



Unit DR5T 04 (709)

Manage Finance for Your Area of Responsibility

Unit Summary

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. A key aspect of this Unit is the requirement for you to delegate responsibility for budgets for clearly defined activities.

Your area of responsibility may be, eg, a branch or department or functional area or an operating site within an organisation.

In order to achieve this Unit you must demonstrate that you meet all the requirements of the Units. This means all of the stated outcomes and behaviours and every item of knowledge and understanding. Your assessor must be able to observe you in the workplace or you must provide the following **tangible evidence** to your assessor. Please note that **simulation is not** allowed for this Unit, ie all your evidence must relate to real work activities.

Achievement of this Unit will provide you with opportunities to develop the following SQA Core Skills:

Communication Higher

- ◆ Produce and respond to oral communication on a complex topic.

Numeracy Higher

- ◆ Apply a wide range of graphical skills to interpret and present complex information in generalised contexts.
- ◆ Apply in combination of wide range of numerical, statistical and other mathematical skills to process complex information in generalised contexts.

Working With Others Higher

- ◆ Work with others in a group to analyse, plan and complete a complex activity.

Problem Solving Higher

- ◆ Plan, organise and complete a complex task.
- ◆ Review and evaluate a complex problem solving activity.

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I have completed the requirements of this Unit.

Candidate name: _____ **Date:** _____

Candidate signature: _____ **Date:** _____

I can confirm the candidate has completed all requirements of this Unit.

Assessor signature: _____ **Date:** _____

IV signature: _____ **Date:** _____

Assessment centre: _____

You must be able to

- 1 Confirm their financial responsibilities, including the limits of their authority, with those to whom they report.
- 2 Gather and evaluate available financial information and the objectives and associated plans for their 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 their area, providing them with the 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 their area and submit it to the relevant people in the business for approval and to assist the overall financial planning process.
- 6 Discuss and, if appropriate, negotiate the proposed master budget for their area with the relevant people in the business and communicate the final budget to colleagues in their area.
- 7 Establish systems to monitor and evaluate performance against delegated budgets and the master budget and put contingency plans in place.
- 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 their area to relevant people in your business.
- 11 Advise the relevant people as soon as possible if they have identified evidence of any potentially fraudulent activities.
- 12 Encourage colleagues in their 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 their area, particularly in relation to achievement of the stated objectives, and identify improvements for the future.

Behaviours

This means you:

- ◆ act within the limits of your authority
- ◆ are vigilant for potential risks
- ◆ develop systems to gather and manage information and knowledge effectively, efficiently and ethically
- ◆ clearly agree what is expected of others and hold them to account
- ◆ respond quickly to crises and problems with a proposed course of action
- ◆ comply with, and ensure others comply with, relevant legal requirements, industry regulations, company policies and professional codes
- ◆ priorities objectives and plan work to make best use of time and resources
- ◆ use communication styles that are appropriate to different people and situations
- ◆ take and implement difficult and/or unnecessary decisions, if necessary

Evidence of Outcomes

The following provides guidance on **possible** examples of evidence.

Budgets for your area of responsibility that you have developed or:

- ◆ notes, minutes or other records of meetings with other managers and subordinates in which you have agreed the objectives and criteria for developing and agreeing a (master) budget for your area of responsibility, and other's responsibilities for developing budgets for specific functions or activities
- ◆ documents, spreadsheet printouts and other records of financial information and past budgets, forecasts of future activity, income/revenue and expenditure, costs and prices that you have used to prepare a draft budget
- ◆ draft budgets, background papers to support your draft, and notes, minutes and other records of negotiations with subordinates and colleagues and line managers to agree and finalise or to revise budgets
- ◆ e-mails, memos or newsletters you have prepared, presentations you have made and notes or minutes of meetings you have held to communicate to colleagues the financial objectives of the organisation and your area of responsibility, the agreed budgets and the constraints or other requirements relating to their implementation and control

Records of budgets outturns and reviews of your management or supervision of budgets, and reports and other reviews of financial performance:

- ◆ details or specifications of systems you have introduced or authorised, for monitoring budgetary performance, identifying variances and alerting others to the need for action
- ◆ data on budgetary performance, variance analysis, monitoring for accuracy, validity and fraudulent behaviour, budgetary reports and proposals for action in the light of budget outturns or requirements for changes
- ◆ reports or other reviews of your financial performance, achievement of financial objectives and any action you took (or didn't take) in the light of budget outturns
- ◆ personal statements (reflections on your use of information to construct and monitor a budget, delegate responsibility to others, negotiate and give and obtain approval for budgets, supervise others' budgetary monitoring, your own monitoring of outturns and any changes that were needed)

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Candidate name:		Assessor initials/date
No	Activity	
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		

You need to know and understand		Evidence
Evidence of knowledge and understanding should be collected during observation of performance in the workplace. Where it cannot be collected by observing performance, other assessment methods should be used.		
General knowledge and understanding		
K1	The purposes of budgetary systems.	
K2	The importance of agreeing financial responsibilities, including the limits of your authority, for your area 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 your 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 encourage colleagues to think about ways of reducing expenditure and increasing income.	
K16	How to review the financial performance of your area against the stated objectives.	
Knowledge and understanding in the context of your business		
K17	The scope and nature of your area of responsibility including the vision, objectives and operational plans.	
K18	Your financial responsibilities, including the limits of your authority.	
K19	The people you report to in your business.	
K20	Financial information available in your business.	
K21	Activities for which budgets have been delegated.	
K22	The budgeting period(s) used in your business.	
K23	Business guidelines and procedures for the preparation and approval of budgets and for monitoring and reporting of performance against budgets and revising budgets.	
K24	The agreed master budget for your area, including delegated budgets.	
K25	Systems established for managing and evaluating performance against budgets.	
K26	Contingency plans put in place.	
K27	What to do and who to contact if you suspect fraud has been committed.	
K28	Who needs information on the financial performance of your area, what information they need, when they need it and in what format.	

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Industry or sector specific knowledge and understanding		
K29	Factors, processes and trends that are likely to affect financial management in your sector.	
K30	Relevant legal, regulatory and ethical requirements in the sector.	

Notes/Comments

Assessor signature: _____**Date:** _____