

## SFJXA4

### Review and develop own financial literacy



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#### Overview

This unit will enable Board members to take responsibility for reviewing their own skills and knowledge in strategic financial management and to develop the skills and knowledge that is required.

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### Performance criteria

#### Review and develop own ability to read and understand relevant financial documents

*You must be able to:*

- P1 evaluate the requirements of the Board Member's role taking account of the expectations and financial objectives of the organisation and identify own development needs
- P2 plan your own training and development in line with the Board's objectives and recognised Continuing Professional Development (CPD)
- P3 develop and maintain an appropriate level of knowledge and understanding relating to key financial documents
- P4 use self and peer review to identify any gaps between current and future requirements of the role as Board member and your current skills, knowledge and understanding in terms of financial literacy

#### Recognise the significance of numbers and the financial reality expressed in numerical financial statements

*You must be able to:*

- P5 review financial accounts, forecasts, budget reports and annual reports
- P6 identify and act on any significant deviation from budget plans or factors that are unexpected or abnormal within financial reports
- P7 review and agree the comprehensiveness and reliability of internal and external audits
- P8 review the process for approval of accounts prior to submission for audit

#### Set the agenda for organisational audit

*You must be able to:*

- P9 accept your personal role in the collective responsibility of the Board for the external auditing process for the organisation
- P10 contribute to the appointment of the external auditor
- P11 identify and agree the areas to be subject to internal audit
- P12 assess the audit risks
- P13 determine the overall audit strategy
- P14 review, evaluate and monitor improvements to audit operations

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### Knowledge and understanding

*You need to know and understand:*

### Review and develop own ability to read and understand relevant financial documents

- K1 current requirements of Board members in terms of financial literacy
- K2 How to identify future financial trends
- K3 the legal and regulatory requirements of Board members in terms of financial responsibility
- K4 the kind of training and development available to board members
- K5 the level of knowledge of financial documents required
- K6 which key financial papers are relevant to your role, including:
  - K6.1 statutory accounts
  - K6.2 financial projections
  - K6.3 balance sheets
  - K6.4 profit and loss statements
  - K6.5 cash flow projections
  - K6.6 budget statements
  - K6.7 annual reports
- K7 public finance processes and political drivers for costs and expenditure
- K8 the implications of changes to funding on organisational performance and/or survival; and the role of the chair in making representations to providers of funding and to policy makers

### Recognise the significance of numbers and the financial reality expressed in numerical financial statements

*You need to know and understand:*

- K9 the kind of accounting and operational systems used by the organisation
- K10 financial administration systems, controls and procedures
- K11 how to assess financial risks
- K12 the kind of factors which indicate comprehensiveness and reliability within audit systems
- K13 how to recognise when data provided is inadequate or incomplete and steps to take to rectify this
- K14 how to compare and reconcile data from financial sources with relevant data from other sources

### Set the agenda for organisational audit

*You need to know and understand:*

- K15 the external audit arrangements and the role of the Board in them
- K16 factors to consider in appointing auditors
- K17 the terms of reference for auditors
- K18 relevant legislation and guidelines governing organisations and audit
- K19 organisational objectives and risk factors
- K20 organisational structure
- K21 admin. systems, controls and procedures

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- K22 the relationship between internal and external audit
- K23 how to monitor audit performance
- K24 the kind of factors that may indicate fraud

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#### Additional Information

##### Behaviours

**The Board member will apply the following personal skills and attributes:**

1. Read, abstract and assess required information from relevant documents
2. Understand the different factors that influence decision making
3. Think systematically and contextually
4. Identify and balance priorities
5. Use foresight and apply it to strategic forward planning and risk assessment
6. Challenge constructively
7. Read, abstract and critically assess information from relevant documents
8. Think strategically and identify trends
9. Understand how the size and scope of an organisation affects the decisions that have to be taken
10. Understand the business of the organisation and how it impacts on/is impacted on by environmental factors

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<b>Developed by</b>	Skills for Justice
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<b>Relevant occupations</b>	Public Services; Public Service Professionals
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<b>Suite</b>	Governance of Public Sector Services
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