

Competency Standard

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 analyse 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>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 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>Data and data sources</i> required for budget preparation may include:</p> <ul style="list-style-type: none"> • Performance data from previous periods 	

<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>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>	<ul style="list-style-type: none"> • Financial proposals from key stakeholders • Financial information from suppliers • Customer or supplier research • Competitor research • 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>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><i>Budget</i> may include:</p> <ul style="list-style-type: none"> • Cash budgets • Departmental budgets • Wages budgets • Project budgets • Event budgets

<p>3.3 Investigate and take appropriate action on <i>significant deviations</i></p> <p>3.4 Analyse 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"> • Sales budgets • Cash flow budgets • Grant funding budgets • Budgets for a small business. <p><i>Input</i> may include:</p> <ul style="list-style-type: none"> • Budget restrictions • Client expectations. <p><i>Relevant colleagues</i> may include:</p> <ul style="list-style-type: none"> • Department heads • Financial managers. <p><i>Recommendations</i> may include:</p> <ul style="list-style-type: none"> • Budget restrictions • Operational budgets • Contingency plan. <p><i>Budget decisions and ramifications</i> may refer to:</p> <ul style="list-style-type: none"> • 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. <p><i>Financial commitments</i> may relate to:</p> <ul style="list-style-type: none"> • Contracts related to expenditure • Contracts related to income. <p><i>Significant deviations</i> may include:</p> <ul style="list-style-type: none"> • 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 analyse 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

	<ul style="list-style-type: none"> • 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. 																	
	<p>Key Competencies in this Unit</p> <p><i>Level 1 = competence to undertake tasks effectively</i></p> <p><i>Level 2 = competence to manage tasks</i></p> <p><i>Level 3 = competence to use concepts for evaluating</i></p> <table border="1" data-bbox="846 786 2074 1299"> <thead> <tr> <th data-bbox="846 786 1375 850">Key Competencies</th> <th data-bbox="1375 786 1507 850">Level</th> <th data-bbox="1507 786 2074 850">Examples</th> </tr> </thead> <tbody> <tr> <td data-bbox="846 850 1375 954">Collecting, organising and analysing information</td> <td data-bbox="1375 850 1507 954">3</td> <td data-bbox="1507 850 2074 954">Gather and analyse data to assist in the budget development process</td> </tr> <tr> <td data-bbox="846 954 1375 1058">Communicating ideas and information</td> <td data-bbox="1375 954 1507 1058">2</td> <td data-bbox="1507 954 2074 1058">Provide a briefing on the draft budget to senior management</td> </tr> <tr> <td data-bbox="846 1058 1375 1201">Planning and organising activities</td> <td data-bbox="1375 1058 1507 1201">3</td> <td data-bbox="1507 1058 2074 1201">Organise the consultation process before and during the budget development phase</td> </tr> <tr> <td data-bbox="846 1201 1375 1299">Working with others and in teams</td> <td data-bbox="1375 1201 1507 1299">3</td> <td data-bbox="1507 1201 2074 1299">Discuss/negotiate potential budget adjustments with colleagues</td> </tr> </tbody> </table>			Key Competencies	Level	Examples	Collecting, organising and analysing information	3	Gather and analyse 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 organising activities	3	Organise the consultation process before and during the budget development phase	Working with others and in teams	3	Discuss/negotiate potential budget adjustments with colleagues
Key Competencies	Level	Examples																
Collecting, organising and analysing information	3	Gather and analyse 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 organising activities	3	Organise 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