrated financial software system and data.

Assessors must satisfy NVR/AQTF assessor requirements.

Links

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<https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=c7200cc8-0566-4f04-b76f-e89fd6f102fe>