

DIPLOMA IN FINANCIAL SERVICES (CREDIT UNION OR BUILDING SOCIETY DIRECTORSHIP)

DIRECTOR EVIDENCE WORKBOOK No.2

Financial Management II - Module 2004

This module is aligned with the following units of competence:-

FNSICORG502B - Manage a Budget (*)

FNSICORG517B - Prepare financial forecasts and projections

FNSICORG519B - Analyse and comment on management reports (*)

FNSICSAM505B - Assess market needs

SRXGOV001B - Participate as a member of an effective Board of an organisation

FNSICGEN302B - Use technology in the workplace

FNSICIND401B - Apply principles of professional practice to work in the financial services industry

(*) denotes the units of competence that can be attained through completion of DEW No. 2 whilst the other units are embedded across more than one Workbook.

Diploma in Financial Services (Credit Union or Building Society Directorship)

The Mutual ADI Directors' Diploma Course is aligned to the following national qualification: -

FNS50107 Diploma of Financial Services

And covers the following 14 units of competence.

Unit title	Unit code
Comply with financial services legislation, industry and professional codes of practice	FNSCOMP501B
Collect, assess and use information	FNSICGEN403B
Manage a Budget (*)	FNSICORG502B
Prepare financial forecasts and projections	FNSICORG517B
Analyse and comment on management reports (*)	FNSICORG519B
Prepare Strategic plans	FNSICORG601B
Assess market needs	FNSICSAM505B
Participate as a member of an effective Board of an organisation	SRXGOV001B
Manage own professional development	FNSICORG510B
Monitor corporate governance activities	FNSACCT604B
Communicate in the Workplace	FNSICGEN301B
Use technology in the workplace	FNSICGEN302B
Apply Health and Safety Practices in the workplace	FNSICGEN304B
Apply principles of professional practice to work in the financial services industry	FNSICIND401B

DEW No. 2 addresses a total of seven competency units (shaded above) – two of these units marked (*) can be completed whilst the other five units serve as prerequisites for completion in one or more of the other Workbooks.

National Accreditation for Completion of the Diploma

In order for you to attain national accreditation for completion of the ***Diploma in Financial Services (Credit Union or Building Society Directorship)*** you will need to demonstrate competence in the aspects of directorship covered by this course through completing the following two components: -

1. Attendance and full participation in each of the four course weekend workshops (4 x 2 day weekends) covering the seven modules of learning.
2. Completion of all the requirements relating to the work activities detailed in the Director Evidence Workbook Nos. 1, 2, 3 & 4 to be submitted to the AMInstitute Workplace Assessor for competency assessment, which now incorporate Projects 1 & 2.

There are a total of nine work activities to be completed within this ***Director Evidence Workbook No.2.***

The first six work activities (Nos. W2.1 to W2.6) are pre course weekend workshop activities, which means that each of these activities should be completed as part of your preparation for the Financial Management II Course Weekend Workshop with all of the material brought along on the weekend for submission to the Workplace Assessor.

The final three work activities (Nos. W2.7 & W2.9) are post course weekend workshop activities to be completed after having the full benefit of the learning experience from the weekend workshop. Specific interactive sessions have been included in the two-day workshop to assist participants with preparing material for these three work activities.

Work involved in gathering and presenting material for all nine work activities covered by this ***Director Evidence Workbook No.2*** will greatly enhance the learning outcomes for those participants vis a vis the other course participants not seeking to attain the units of competence making up the qualification.

The key resource materials supporting this workbook are:-

- Financial Statements Demystified (4th edition) by David Hey-Cunningham
- Financial Management I & II Manual for Credit Union and Building Society Directors (Version 2010) published by AMInstitute Ltd.

Pre Course Work Activities

Activity (W2.1) – A critique of your current financial reporting system	Comp Align	Did you complete	Assessor
<p>Review the Financial Reports that Management currently prepares for the Board and provide your practical assessment in terms of: -</p> <ul style="list-style-type: none"> • Are the reports well presented and easy to understand? • Do the reports comply with Credit Union/Building Society policy and procedures? • Do you think the data is presented in a logical structured format? • How do they relate to the Business Plan & Budget? • Are the reports presented in a format that is both professional and meaningful? • Do you have any recommendations about how the presentation of the financial reports could be improved? • Were the reports presented as per the scheduled timeframe? • Do you believe that each and every director on the Board has a good working knowledge of how to interpret the reports? If not, suggest some training measures to ensure directors are trained to interpret and understand financial reports. 	<p>FNSICO RG502B (3.1-3.4)</p> <p>FNSICO RG517B (1.2,1.2, 2.2, 3.3, 4.1,4.2, 4.4, 4.5)</p>		
<p>Bring a copy of the financial reports along to the workshop for submission to the Workplace Assessor.</p>			

Activity (W2.2) – Gather, schedule, model and analyse data	Comp Align	Did you complete	Assessor
<p>Gather the necessary data to complete the Key Statistics & Ratio Sheet sent out to you among the information and instructions provided to you in preparation for the Financial Management II Course Weekend Workshop.</p> <ul style="list-style-type: none"> • Record the required key statistics and ratios on the sheet provided for the last two completed financial years. 	<p>FNSICGEN 302B(1, 2)</p> <p>FNSICGEN 301B(2, 4)</p>		
<p>Bring two copies of the completed key statistics & ratios sheet along to the workshop for submission to each of the Workplace Assessor and course tutor respectively.</p>			

The Mutual ADI Directors' Diploma Course
 Director Evidence Workbook No.2- Financial Management II Module

Activity (W2.3) – Business Planning, Review & Budget Process	Comp Align	Did you complete	Assessor
<p>What is the current Board process for determining how income is to be generated, how expenses are to be allocated and the target level of profitability being sought?</p> <ul style="list-style-type: none"> Where, when and by whom are capital and revenue budgets prepared and performance against these budgets reported? How does the Board of Directors satisfy itself that the budget represents the best possible allocation of the Mutual ADI resources? Does the current process provide adequate opportunity to identify any potential conflict between the business plan, the financial forecasts and the business resources (human/systems) required? <p>What is the current Board process for reviewing actuals against scheduled budgets? What reports are prepared?</p> <ul style="list-style-type: none"> In your Credit Union or Building Society, list the job title(s) of people responsible for reviewing budget and record deviations. Review last years' financial report. Are there any notes on deviations from the set budget? What responses and actions were taken? 	<p>FNSICO RG502B (1.1-1.2, 2.1-2.4)</p> <p>FNSICG EN301B (4)</p> <p>FNSICO RG517B (1.3)</p> <p>FNSICO RG502B 2.1-2.4)</p> <p>FNSICO RG517B (2.1)</p>		

Activity (W2.4) – Process involving Board Approval for new income & expenditure initiatives.	Comp Align	Did you complete	Assessor
<ul style="list-style-type: none"> Describe the process undertaken by the Board and Management when management develops a new proposal involving an investment of funds that are not provided for within the existing Business Plan & Budget. Explain how the Board determines whether this new proposal should be approved and what other considerations does it make prior to deciding whether or not to approve the new proposal. Provide an example of a recent proposal brought by Management to the Board and describe how the process described above was followed. How did this example impact upon the Business Plan & Budget at that time? How are these financial decisions documented? Provide an example of where this documentation exists in the Board records for a recent substantial financial decision. 	<p>FNSICOR 502B (3.1-3.4)</p> <p>FNSICIND 401A (3.1.3.2)</p>		

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Activity (W2.5) – Board processes for monitoring Financial Performance	Comp Align	Did you complete	Assessor
<ul style="list-style-type: none"> • Describe how the Board monitors financial performance for the credit union or building society. • Describe how the Board monitors the financial performance of decisions taken to pursue new proposals approved by the Board. • Review a decision made at least 12 months ago – what follow up has been undertaken and how has that follow-up been recorded for the Board in formal reports. 	FNSICO RG519 (3.1-3.3) FNSICO RG517B (5.1-5.4) SRXGO V001B (1.5)		

Activity (W2.6) – Board Policies for control of Delegations of Authority	Comp Align	Did you complete	Assessor
Review the Mutual ADI's policy documents on expenditure authorities: - <ul style="list-style-type: none"> • What authority does the Chief Executive have to approve expenditure without Board authorisation? • Identify an instance where this authority has been exercised – review the decision for compliance with the mutual ADI's policy. 			

Post Course Workshop Activities

Activity (W2.7) – Recommendations for Improvement to Financial Reporting System (Relates to W2.1)	Comp Align	For completion Date	Assessor
<p>Part of your role as a member of the Board is to ensure that the reports prepared by management about financial performance of the mutual ADI come to you in an informative and timely manner. Using the material gathered for W2.1 together with the experience of the course weekend workshop identify areas where you believe the quality of the reports need to be improved. For each of your recommendations for improvement describe: -</p> <ul style="list-style-type: none"> • The benefit to you as a director and to the Board as a whole in having this information included in the financial reports. • What do you believe are the priorities among these recommendations and what do you see as a reasonable timetable for their inclusion. • Are there any aspects of the current reporting that could be eliminated from the financial reports? • What would be the cost benefit implications of making these changes? 	<p>FNSICOR G517B (5.1-5.4)</p>		

Activity (W2.8) – Financial Performance Analysis (Relates to W2.2)	Comp Align	For Completion Date	Assessor
<p>Using the data gathered in the Key Statistics & Ratios Sheet together with the experience of the course weekend workshop and in particular the credit union case study presentations delivered during the Sunday sessions prepare a financial performance analysis report addressing: -</p> <ul style="list-style-type: none"> • The key features of your mutual ADI's financial report • Evidence of income shortfalls and/or expenditure overruns • Evidence of trends and patterns of performance • Liquidity and profit implications from the figures • Impact of funding decisions (cost of funds etc.) • Impact of legislative requirements (capital adequacy etc.) • External factors that have played a role in the results displayed 	<p>FNSICS AM505B (5.3) FNSICIN D401B (1.1, 1.2, 2.1, 2.3, 3.1, 3.2) FNSICO RG519B (2.1) FNSICO RG517B (2.3, 2.4 4.1)</p>		

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Activity (W2.9) – Analyse management report	Comp Align	For Completion Date	Assessor
<p>Gather the necessary reports that you believe provide the Board with the information required to understand how the Credit Union or Building Society has performed over the last 12 months:</p> <ul style="list-style-type: none"> • Can you identify any unusual items, variations or exceptions? • Compare the actual results to the expected outcomes for the items that have been identified. • Based on the information you have available, can you provide an explanation for each variance? Are there any recommendations you would make to remedy the variation? 	<p>FNSICO RG519B (whole unit)</p> <p>FNSICO RG517B (4.1)</p>		