

Competency Standard

UNIT TITLE: MANAGE FINANCIAL PERFORMANCE WITHIN A BUDGET		NOMINAL HOURS: 45
UNIT NUMBER: D1.HFI.CL8.03 D1.HFA.CL7.02 D2.TRM.CL9.09		
UNIT DESCRIPTOR: This unit deals with the skills and knowledge required to manage financial performance within a budget in a range of settings within the hotel and travel industries.		
ELEMENTS AND PERFORMANCE CRITERIA	UNIT VARIABLE AND ASSESSMENT GUIDE	
<p>Element 1. Allocate <i>budget</i> resources</p> <p>1.1 Allocate funds according to agreed priorities and adopt sound <i>financial management strategies</i></p> <p>1.2 Discuss with appropriate <i>colleagues</i> prior to implementation</p> <p>1.3 Consult and inform all <i>relevant stakeholders</i> in relation to resource decisions</p> <p>1.4 Promote awareness of the importance of <i>budget control</i></p> <p>1.5 Maintain detailed records of resource allocation in accordance with enterprise <i>financial procedures and systems</i></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 managing financial performance within a budget within the labour 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>Budget</i> may include:</p> <ul style="list-style-type: none"> • Cash budgets • Departmental budgets 	

<p>Element 2. Monitor financial activities against budget</p> <p>2.1 Check actual income and expenditure against budgets accurately and at regular intervals and prepare <i>financial and/or statistical reports</i></p> <p>2.2 Identify and report <i>discrepancies</i> according to enterprise policy and significance of deviation</p> <p>2.3 Advise appropriate colleagues of budget status in relation to targets within agreed timeframes</p>	<ul style="list-style-type: none"> • Wages budgets • Project budgets • Purchasing budgets • Sales budgets • Cash flow budgets • Budgets for a small business. <p><i>Financial management strategies</i> will vary between enterprises and may relate to differing requirements for:</p> <ul style="list-style-type: none"> • Budgeting and forecasting • Reporting, depth, regularity, nature of reports • Control mechanisms • Specialist financial skills.
<p>Element 3. Identify and evaluate options for improved budget performance</p> <p>3.1 Assess existing costs and resources and identify areas for improvement</p> <p>3.2 Discuss desired outcomes with relevant colleagues</p> <p>3.3 <i>Research new approaches</i> to manage discrepancies</p> <p>3.4 Undertake appropriate research to investigate new approaches</p> <p>3.4 Define and communicate clearly the benefits and disadvantages of new approaches</p> <p>3.5 Take account of impacts on customer service levels and colleagues in developing new approaches</p>	<p><i>Colleagues</i> may include:</p> <ul style="list-style-type: none"> • Co-workers • Supervisors • Finance department staff • Accountants. <p><i>Relevant stakeholders</i> may include:</p> <ul style="list-style-type: none"> • Management • Owners • Board of directors • Strategic alliance partners.

<p>3.6 Present recommendations clearly and logically to the appropriate relevant stakeholders</p> <p>Element 4. Complete financial/statistical reports</p> <p>4.1 Complete all required financial and statistical reports accurately and within designated timelines</p> <p>4.2 Produce clear and concise information to enable informed decision making</p> <p>4.3 Forward reports promptly to the appropriate person/department</p>	<p><i>Budget control</i> should relate to:</p> <ul style="list-style-type: none"> • Comparison of actual performance with budgetary performance • Revision of budgets in the light of changed circumstances • Changes in income and expenditure priorities. <p><i>Financial procedures and systems</i> must address the following:</p> <ul style="list-style-type: none"> • Transaction recording • Checking and reconciliation processes • Banking procedures • Invoicing • Accounts payable • Cash management and security measures • Cash flow management • Budget management • Reporting requirements • Taxation requirements • Statutory requirements that apply to the specific business structure • Sector specific requirements such as the travel compensation fund in retail travel. <p><i>Financial and statistical reports</i> may relate to</p> <ul style="list-style-type: none"> • Daily, weekly, monthly transactions and reports • Break up by department • Occupancy • Sales performance
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- Commission earnings
- Sales returns
- Yield management
- Commercial account activity
- Cash flow statements
- Profit and loss statements
- Balance sheets
- Reconciliations.

Discrepancies may relate to:

- Data entry errors
- Sales that should have had an invoice raised but by error did not
- Goods not delivered but charged for
- Posting errors including
 - Posting of the wrong amount
 - Omitting a posting
 - Posting in the wrong column or
 - Posting more than once.

Research new approaches may include:

- Discussions with existing suppliers
- Sourcing of new suppliers
- Evaluation of staffing/roster requirements
- Review of operating procedures
- Potential roster changes.

Assessment Guide

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

- Knowledge and understanding of budgets specifically how a budget is structured and how to interpret a budget
- Knowledge of any legislative requirements specifically related to disbursement of funds and record keeping
- Ability to apply techniques related to maximising budget performance relevant to the enterprise or industry sector
- Ability to use budgeting terminology relevant to the hotel and travel industries context
- Ability to comply with financial reporting procedures and cycles relevant to the hotel and travel industries context.

Linkages To Other Units

- Develop and implement business plans
- Develop and implement operational plans
- Plan and establish systems and procedures
- Prepare business documents
- Maintain financial standards and records
- Manage legal requirements for business compliance
- Manage physical assets and infrastructure
- Lead and manage people.

Critical Aspects of Assessment

Evidence of the following is essential:

- Demonstrated ability to undertake detailed, thorough and appropriate analysis of both internal and external business environments to provide a sound basis for managing financial performance within a budget
- Demonstrated ability to manage financial performance within a given budget
- Demonstrated ability to read a given budget, identify discrepancies and suggest approaches to rectify
- Demonstrated ability to collect and analyse financial performance information and to manage finances within a budget
- Demonstrated ability to evaluate reports and apply the principles of budget management to different situations.

Context of Assessment

This unit may be assessed on or off the job:

- Assessment should include practical demonstration of the ability to manage financial performance within budget 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 respond to multiple and varying workplace issues relevant to work area, job role and area of responsibility that allow the candidate to demonstrate knowledge and awareness of managing financial performance within a budget.

Resource Implications

Training and assessment to include access to a real or simulated commercial workplace environment in which an operational budget can be managed; 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, organising and analysing information	3	Analyse financial reports
Communicating ideas and information	3	Express complex strategies in a clear and concise format
Planning and organising activities	2	Co-ordinate stakeholder involvement in the process
Working with others and in teams	2	Devise strategies to ensure team commitment to budget control

	Using mathematical ideas and techniques	2	Calculate deviations and effect of such deviations on financial performance
	Solving problems	3	Adjust strategies to respond to severe and sudden budgetary constraints
	Using technology	2	Identify and analyse the optimum use of technology to achieve business objectives; use accounting software