

UNIT TITLE: PREPARE AND MONITOR BUDGETS		NOMINAL HOURS: 35 hours
UNIT NUMBER: D1.HFI.CL8.05 D1.HFA.CL7.07 D2.TRM.CL9.18		
UNIT DESCRIPTOR: This unit deals with the skills and knowledge required to prepare and monitor budgets in a range of settings within the hotel and travel industries workplace context.		
ELEMENTS AND PERFORMANCE CRITERIA	UNIT VARIABLE AND ASSESSMENT GUIDE	
<p>Element 1: Prepare <i>budget</i> information</p> <p>1.1 Identify and interpret <i>data and data sources</i> required for <i>budget</i> preparation in a given context correctly</p> <p>1.2 Review and analyze data</p> <p>1.3 Obtain senior management or other stakeholder <i>input</i>, where appropriate</p> <p>1.4 Provide <i>relevant colleagues</i> with the opportunity to contribute to the budget planning process with adequate notice</p> <p>Element 2: Prepare budget</p> <p>2.1 Draft budget, based on analysis of all available information and in accordance with enterprise policy</p> <p>2.2 Estimate income and expenditure and support with valid, reliable and relevant information, including income and expenditure for previous time periods</p> <p>2.3 Present <i>recommendations</i> clearly, concisely and in an appropriate format</p>	<p>Unit Variables</p> <p>The Unit Variables provide advice to interpret the scope and context of this unit of competence, allowing for differences between enterprises and workplaces. It relates to the unit as a whole and facilitates holistic assessment.</p> <p>This unit applies to preparing and monitoring budgets within the labor divisions of the hotel and travel industries and may include:</p> <ol style="list-style-type: none"> 1. Front Office 2. Housekeeping 3. Food and Beverage Service 4. Food Production 5. Travel Agencies 6. Tour Operation <p><i>Data and data sources</i> required for budget preparation may include:</p> <ul style="list-style-type: none"> • performance data from previous periods • financial proposals from key stakeholders • financial information from suppliers • customer or supplier research • competitor research 	

<p>2.4 Circulate the draft budget to relevant colleagues for comment and make necessary adjustments</p> <p>2.5 Complete the final budget within designated timelines</p> <p>2.6 Inform colleagues of final <i>budget decisions and ramifications</i> in a timely manner</p> <p>Element 3: Monitor and review budget</p> <p>3.1 Review budget regularly to assess actual performance against estimated performance and prepare accurate financial reports</p> <p>3.2 Incorporate all <i>financial commitments</i> promptly and accurately into budget and all budget reports</p> <p>3.3 Investigate and take appropriate action on <i>significant deviations</i></p> <p>3.4 Analyze changes in the internal and external environment during budget review, and make adjustments accordingly</p> <p>3.5 Collect and record relevant information to assist in future budget preparation</p>	<ul style="list-style-type: none"> • management policies and procedures • enterprise budget preparation guidelines • declared commitments in given areas of operation • grant funding guidelines or limitations • Internal and external issues that could impact on budget development • organisational and management re-structures • enterprise/organisational objectives • new legislation or regulation • growth or decline in economic conditions • significant price movement for certain commodities or items • shift in market trends • scope of the project • venue availability (for events) • human resource requirements. <p><i>Budget</i> may include:</p> <ul style="list-style-type: none"> • cash budgets • departmental budgets • wages budgets • project budgets • event budgets • sales budgets • cash flow budgets • grant funding budgets • budgets for a small business.
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Input may include:

- budget restrictions
- client expectations.

Relevant colleagues may include:

- department heads
- financial managers.

Recommendations may include:

- budget restrictions
- operational budgets
- contingency plan.

Budget decisions and ramifications may refer to:

- increase/decrease in allocations
- cost-cutting decisions, such as retrenching staff, closing departments, etc
- expansion decisions, such as employing more staff, opening new outlets/departments, etc.

Financial commitments may relate to:

- contracts related to expenditure
- contracts related to income.

Significant deviations may include:

- large percentage increase in costs
- financial results vary significantly to budget.

Assessment Guide

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

- knowledge of the role of different types of budgets within tourism and hospitality businesses
- knowledge of the nature of the budget development process within different tourism and hospitality businesses and contexts

- knowledge of budget preparation and monitoring principles, practices and techniques including:

- information required for budget preparation
- components of a budget
- techniques for making budget estimates
- type of supporting information required
- components of a budget performance report
- how to present budgets and budget reports
- capabilities and benefits of using computer software in relation to the budget development and monitoring process
- budget deviation management, including common reasons for deviations
- negotiation techniques in specific relation to budgetary planning.

Linkages To Other Units

- Develop and implement a business plan
- Prepare business documents
- Use common business tools and technology
- Audit financial procedures
- Maintain financial performance within a budget.

Critical Aspects of Assessment

Evidence of the following is essential:

- demonstrate ability to apply budget preparation processes and procedures within typical workplace time constraints
- demonstrate ability to prepare realistic and accurate budgets within the context of the hotel and travel industries

- ability to analyze the internal and external factors that impact on the budget development process

- demonstrated ability to involve multiple stakeholders in the budget development and monitoring process.

Context of Assessment

This unit may be assessed on or off the job:

- assessment should include practical demonstration of the ability to prepare and monitor budgets either in the workplace or through a simulation activity, supported by a range of methods to assess underpinning knowledge
- assessment must relate to the individual's work area, job role and area of responsibility
- assessment must include project or work activities that allow the candidate to prepare a budget relevant to work area, job role and area of responsibility.

Resource Implications

Training and assessment to include access to a real or simulated workplace; and access to workplace standards, procedures, policies, guidelines, tools and equipment.

Assessment Methods

The following methods may be used to assess competency for this unit:

- case studies
- observation of practical candidate performance
- oral and written questions
- portfolio evidence
- problem solving
- role plays
- third party reports completed by a supervisor
- project and assignment work

Key Competencies in this Unit

Level 1 = competence to undertake tasks effectively

Level 2 = competence to manage tasks

Level 3 = competence to use concepts for evaluating

Key Competencies	Level	Examples
Collecting, organizing and analyzing information	3	Gather and analyze data to assist in the budget development process
Communicating ideas and information	2	Provide a briefing on the draft budget to senior management
Planning and organizing activities	3	Organize the consultation process before and during the budget development phase
Working with others and in teams	3	Discuss/negotiate potential budget adjustments with colleagues
Using mathematical ideas and techniques	3	Develop different budget scenarios
Solving problems	3	Investigate a significant expenditure deviation and develop a solution to ensure budget targets are maintained
Using technology	2	Use the budgetary planning tools within an accounting software package