

# MANAGE FINANCIAL OPERATIONS

UNIT CODE: BUS/BM/CR/06/6

## Unit Description

This unit specifies the competencies required to manage financial operations of an organization. It involves preparing organization financial plan and budget, establishing corporate governance structure, monitoring implementation of budgets and analyzing of variances, managing working capital, preparing financial statements, analyzing financial statements and preparing performance report.

## ELEMENTS AND PERFORMANCE CRITERIA

<b>Element</b> <i>These describe the key outcomes which make up workplace function.</i>	<b>Performance Criteria</b> <i>These are assessable statements which specify the required level of performance for each of the elements. <b>Bold and italicized terms are elaborated in the Range</b></i>
1. Prepare an organization financial plan	1.1 <b>Organizational data</b> is identified according to SOP 1.2 Financial targets are identified in accordance with strategic plan 1.3 Financial planning committee is formulated based on the organization finance policy. 1.4 Financial estimates are received based on the organization budget manual.

<p><b>Element</b></p> <p><i>These describe the key outcomes which make up workplace function.</i></p>	<p><b>Performance Criteria</b></p> <p><i>These are assessable statements which specify the required level of performance for each of the elements.</i></p> <p><b><i>Bold and italicized terms are elaborated in the Range</i></b></p>
	<p>1.5 Business alternatives plans are reviewed according to organization objectives and policy.</p> <p>1.6 Financial plan is developed based on the organization strategic plans.</p> <p>1.7 Report is prepared based on the financial plan</p>
<p>2. Prepare organization budgets</p>	<p>2.1 Budgets estimates are received by <b><i>functional managers</i></b> according to organization's policies</p> <p>2.2 Budget committee is formed as per organizational policies</p> <p>2.3 <b><i>Functional budgets</i></b> are prepared as per organizational budgeting procedures</p> <p>2.4 <b><i>Master budget</i></b> is prepared as per organization strategic plans</p> <p>2.5 Budgets are reviewed and adjustments are made according to budget manual.</p> <p>2.6 Budgets are presented for approval according to organization budget policy.</p>

<p><b>Element</b></p> <p><i>These describe the key outcomes which make up workplace function.</i></p>	<p><b>Performance Criteria</b></p> <p><i>These are assessable statements which specify the required level of performance for each of the elements.</i></p> <p><b><i>Bold and italicized terms are elaborated in the Range</i></b></p>
	<p>2.7 Budget are implemented in accordance to organizational plan</p>
<p>3. Establish corporate governance structures</p>	<p>3.1 Operating and financial plans are reviewed and approved based on the corporate strategies</p> <p>3.2 Organization’s financial reporting and auditing functions are implemented based on the financial reporting and audit standards.</p> <p>3.3 Organization’s compensation programs are evaluated based on the labor laws and human resource policies.</p> <p>3.4 Organization’s systems are evaluated to manage the risk in accordance with risk management policy</p> <p>3.5 Corporate governance structure is developed based on the strategic plan.</p>

<b>Element</b> <i>These describe the key outcomes which make up workplace function.</i>	<b>Performance Criteria</b> <i>These are assessable statements which specify the required level of performance for each of the elements. <b>Bold and italicized terms are elaborated in the Range</b></i>
	3.6 Report is prepared based on Corporate governance structure
4. Monitor implementation of budgets and analyze variance	4.1 <b>Actual and budgeted</b> results are reviewed based on the organizational policies 4.2 <b>Variiances</b> are generated based on budget procedures 4.3 Variances are analyzed as per operational plans 4.4 Variance report is prepared as per budget procedures 4.5 Corrective action is taken according to budget procedures 4.6 Follow up on budgetary implementation and corrective action is carried out based on budget procedures
5. Manage working capital	5.1 <b>Working capital</b> policies are made based on the organizational requirements 5.2 Inventory is managed according to inventory procedures.

<p><b>Element</b></p> <p><i>These describe the key outcomes which make up workplace function.</i></p>	<p><b>Performance Criteria</b></p> <p><i>These are assessable statements which specify the required level of performance for each of the elements.</i></p> <p><b><i>Bold and italicized terms are elaborated in the Range</i></b></p>
	<p>5.3 Procurement is carried out according to procurement procedures and regulations</p> <p>5.4 <b><i>Payables and liabilities</i></b> are settled according to payment procedures.</p> <p>5.5 Receivables are managed according to organization credit policy.</p> <p>5.6 Cash and cash equivalents are managed according to cash management policies.</p> <p>5.7 Working capital is monitored based on the working capital procedures.</p> <p>5.8 <b><i>Corrective</i></b> action is taken according to SOPs</p>
<p>6. Prepare financial statements</p>	<p>6.1 <b><i>Financial information</i></b> is obtained from financial records.</p> <p>6.2 Income Statement is prepared based on the income and expenditure</p> <p>6.3 Statement of financial position is prepared based on assets, liabilities and capital</p>

<p><b>Element</b></p> <p><i>These describe the key outcomes which make up workplace function.</i></p>	<p><b>Performance Criteria</b></p> <p><i>These are assessable statements which specify the required level of performance for each of the elements.</i></p> <p><b><i>Bold and italicized terms are elaborated in the Range</i></b></p>
	<p>6.4 Statement of cash flow is prepared as per the financial reporting standards</p>
<p>7. Analyze financial statements</p>	<p>7.1 <b><i>Financial Statements</i></b> are obtained as per organizational policy</p> <p>7.2 Financial statement are analyzed as per SOPs</p> <p>7.3 Trends are determined and interpreted based on financial ratios</p> <p>7.4 Corrective action is taken in accordance with strategic plan</p>
<p>8. Prepare annual performance report</p>	<p>8.1 Organization strategies are reported as per the strategic plan.</p> <p>8.2 Organization financial statements are reported as per the financial reporting and audit guidelines.</p> <p>8.3 Quality of the firm's financial statements is assessed based on the financial ratios.</p> <p>8.4 Contingencies and risks are reported based on the SOP</p> <p>8.5 Prospects of the organization are reported according to strategic plan.</p>

<b>Element</b> <i>These describe the key outcomes which make up workplace function.</i>	<b>Performance Criteria</b> <i>These are assessable statements which specify the required level of performance for each of the elements. <b>Bold and italicized terms are elaborated in the Range</b></i>
	8.6 Annual performance report is prepared based on the standard operating procedures.

## **RANGE**

This section provides work environments and conditions to which the performance criteria apply. It allows for different work environment and situations that will affect performance.

<b>Variable</b>	<b>Range</b> <i>May include but not limited to:</i>
1. Organization data	1.1 Revenue/sales 1.2 Purchase 1.3 Production 1.4 Labor 1.5 Expenditure
2. Functional manager	2.1 Marketing 2.2 Production 2.3 Procurement 2.4 Chief finance officer 2.5 Human resource 2.6 Research and development

<b>Variable</b>	<b>Range</b> <i>May include but not limited to:</i>
3. Functional budgets	3.1 Sales budget 3.2 Production budget 3.3 Purchases budget 3.4 Cash budget 3.5 Expenditure budget 3.6 Production cost budget
4. Master budget	4.1 Forecasted income statement 4.2 Forecasted Statement of financial position (Balance sheet)
5. Financial statements	5.1 Income statements 5.2 Balance sheet (statement of financial position) 5.3 Statement of cash flow
6. Variances	6.1 Sales volume 6.2 Cost 6.3 Price 6.4 Efficiency
7. Working capital	7.1 Inventory 7.2 Accounts receivable 7.3 Accounts payable 7.4 Cash and bank 7.5 Short term investments 7.6 Accruals 7.7 Prepayments
8. Payables and liabilities	8.1 Trade payables 8.2 Accrued expenses 8.3 Dividends



<b>Variable</b>	<b>Range</b> <i>May include but not limited to:</i>
	8.4 Interest 8.5 Income tax
9. Financial accounting	9.1 Manual records 9.2 Computerized
10. Working capital	10.1 Inventory (Stocks) 10.2 Accounts receivable (Debtors) 10.3 Bank 10.4 Cash 10.5 Accounts payable
11. Actual and budgeted results	11.1 Income 11.2 Expenditure
12. Financial ratios	12.1 Gross profit margin 12.2 Gross profit mark-up 12.3 Current ratio 12.4 Acid test Ratio 12.5 Debtors turnover 12.6 Creditors turnover 12.7 Rate of stock turnover

## **REQUIRED SKILLS AND KNOWLEDGE**

This section describes the skills and knowledge required for this unit of competency.

### **Required Skills**

The individual needs to demonstrate the following skills:

- Planning

- Analytical
- Interpretation
- Attention to detail
- Decision making
- Reporting
- Communication
- Problem solving
- Mathematical

### **Required Knowledge**

The individual needs to demonstrate knowledge of:

- Auditing
- Risk management
- Resource mobilization
- Financial and asset management
- Record keeping
- (Computerized) Financial accounting
- Financial management
- Computer applications
- Budget and budgetary control
- Ratio analysis
- Working capital
- Corporate governance

### **EVIDENCE GUIDE**

This provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge and range.

<p>1. Critical aspects of competency</p>	<p>Assessment requires evidence that the candidate:</p> <ul style="list-style-type: none"> <li>1.1 Prepared an organization financial plan</li> <li>1.2 Prepared operational budgets</li> <li>1.3 Established corporate governance structures</li> <li>1.4 Analyzed variances between actual performance and budgeted estimates</li> <li>1.5 Managed working capital</li> <li>1.6 Recorded financial transactions</li> <li>1.7 Prepared financial statements</li> <li>1.8 Analyzed and interpreted financial statements</li> <li>1.9 Prepared annual organization performance report</li> </ul>
<p>2. Resource implications</p>	<p>The following resources must be provided:</p> <ul style="list-style-type: none"> <li>2.1 Assessment center</li> <li>2.2 Financial templates</li> <li>2.3 Business documents</li> <li>2.4 Candidate reports</li> <li>2.5 Laptop/projector</li> </ul>
<p>3. Methods of assessment</p>	<p>Competency may be assessed through:</p> <ul style="list-style-type: none"> <li>3.1 Observation</li> <li>3.2 Written</li> <li>3.3 Oral</li> </ul>

	<p>3.4 Third party report</p> <p>3.5 Case study</p>
4. Context of assessment	<p>Competency may be assessed:</p> <p>4.1 On the job</p> <p>4.2 Off the job</p> <p>4.3 In work placement (in industrial placement)</p> <p>Off the job assessment must be undertaken in a closely simulated workplace environment</p>
5. Guidance Information for Assessment	<p>Holistic assessment with other units relevant to the industry sector, workplace and job roles is recommended.</p>

easytvvet.com