

DR5T 04 (CFAMLE2) — Manage Finance for your Area of Responsibility

Overview

This Unit is about managing finance in order to achieve the stated objectives for your area of responsibility. It involves developing and agreeing a master budget for your area and using this to monitor, evaluate and control performance and take action to deal with identified variances.

Delegating responsibility for budgets for clearly defined activities is a key aspect of this Unit.

The ‘area of responsibility’ may be, for example, a branch or department or functional area or an operating site within an organisation.

The Unit is recommended for middle managers.

This Unit is linked to Units:

B1 Develop and implement operational plans for your area of responsibility

E1 Manage a budget

E8 Manage physical resources

in the overall suite of National Occupational Standards for Management and Leadership.

Additional Information

Behaviours

- 1 You act within the limits of your authority.
- 2 You are vigilant for potential risks.
- 3 You develop systems to gather and manage information and knowledge effectively, efficiently and ethically.
- 4 You clearly agree what is expected of others and hold them to account.
- 5 You respond quickly to crises and problems with a proposed course of action.
- 6 You comply with, and ensure others comply with, legal requirements, industry regulations, organisational policies and professional codes.
- 7 You prioritise objectives and plan work to make best use of time and resources.
- 8 You use communication styles that are appropriate to different people and situations.
- 9 You take and implement difficult and/or unpopular decisions, if necessary.

Skills

Listed below are the main generic ‘skills’ that need to be applied in obtaining additional finance for the organisation. These skills are explicit/implicit in the detailed content of the Unit and are listed here as additional information:

- ◆ Communicating
- ◆ Decision-making
- ◆ Questioning
- ◆ Consulting
- ◆ Monitoring
- ◆ Assessing
- ◆ Delegating
- ◆ Acting assertively
- ◆ Valuing and supporting others
- ◆ Negotiating
- ◆ Contingency-planning
- ◆ Information management
- ◆ Problem-solving
- ◆ Thinking systematically
- ◆ Leadership
- ◆ Motivating
- ◆ Planning
- ◆ Prioritising

Performance Criteria — What you do in your job

You must provide evidence to meet all the 13 Performance Criteria for this Unit. The Performance Criteria are grouped under headings to assist you with planning how best to meet these points.

Place the number of the piece of work where this Performance Criteria has been met in the evidence box after each criteria.

	Performance Criteria	Evidence Number where this criteria has been met
1	Confirm your financial responsibilities, including the limits of your authority, with those you report to.	
2	Gather and evaluate available financial information and the objectives and associated plans for your area and consult with colleagues to identify priorities, potential problems and risks.	
3	Identify and make use of opportunities to delegate responsibility for budgets for clearly defined activities to colleagues in your area, providing them with the required ongoing support and resources.	
4	Discuss and, if appropriate, negotiate delegated budgets with colleagues and agree provisional budgets.	
5	Consult on and develop a realistic master budget for your area and submit it to the relevant people in the organisation for approval and to assist the overall financial planning process.	
6	Discuss and, if appropriate, negotiate the proposed master budget for your area with the relevant people in the organisation and communicate the final budget to colleagues in your area.	
7	Establish systems to monitor and evaluate performance against delegated budgets and the master budget and put contingency plans in place.	

	Performance Criteria	Evidence Number where this criteria has been met
8	Identify the causes of any significant variances between what was budgeted for and what actually happened and discuss and ensure prompt corrective action is taken, obtaining agreement from the relevant people if required.	
9	Propose revisions to the master budget, if necessary, in response to variances and/or significant or unforeseen developments and discuss and agree the revisions with the relevant people.	
10	Provide ongoing information on the financial performance of your area to relevant people in your organisation.	
11	Advise the relevant people as soon as possible if you have identified evidence of any potentially fraudulent activities.	
12	Encourage colleagues in your area to think about and identify ways of reducing expenditure and increasing income, selecting and pursuing those ideas which have potential for implementation.	
13	Review the financial performance of your area, particularly in relation to achievement of the stated objectives, and identify improvements for the future.	

Knowledge and Understanding — Why and how you do what you do in your job

You must provide evidence of your knowledge and understanding to meet all the 30 knowledge points for this Unit. The knowledge points are grouped under headings to assist you with planning how best to meet them.

Place the number of the piece of work where each knowledge point has been met in the 'evidence number' box after each point.

General Knowledge and Understanding

	Knowledge and Understanding <i>You need to know and understand:</i>	Evidence Number where this knowledge point has been met
1	The purposes of budgetary systems.	
2	The importance of agreeing financial responsibilities, including the limits of your authority, for your area with those you report to.	
3	Where to get and how to evaluate the available financial information in order to be able to prepare a realistic master budget for your area.	
4	The importance of taking account of the objectives and associated plans of your area in developing and operating the master budget.	
5	How to identify opportunities and delegate responsibility for budgets.	
6	The importance of consulting with colleagues in identifying priorities, potential problems and risks and generally preparing the budget for your area.	
7	How to discuss, negotiate and confirm budgets with colleagues in your area and with people who control the finance and the key factors that should be covered.	
8	How to establish systems to monitor and evaluate performance against budgets.	
9	The importance of contingency plans and the type of contingencies that may occur.	

General Knowledge and Understanding (cont)

	Knowledge and Understanding <i>You need to know and understand:</i>	Evidence Number where this knowledge point has been met
10	The main causes of variances and how to identify them.	
11	What different types of corrective action could be taken to address identified variances.	
12	The importance of agreeing revisions to the budget and communicating the changes.	
13	The importance of providing regular information on the financial performance of your area to relevant people and what they might want to know.	
14	Types of fraudulent activities and how to identify them.	
15	How to encourage colleagues to think about ways of reducing expenditure and increasing income.	
16	How to review the financial performance of your area against the stated objectives.	

Industry/sector specific knowledge

17	Factors, processes and trends that are likely to affect financial management in your industry/sector.	
18	Legal, regulatory and ethical requirements in the industry/sector.	

Context specific knowledge

	Knowledge and Understanding <i>You need to know and understand:</i>	Evidence Number where this knowledge point has been met
19	The scope and nature of your area of responsibility including the vision, objectives and operational plans.	
20	Your financial responsibilities, including the limits of your authority.	
21	The people you report to in your organisation.	
22	Financial information available in your organisation.	
23	Activities for which budgets have been delegated.	
24	The budgeting period(s) used in your organisation.	
25	Organisational guidelines and procedures for the preparation and approval of budgets and for monitoring and reporting of performance against budgets and revising budgets.	
26	The agreed master budget for your area, including delegated budgets.	
27	Systems established for managing and evaluating performance against budgets.	
28	Contingency plans put in place.	
29	What to do and who to contact if you suspect fraud has been committed.	
30	Who needs information on the financial performance of your area, what information they need, when they need it and in what format.	

The candidate and assessor must only sign below when all Performance Criteria and knowledge points have been met.

Unit assessed as being complete

Candidate's name	
Candidate's signature	
Date submitted to Assessor as complete	

Assessor's name	
Assessor's signature	
Date assessed complete	

Internal Verification

To be completed in accordance with centre's internal verifier (IV) strategy.

Evidence for this Unit was sampled on the following date/s	Internal verifier's signature	Internal verifier's name

This Unit has been subject to an admin check in keeping with the centre's IV strategy.

Date of admin check	Internal verifier's signature	Internal verifier's name

Unit completion confirmed

Internal verifier's name	
Internal verifier's signature	
Date completed	