

Unit AJ14 Manage finance in the business unit (Part CH Unit J4)

Elements

AJ14.1 Make recommendations for expenditure

AJ14.2 Control expenditure against budgets

AJ14.3 Maintain the financial viability of the business unit

Unit Commentary

This unit is for archaeologists who have responsibility for implementing the strategies and policies of the organisation; who have responsibility for the development of the organisation or a substantial part of the organisation and who have responsibility within the organisation to allocate resources, including people, to achieve their requirements.

It is important to make effective use of resources in an organisation. This is a complex activity as there are many competing demands for expenditure, and they have to be approached in a way that maintains the integrity of the organisation. This unit covers making proposals for expenditure, agreeing budgets for programmes of work and controlling expenditure and activities against budgets.

AJ14 Manage finance in the business unit

AJ14.1 Make recommendations for expenditure

Performance Required

This will involve:

- a) Giving opportunities to **relevant people** to make suggestions for future expenditure
- b) Ensuring that your recommendations take account of past experience, trends, developments and other factors likely to affect future **expenditure**
- c) Clearly stating the expected benefits from the recommended expenditure, and any potential negative consequences
- d) Ensuring that where you have considered alternative options for expenditure, you provide valid reasons why you have rejected them
- e) Ensuring that you provide sufficient, valid information for relevant people to make a decision on your recommendations
- f) Ensuring that your recommendations for expenditure are consistent with your organisation's plans and objectives
- g) Presenting your recommendations to relevant people in an appropriate format and at an appropriate time

Occupational Context

1 Relevant people:

- team members
- colleagues working at the same level
- higher-level managers or sponsors
- financial specialists.

2 Expenditure:

- supplies
- people
- overhead expenses
- capital equipment.

Knowledge Requirements

You need to know and understand how to:

Analytical techniques

- Analyse expenditure in the past and use the results to make recommendations on more effective use of financial resources in the future
- Carry out cost-benefit analyses in regard to proposed expenditure
- Identify and evaluate alternative options to proposals on expenditure.

Communication

- Communicate effectively on issues to do with proposed expenditure.

Involvement and motivation

- Enable colleagues and line managers to identify and communicate their needs regarding expenditure
- Develop and argue an effective case for expenditure.

You need to know about:

Organisational context

- The trends and developments which may influence future expenditure and how to forecast and plan for these
- The procedures which need to be followed to make recommendations for expenditure.

Resource management

- The importance of effective budgetary control to team and organisational efficiency and your role and responsibilities in relation to this
- The principles and methods which underpin effective budgetary control
- The importance of keeping accurate records of past expenditure
- The information which others need to make decisions on expenditure and how to gather and check the validity of this information.

AJ14 Manage finance in the business unit

AJ14.1 Make recommendations for expenditure

Required Skills

N/A

Evidence Required

You should provide evidence that you can make recommendations for expenditure

The candidate should be questioned, based upon the documentation provided, to explore how they:

- make recommendations for expenditure.

Evidence Rules

The candidate should have been involved in managing the finance in the business unit over a period of time

AJ14 Manage finance in the business unit

AJ14.2 Control expenditure against budgets

Performance Required

This will involve:

- a) Giving team members clear and consistent advice on how they can help to control expenditure
- b) Giving team members opportunities to take individual responsibility for **monitoring** and controlling expenditure
- c) Ensuring that your methods of monitoring **expenditure** are reliable and comply with organisational requirements
- d) Monitoring expenditure against agreed budgets at appropriate intervals
- e) Controlling expenditure in line with budgets and organisational requirements
- f) Ensuring that the **corrective action** you take in response to actual or potential significant variations from budget is prompt and complies with organisational requirements
- g) Referring requests for expenditure outside your responsibility promptly to the appropriate people
- h) Ensuring that your records of expenditure are complete, accurate and available to authorised people only

Occupational Context

1 Monitoring

- by considering oral information
- by considering written information
- by examining financial information.

2 Expenditure

- supplies
- people
- overhead expenses
- capital equipment.

3 Corrective action

- altering activities
- rescheduling expenditure
- altering budget allocations within the limits of your responsibility
- renegotiating budgets.

Knowledge Requirements

You need to know and understand how to:

- Advise, encourage and motivate team members to help in controlling expenditure.

You need to know about:

Information handling

- The principles of confidentiality in relation to budgets - what information may be provided to which people.

Involvement and motivation

- The contributions your team members can make to expenditure control

Organisational context

- Your organisation's requirements for expenditure control
- The range of variations from the budget which may occur and what effective corrective action to take in response to these
- The types of requests for expenditure outside your control which are likely to occur and the correct procedures to follow in response to these.

Resource management

- The importance of effective expenditure control to your team and organisation's efficiency and your role and responsibilities in relation to this
- The principles and systems which underpin effective expenditure control
- The importance of accurate and comprehensive record keeping to expenditure control and systems to achieve this.

AJ14 Manage finance in the business unit

AJ14.2 Control expenditure against budgets

Required Skills

You should demonstrate:

- Financial data analysis

Evidence Required

You should provide evidence that you can control expenditure against budgets

The candidate should be questioned, based upon the documentation provided, to explore how they:

- control expenditure against budgets.

Evidence Rules

The candidate should have been involved in managing the finance in the business unit over a period of time

AJ14 Manage finance in the business unit

AJ14.3 Maintain the financial viability of the business unit

Performance Required

This will involve:

- a) clearly specify financial management objectives that are in line with the financial strategy of the business
- b) accurately calculate the **income** and **expenditure** of the business and periodically compare against cash-flow targets and financial management objectives
- c) calculate the financial viability of the business using reliable information and generate forecasts that can be assessed against the business plan
- d) correctly identify discrepancies between forecast and actual income and expenditure and explore the reasons for them
- e) control the income and expenditure of the business to meet financial management objectives
- f) calculate and regularly report to relevant people on the financial viability of the business in accordance with organisational formats and procedures

Occupational Context

1 Income

- income received less costs of sales
- interest on cash balances
- dividends
- grants
- disposal of assets.

2 Expenditure

- service / project delivery and related overheads
- personnel and related overheads and costs of employment
- premises and related overheads.
- interest on loans,
- depreciation
- allowable asset costs
- direct and indirect taxation

Knowledge Requirements

You need to know and understand how to:

- Calculate basic statements of financial viability, forecasts and simple ratios; key margins by service type and market; high and low forecasts, basic risk assessment
- Monitor financial viability, and how frequently this should be done

You need to know about:

- What type of trade-offs need to be determined in the business
- What the appropriate margins are for the business and its services and how to differentiate between gross and net profit
- Basic means of dealing with tax liability and appropriate sources of advice on this
- The financial manager's liabilities under current legislation including statutory reporting duties
- What sources of internal and external support, advice and information are available to support the financial manager

AJ14 Manage finance in the business unit

AJ14.3 Maintain the financial viability of the business unit

Required Skills

N/A

Evidence Required

You should provide evidence that you can maintain the financial viability of the business unit

The candidate should be questioned, based upon the documentation provided, to explore how they:

- maintain the financial viability of the business unit

Evidence Rules

The candidate should have been involved in managing the finance in the business unit over a period of time