SIRXFIN005A Manage operations to budget

Unit descriptor	This unit describes the performance outcomes, skills and knowledge required to control cost expenditure while managing the overall activities of a wholesale or retail operational area to budget.
Employability skills	The required outcomes described in this unit 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.
Prerequisite units	Nil
Application of the unit	This unit requires those with managerial responsibility to estimate expenditure, prepare budgets and monitor performance against those budgets within an appropriate business accounting system. This unit requires some supervision of other staff.
Competency field	Finance
Sector	Cross-Sector

ELEMENT	PERFORMANCE CRITERIA
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.
1 Control costs.	1.1 Implement effective cost reduction measures according to ***company policy and procedures***.
	1.2 Assess and interpret ***information*** on costs and ***resource*** allocation.
	1.3 Actively encourage ***team members*** to control costs in their areas of responsibility.
	1.4 Promptly implement recommendations for improving cost reduction or communicate to ***relevant personnel***.

ELEMENT	PERFORMANCE CRITERIA
2 Control budget.	2.1 Monitor and maintain expenditure within budget targets according to business policy.
	2.2 Compare actual income and expenditure to budget targets at regular intervals according to business policy.
	2.3 Analyse gross profit and loss figures by business areas and compare with budget targets.
	2.4 Monitor net profit figures and report according to budget targets.
	2.5 Promptly inform relevant personnel where potential occurs for budget under or overspend.
	2.6 Take prompt corrective action where significant deviations from budget occur.
	2.7 Negotiate necessary changes to agreed budget allocations in advance of requirement.
	2.8 Authorise modifications to existing budgets according to business policy.
3 Propose expenditure.	3.1 Ensure estimates of costs and benefits are supported by valid, relevant information.
	3.2 Ensure final recommendations are supported by realistic alternatives and contain accurate, clear ***proposals***.
	3.3 Ensure recommendations clearly indicate net benefits over designated timeframe and related changes in operations.
	3.4 Clarify contentious issues by further explanation.
	3.5 Compare estimates to actual costs and benefits to improve future proposals.
4 Maintain business accounting systems.	4.1 Manage and maintain business policy and procedures in regard to ***record-keeping systems***.
	4.2 Monitor and maintain business systems for recording sales figures, revenue and expenditure.
	4.3 Monitor and maintain systems for recording and retrieving financial, personnel and payroll information as required by business policy and ***relevant legislation***.

ELEMENT	PERFORMANCE CRITERIA
5 Prepare business sales budgets.	5.1 Observe business policy and procedures in regard to preparation of ***budget or target figures***.
	5.2 Compare, analyse, document and report budget and accurate sales revenue and expenditure figures according to budget targets and business policy.
	5.3 Maintain accurate records on past sales budgets or targets according to business policy.
	5.4 Present proposed budgets or targets accurately and concisely.
	5.5 Justify variations to proposed targets and report according to business policy.
	5.6 Report sales budgets accurately and concisely.
6 Set budget targets and monitoring mechanisms.	6.1 Conduct budget negotiations within a set timeframe and in a manner likely to promote good relationships.
	6.2 Ensure budget negotiations reflect the overall business policies and objectives relevant to the manager's area of responsibility.
	6.3 Acquire and deploy resources according to relevant legislation and company guidelines.
	6.4 Maintain accurate and up-to-date records of resource allocation and usage according to company guidelines.
	6.5 Develop and ***review*** management systems that enable timely collection, management and processing of information.
	6.6 Complete records of budget performance and expenditure and report according to company procedures and guidelines.
	6.7 Enforce budget ***audit mechanisms*** and compliance requirements.
	6.8 Promptly inform relevant personnel of ***budget decisions***.

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:

- report presentation
- interpersonal communication skills to:
  - encourage team members to control costs
  - provide information to relevant personnel where potential occurs for budget under or overspend

REQUIRED SKILLS AND KNOWLEDGE

- negotiate budgets and provide information on budget decisions through clear and direct communication
- ask questions to identify and confirm requirements
- use language and concepts appropriate to cultural differences
- use and interpret non-verbal communication

- time management
- resource management
- literacy skills in regard to:
  - reading and understanding business policy and procedures
  - generating reports
- numeracy skills in regard to:
  - budget calculation and control
  - using accounting systems.

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

- principles and techniques in:
  - interpersonal communication
  - monitoring resource utilisation and costs
  - analysing efficiency and effectiveness
  - cost-benefit analysis
  - differential analysis
  - risk analysis
  - resource planning
  - interpreting and analysing budget and accounting documentation
- information sources on product and supply arrangements for customers
- business policy and procedures affecting job role or function
- resource utilisation, including capital, material and human
- business revenue
- capital and overhead costs
- interest rates
- cost of stock, materials and equipment
- accounting and reporting protocols and professional standards
- staffing costs
- operational costs
- relevant legislation.

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.

Company policy and procedures in regard to:

- operating procedures and instructions
- financial management
- resource management
- reporting mechanisms.

Information may be obtained by:

- direct observation
- accessing written reports
- accessing numerical data.

Resources may include:

- people
- materials
- equipment and technology
- finances
- time.

Team members may include:

- full-time, part-time, casual or contract staff
- people from a range of social, cultural and ethnic backgrounds
- people with varying degrees of language and literacy levels.

Relevant personnel may include:

- senior managers
- team members.

Proposals may:

- be long-term or short-term
- include potential improvements in profitability
  - productivity
  - quality of service
  - environmental impact
  - working conditions
  - working relationships
  - team motivation.

Record-keeping systems may include:

- manual
- computerised.

RANGE STATEMENT

Relevant legislation may include:	• taxation law, including GST • superannuation guarantee • awards, workplace agreements, and other industrial arrangements • OHS • workplace relations • workers' compensation • industry codes of practice • transport, storage and handling of goods • Australian Competition and Consumer Commission provisions • Trade Practices and Fair Trading Acts.
Budget or target figures may encompass:	• sales • cash flow • net profit • payroll • staff expenditure • capital • maintenance costs.
Review of management systems may include:	• stakeholder consultation • modelling results • cost-benefit analysis • data analysis.
Audit mechanisms may be:	• manual or electronic • cyclical • automated.
Budget decisions may vary according to:	• key performance indicators • strategic objectives • cash flow • net profit or loss • market and sales indicators • brand value • quality standards and criteria • performance benchmarks.

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:

- negotiating, developing and implementing budgets according to business policy and procedures
- managing and maintaining accounting systems according to business policy and procedures
- monitoring, analysing and reporting on operational areas income and expenditure against budget
- taking corrective actions, where appropriate, where income and expenditure performance is not being completed according to budget or business targets
- consistently producing financial reports to standard business requirements over a period of time
- consistently implementing policy and procedures for the reporting and recording of budgetary and financial information within an operational area
- developing, advocating and gaining approval for an operational area's budget.

Context of and specific resources for assessment

Assessment must ensure access to:

- a real or simulated work environment
- business or sample policy and procedures in regard to financial management
- an accounting system
- budgetary information
- a team involved in budget control.

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:

- observation of performance in the workplace
- third-party reports from a supervisor
- a case study
- written or verbal questioning to assess knowledge and understanding
- review of portfolios of evidence and third-party workplace reports of on-the-job performance.

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

EVIDENCE GUIDE

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 in the context of the job role and with other relevant units that make up the skill set or qualification.