



Australian Government

Department of Education, Employment and Workplace Relations

LGAGCM707A Use financial and economic information for strategic decision making

Revision Number: 2

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Modification History

LGAGCM707A Release 2: Layout adjusted.

LGAGCM707A Release 1: Primary release.

Unit Descriptor

This unit covers the use and analysis of financial and economic information to achieve the objectives of the council. The use and interpretation of financial information to support business decision making, as well as the analysis and use of budget systems and reporting processes are addressed. The impact of micro and macro economic information on council and regional economic planning is also addressed.

No licensing, legislative, regulatory or certification requirements apply to this unit at the time of publication.

Application of the Unit

This unit supports the attainment of skills and knowledge required for competent workplace performance in councils of all sizes. Knowledge of the legislation and regulations that provide the boundaries for the operation of councils is essential. The unique nature of councils, as a tier of government, directed by elected members and reflecting the needs of local communities must be appropriately reflected.

Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Not applicable.

Employability Skills Information

This unit contains employability skills.

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 Range Statement. Assessment of performance is to be consistent with the Evidence Guide.

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Analyse financial resources	1.1 Financial resources required to achieve council objectives are identified and incorporated within budgets. 1.2 Additional expenditure required is forecast and provisions are made for access to required finances. 1.3 Contingency plans for obtaining additional financial resources are developed in the event of a shortfall of available funds.
2. Interpret financial and economic information	2.1 Financial reports are analysed by calculating balance sheet ratios, income statement ratios and cash flow statement ratios. 2.2 Macro and micro economic factors are identified and their impact on council's financial capabilities is evaluated. 2.3 Financial performance of business units/councils are reviewed and reported appropriately.
3. Use financial information to support decision making	3.1 Different financial scenarios are identified and modelled to support decision-making process. 3.2 Cost-benefit analysis is conducted to support viability of council activities. 3.3 Appropriate financial advisers are consulted when using financial information to support business decisions. 3.4 Accurate financial information is obtained and analysed when developing business unit plans. 3.5 Decisions are made using updated financial information.
4. Maximise returns on financial resources	4.1 Actual income and expenditure are monitored against budgets to ensure available and budgeted resources are not exceeded. 4.2 Corrective action is taken when deviations in budgets occur, and variations are explained. 4.3 Data on the use of financial resources is collected, analysed and reported appropriately. 4.4 Recommendations for improving returns on financial resources are communicated to management. 4.5 Performance indicators are discussed with managers and staff and agreed upon.

Required Skills and Knowledge

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

Required Skills

- high-level research, analysis and interpretation skills in relation to management accounting and finance
- negotiation
- numeracy skills to support budgeting, budget analysis and financial and economic analysis, including modelling
- decision making
- application of decision making strategies to a range of business and financial scenarios

Required Knowledge

- relevant financial and accounting principles relating to analysis and interpretation of financial reports and resources
- financial and accounting terminology and systems

Evidence Guide

Overview of assessment requirements

A person who demonstrates competency in this unit will be able to perform the outcomes described in the elements to the required performance level detailed in the performance criteria. The unit's skill and knowledge requirements must also be demonstrated. The candidate will demonstrate the capacity to interpret and apply financial and economic data to decision making.

Critical aspects of evidence to be considered

The demonstrated ability to:

- use and analyse financial and economic information to achieve council objectives
- understand and apply tasks associated with interpreting and using the financial information outlined in the range statement

Context of assessment

Assessment of performance requirements in this unit should be undertaken with the context of the local government framework. Competency is demonstrated by performance of all stated criteria, including the range of variables applicable to the workplace environment.

Method of assessment

The following assessment methods are suggested:

- preparation of a major workplace project report/portfolio (that may incorporate assessment of related units) as a key form of assessment that enables candidates to integrate the learning and assessment project into their regular work responsibilities, which enables integrated and holistic assessment of the complex skills and knowledge addressed in this unit
- observation of the learner performing a range of workplace tasks over sufficient time to demonstrate his/her handling of a range of contingencies
- written and oral questioning to assess knowledge and understanding
- completion of workplace documentation
- third-party reports from experienced practitioner
- completion of self-paced learning materials, including personal reflection and feedback from trainer, coach or supervisor

Evidence required for demonstration of consistent performance

Evidence should be gathered over a period of time in a range of actual or simulated management environments.

Resource implications

Access to a workplace or simulated case study that provides

the following resources:

- relevant council documents, such as strategic and operational plans
- relevant local government legislation and regulations

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.

<i>Economic factors</i> may include:	• interest rates • regional, state and national economic conditions and trends • unemployment rates • inflation • government fiscal and monetary policies • consumer confidence
<i>Financial information</i> include:	• accountant prepared reports • balance sheets • profit and loss statements • cash flow statements • financial ratios • budgets: • operational • departmental • council • estimated and actual cost and revenue
<i>Performance indicators</i> include:	• return on investment • credit ratings • reductions in expenditure • increases in income

Unit Sector(s)

Common