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## Overview

This standard is about managing financial resources in order to achieve the objectives for your organisation or your area of responsibility.

This standard is for managers and leaders who manage financial resources for their organisation or a major area of responsibility, project or programme of work.

This standard links to *CFAM&LEA1 Identify and justify requirements for financial resources* and *CFAM&LEA2 Obtain financial resources*.

It also links to standards on strategic and operational management, such as, *CFAM&LFA1 Implement and evaluate strategic business plans*, *CFAM&LFA2 Implement operational plans*, *CFAM&LFA4 Manage programmes* and *CFAM&LFA5 Manage projects*.

*CFAM&LEA4 Manage budgets* is for those who manage financial resources for more limited areas of work or projects.

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#### Performance criteria

- You must be able to:*
- P1 Confirm your financial responsibilities, including the limits of your authority, with those to whom you report.
  - P2 Engage key stakeholders in managing finance to achieve objectives for your organisation or area of responsibility.
  - P3 Gather and evaluate available financial information and the objectives and associated plans and identify priorities, potential problems and risks.
  - P4 Identify and make use of opportunities to delegate responsibility for budgets for clearly defined activities to colleagues, providing them with the required ongoing support and resources.
  - P5 Discuss and, if appropriate, negotiate delegated budgets with colleagues and agree provisional budgets.
  - P6 Develop a realistic master budget for your organisation or area and submit it for approval by those with decision-making responsibility for budgets, clearly specifying assumptions made, risks involved and how these will be managed.
  - P7 Discuss and, if appropriate, negotiate the proposed master budget with those with decision-making responsibility and communicate the final budget to colleagues in your area.
  - P8 Establish systems to monitor and evaluate performance against delegated budgets and the master budget and put contingency plans in place.
  - P9 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 those with decision-making responsibility, if required.
  - P10 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 those with decision-making responsibility.
  - P11 Provide ongoing information on the financial performance of your area to those with decision-making responsibility.
  - P12 Advise relevant people promptly if you have identified evidence of any potentially fraudulent activities.

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P13 Review the financial performance of your organisation or area and identify improvements to be implemented in the future.

## Knowledge and understanding

*You need to know and understand:*

### General knowledge and understanding

- K1 The purposes of budgetary systems.
- K2 The importance of agreeing your financial responsibilities, including the limits of your authority, with those to whom you report.
- K3 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.
- K4 The importance of taking account of the objectives and associated plans of your area in developing and operating the master budget.
- K5 How to identify opportunities and delegate responsibility for budgets.
- K6 The importance of consulting with colleagues in identifying priorities, potential problems and risks and generally preparing the budget for your area.
- K7 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.
- K8 How to establish systems to monitor and evaluate performance against budgets.
- K9 The importance of contingency plans and the type of contingencies that may occur.
- K10 The main causes of variances and how to identify them.
- K11 What different types of corrective action could be taken to address identified variances.
- K12 The importance of agreeing revisions to the budget and communicating the changes.
- K13 The importance of providing regular information on the financial performance of your area to relevant people and what they might want to know.
- K14 Types of fraudulent activities and how to identify them.
- K15 How to review the financial performance of your area against the stated objectives.

### Industry/sector specific knowledge and understanding

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*You need to know and understand:*

- K16 Factors, trends and developments that are likely to affect financial management in your industry/sector.
- K17 Legal, regulatory and ethical requirements in the industry/sector.

#### **Context specific knowledge and understanding**

*You need to know and understand:*

- K18 The scope and nature of your area of responsibility including the vision, objectives and operational plans.
- K19 Your financial responsibilities, including the limits of your authority.
- K20 Those with budgetary responsibility in your organisation.
- K21 Financial information available in your organisation.
- K22 Activities for which budgets have been delegated.
- K23 The budgeting periods used in your organisation.
- K24 Organisational guidelines and procedures for the preparation and approval of budgets and for monitoring and reporting of performance against budgets and revising budgets.
- K25 The agreed master budget for your area, including delegated budgets.
- K26 Systems established for managing and evaluating performance against budgets.
- K27 Contingency plans put in place.
- K28 What to do and whom to contact if you suspect fraud has been committed.
- K29 Who needs information on the financial performance of your area, what information they need, when they need it and in what format.

## Behaviours

*When performing to this standard, you are likely to demonstrate the following behaviours:*

- 1 Recognise changes in circumstances promptly and adjust plans and activities accordingly
- 2 Present information clearly, concisely, accurately and in ways that promote understanding
- 3 Keep people informed of plans and developments in a timely way
- 4 Comply with, and ensure others comply with, legal requirements, industry regulations, organisational policies and professional codes
- 5 Act within the limits of your authority
- 6 Identify and raise ethical concerns
- 7 Accurately calculate risks, and make provision so that unexpected events do not impede the achievement of objectives
- 8 Clearly agree what is expected of others and hold them to account
- 9 Monitor the quality of work and progress against plans and take appropriate corrective action, where necessary
- 10 Make effective use of existing sources of information
- 11 Check the accuracy and validity of information
- 12 Communicate clearly the value and benefits of a proposed course of action
- 13 Work towards win-win solutions
- 14 Identify the implications or consequences of a situation
- 15 Specify the assumptions made and risks involved in understanding a situation
- 16 Take and implement difficult and/or unpopular decisions, if necessary

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### Skills

*When performing to this standard, you are likely to demonstrate the following skills:*

- Analysing
- Communicating
- Contingency planning
- Delegating
- Evaluating
- Forecasting
- Information management
- Involving others
- Monitoring
- Negotiating
- Planning
- Presenting information
- Problem solving
- Reporting
- Risk management
- Valuing and supporting others

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| <b>Developed by</b>             | CFA Business skills @ work   |
| <b>Version number</b>           | 2.0  |
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| <b>Status</b>                   | Original   |
| <b>Originating organisation</b> | CFA Business skills @ work   |
| <b>Original URN</b>             | CFAM&LEA3  |
| <b>Relevant occupations</b>     | Managers and Senior Officials; Marketing occupations; Health and Social Care; Managers and Senior Officials; Health and Social Services Officers; Childcare and Related Personal Services; Arts, Media and Publishing; Librarians and Related Professionals; Crafts, creative arts and design; Quality and Customer Care Managers; Artistic and Literary Occupations; Customer Service Occupations; Operations Manager |
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| <b>Key words</b>                | Management & leadership; finance; organisational objectives; Marketing; venue;   |