

Unit FM5.05 Financial management in facilities management

The assessment criteria form part of the unit and specify the standard that a learner is expected to meet to demonstrate that the learning outcomes within the unit have been achieved. The additional guidance, which is shown in brackets and italics alongside the assessment criteria, does not technically form part of the unit, in that it is not included in the reference version of the unit shown by the Register of Regulated Qualifications. The additional guidance is provided to illustrate how the assessment criteria might be interpreted. The BIFM will generally expect assessors to interpret the assessment criteria as described, or to an equivalent level of demand.

(At level 5, the evidence provided by learners to confirm that they meet the assessment criteria should mostly relate to organisations where they have worked or where they are working.)

Aim of the unit:

This unit enables a learner to apply the principles of financial management and financial policies to facilities management. To effectively manage budgets and cash flow and to prepare financial cases.

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| Title: | Financial management in facilities management | |
| Level: | 5 | |
| Credit value: | 6 | |
| Learning outcomes | Assessment criteria | |
| <i>A learner when awarded credit for this unit will:</i> | <i>Assessment of this learning outcome will require a learner to demonstrate that they can:</i> | |
| 1. Be able to understand the principles and practices of management accounting to facilities management | 1.1 Describe management accounting techniques which support the facilities management process (<i>including return on capital employed, return on investment, internal rate of return discounted cash flow, asset values, balance sheets, profit and loss accounts, budget control and reporting, and accrual management</i>) 1.2 Describe the financial systems and processes used for the effective management of facilities management budget (<i>including accounts payable, accounts receivable, cash flow, budget coding and monitoring, capital and revenue spend profiling, asset registers</i>) | |
| 2. Be able to understand sound financial policies within area of | 2.1 Explain the principles of financial auditing (<i>including 'true and fair' probity,</i> | |

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| <p>responsibility</p> | <p><i>conformance and accuracy)</i></p> <p>2.2 Describe how these principles are applied within own area of responsibility (<i>see below</i>)</p> <p>2.3 Review the financial implications of using codes of ethics in the context of corporate responsibility (<i>see below</i>)</p> <p>2.4 Make suitable adjustments to improve good practice and transparency (<i>see below</i>)</p> <p>2.5 Explain how a true and fair view of assets, liabilities, profits and costs can be presented (<i>see below</i>)</p> <p><i>(The second to fifth assessment criteria for this learning outcome can be addressed by reference to practice at an organisation where the learner works or has worked in the past. The principles of financial auditing should be related to process such as the use of levels of authority, devolved authority and sample checking. The implications of using codes of ethics should be related to concerns such as the avoidance of fraud & waste, ensuring best value for money, avoidance of financial penalties (fines) and maintaining reputation. The recommended adjustments and the explanation of how to present a true and fair view should be related to the management accounting techniques and financial systems described in relation to the previous learning outcome.)</i></p> |
| <p>3. Be able to manage and review capital and revenue budgets in a facilities management context</p> | <p>3.1 Prepare revenue budgets (<i>see below</i>)</p> <p>3.2 Review and manage revenue budgets (<i>see below</i>)</p> <p>3.3 Apply the techniques used by facilities managers to acquire capital budgets (<i>see below</i>)</p> <p>3.4 Set capital budgets. (<i>no additional guidance</i>)</p> <p>3.5 Review and manage capital budgets (<i>see below</i>)</p> <p>3.6 Explain the tools of financial appraisal and how these are used to inform financial management and budgetary decisions (<i>see</i></p> |

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| | <p><i>below)</i></p> <p><i>(All of the assessment criteria for this learning outcome can be addressed by an exercise based on practice at an organisation where the learner currently works or has worked in the past. The management of both revenue and capital budgets should take account of issues such as the lag between committed spend and payment, the use of stage payments and retentions, seasonal effects, and tracking of spend and savings against individual projects. The tools used to inform financial management and budgetary decisions should include examples such as whole life costing, discounted cash flow, net present value, internal rate of return, and return on capital employed.)</i></p> |
| <p>4. Be able to manage cash flow</p> | <p>4.1 Apply the principles, techniques and processes of cash-flow projections to manage the flow of cash within the facilities management business cycle <i>(see below)</i></p> <p>4.2 Apply the principles, techniques and processes in the management of cash flow for contracts and projects <i>(see below)</i></p> <p><i>(All of the assessment criteria for this learning outcome can be addressed by an exercise based on practice at an organisation where the learner currently works or has worked in the past. The principles, techniques and processes should include the raising and processing of purchase orders, authorisation of payments, accrual management, stock management, flexing of people, resources and budgets, and revenue protection. Their application should take account of the business case and the impact of time passing (eg, on project slippage, and on contracts that cover more than one financial year).)</i></p> |
| <p>5. Be able to prepare financial cases</p> | <p>5.1 Identify and apply the principles and techniques to prepare financial cases <i>(see below)</i></p> <p>5.2 Prepare financial cases to secure required approvals <i>(see below)</i></p> <p><i>(Both of the assessment criteria for this learning outcome can be addressed by an</i></p> |

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| | <i>exercise based on practice at an organisation where the learner currently works or has worked in the past. The financial case should include analyses such as whole life costing, cost/benefit, strategic fit, next best alternative, and hard/soft estimates.)</i> | |
| Unit expiry date | 31 st October 2017 | |
| Unit reference number | R/601/1808 | |
| FM Professional Standards reference | FM functional area: | FM functional area component: |
| | Finance and IT | Financial Management |

Resources:

Essentials of Financial Risk Management (Essentials Series) by Karen A. Horcher
Management Accounting for Business by Colin Drury
Guide to Financial Management by John Tennent
Mastering Financial Management: A Step-by-Step Guide to Strategies, Applications and Skills (Financial Times Series) by Mr Clive Marsh
Financial Management: Theory and Practice by Eugene F. Brigham and Michael C. Ehrhardt
Key Management Ratios (Financial Times Series) by Ciaran Walsh
Fundamentals of Financial Management by J. Van Horne and Prof John M Wachowicz JR
Financial and Management Accounting: An Introduction by Prof Pauline Weetman
Business Development Series: Practical Financial Management: A Guide to Budgets, Balance Sheets and Business Finance: 2 by Colin Barrow
Fundamentals of Financial Management (Concise Edition) by Eugene F. Brigham and Joel F. Houston
Risk and Financial Management in Construction by Simon A. Burtonshaw-Gunn
Fundamentals of Financial Management, Concise Edition by Eugene Brigham and Joel Houston
Financial & Management Accounting by Pauline Weetman
Financial Management: Principles and Applications by Sheridan Titman, John D. Martin, and Arthur J. Keown
Guide to Setting Budgets and Managing Cashflows, A by Jennifer Rhodes
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