Finance capability profile for finance professionals

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Foreword

Under Section 53(3) of the Public Sector Management Act, 1994 (PSM Act), employing authorities may classify senior executive service positions within their agencies in accordance w

In 2015, the Public Sector Commission and Department of Treasury (Treasury) undertook a review of the financial capability within the Western Australian public sector. A report

summarising the findings of the review—including a recommendation to produce a Finance

capability profile (FCP)—was circulated to all chief finance officers (CFOs) in March 2016.

During 2016, the CFO Reform Steering Group gathered input from a variety of State Government finance staff to produce this Finance capability profile.

This profile is part of the broader Finance Capability Framework suite, which comprises the following:

* CFO Success Profile and Accompanying Guidelines for Measuring
* Finance Capability Profile
* Leadership Capability Profile
* Level 1-6 Capability Profile.

# CFO Reform Steering Group

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* Ms Mandy Taylor, Department of Agriculture and Food WA
* Mr Liam Carren, Department of Housing (formerly Department of Finance)
* Mr David Goodwin, Department of Commerce
* Mr Damon DeNooyer, Insurance Commission of Western Australia
* Ms Paula Nelson, State Heritage Council
* Mr Ross Hughes, Water Corporation
* Ms Santa Cardenia, Western Australia Police
* Ms Kaylene Gulich, Department of Treasury
* Mr Anthony Smith, Department of Treasury (observer)

Finance capability profile overview

# Key finance capabilities

As a competency-based guide and overview for finance professionals in the public sector, this profile describes key competencies as behavioural indicators across six main financial function capability areas and related capability sets.

It recognises the wide variety of roles, position classifications and levels of responsibilities that exist within the central finance units of small, medium and large organisations. As these roles require a range of competencies at varying levels, the capability areas and sets are not based on specific classification and job role levels. This allows for a more holistic analysis of the competencies that contribute to a capable and effective finance function.

## Capability areas

The profile applies to all finance roles across the public sector and they are categorised under the following six capability areas:

* financial and statutory accounting
* financial systems
* government financial policy
* management accounting - budgeting government
* management accounting - budgeting generic
* taxation.

## Capability sets (A-C)

Each capability area comprises three capability sets (A-C) to be used as a guide to describe the broad range of competencies that should exist within an effective and efficient central finance unit. As noted above and in recognition that ‘one size does not fit all’, these sets do not correspond directly to classification levels or pay grades.

A key requirement of all capability frameworks is to ensure role responsibility segregation and quality control is in place. Within this context and as a general guide, capability

set C primarily represents the role of the CFO, particularly in terms of strategic and oversight responsibilities. Similarly, capability sets A and B list competencies that ensure advice and services provided by the finance function have at least one finance professional to prepare and another to review.

The recommended approach to implementing the capability profile is for each agency to ensure the competence of the finance section comprises sets A and B in order to support set C. This ensures the CFO role is afforded the time to fulfil strategic responsibilities, while aligning operational responsibilities to support staff. In particular, set B professionals could essentially be considered deputy CFOs, sharing accountability for advice and services being delivered to the required standard.

## Capability area names and descriptors

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| Capability area | Description |
| Financial and statutory accounting | Undertake application of all statutory and external financial reporting requirements and liaison with internal and external audit activities. |
| Financial systems | Manage financial systems and the associated control framework, both within the systems and in manual environments. Ensure systems are built, installed and managed in order to minimise risk and enhanced controls are used to ensure transactions are processed in an efficient and effective manner. |
| Government financial policy | Develop internal financial policies\*, advocate on external policy and legislative issues and ability to use delegation frameworks to ensure decision making power is appropriate and well documented.  \*excluding policies on financial reporting |
| Management accounting – budgeting government | Ensure management accounting and budgeting requirements specific to government are met, with a focus on meeting Treasury process and information requirements. |
| Management accounting – budgeting generic | Provide generic management accounting responsibilities. |
| Taxation | Ensure all local, state and federal taxation requirements are met. Use of financial systems to assist in achieving compliance and undertaking value-adding analysis. |

Finance capability profile

# Applying the profile

This profile assists with the alignment of sector-wide talent management strategies, including workforce and succession planning, talent acquisition, leadership development, capability development, performance management and career advancement.

The capability profile also provides:

* an outline of the key financial function capability sets that are critical to the delivery of government services and championed by subject matter experts from across the sector
* a common language for, and set of expectations of, the professional finance function
* guidelines to support development activities to promote career progression and mobility across the broader public sector
* a clear foundation for dialogue between managers and staff about performance and development.

Further to the above, this profile enables agencies to look at the value proposition of roles, rather than traditional hierarchical levels only, encouraging simpler organisational structures to strengthen accountability and empowerment by:

* establishing a clear understanding of roles, responsibilities and performance expectations
* allowing for a more holistic analysis of competencies
* devolving decision-making.

| Capability area: Financial and statutory accounting Undertake application of all statutory and external financial reporting requirements and liaison with internal and external audit activities. | | |
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| Capability set A | Capability set B | Capability set C |
| Understand the core components of the reporting entity’s statutory financial accounting requirements.  Contribute to the preparation of annual financial statements, including less complex published notes and working papers.  Prepare less complex business transactions and general ledger entries, ensuring the application of correct accounting treatment.  Apply reporting tools to interrogate financial data and identify trends or issues that may arise and report these to higher level management.  Maintain the organisation’s chart of accounts and reporting framework, including the reconciliation and analysis of trust, control and clearing accounts.  Liaise with internal and external auditors on less complex working papers.  Apply the operations of Department of Treasury’s systems in terms of financial accounting requirements.  Contribute to the preparation of agency specific financial accounting policies and procedures. | Employ a detailed understanding and application of all components of the statutory financial accounting requirements of the reporting entity, including keeping up-to-date with new and planned changes to measurement, recognition and disclosure requirements.  Analyse financial data and provide advice to higher level management on key issues, trends and drivers, including delivery of high-level advice to the CFO or senior management.  Prepare agency specific financial accounting policies and procedures on accounting treatment, recognition, measurement and disclosures and consult with the organisation’s business units to ensure effective implementation.  Consult with the organisation’s business units on accounting, business or contractual issues and determine when external advice is required.  Manage the organisation’s chart of accounts and financial reporting framework, which includes authorisation and management of trust, control and clearing accounts reconciliations and the complete preparation and validation of financial statements for the annual report to ensure all statutory and audit requirements are met.  Manage and oversee routine internal and external auditors’ requirements, including provision of working papers and preparation of responses to audit findings. | Possess a detailed high-level understanding and application of all aspects of the reporting entity’s statutory financial accounting requirements.  Communicate regularly with executive management on key financial themes to assist their understanding and appreciation of accounting, business and contractual issues.  Authorise and undertake a high level review of financial statements and supporting information and demonstrate an appreciation of how external audiences perceive financial results.  Oversee and provide direction on the organisation’s chart of accounts and reporting framework, including oversight of trial balance and status of reconciliations of trust, control and clearing accounts.  Undertake high-level discussions with internal and external auditors, guide the response to financial audit findings in terms specific to the agency and to the wider sector, contribute to the direction and scope of the agency’s internal audit program and take the lead role in external audit entry and exit discussions.  Authorise organisation specific financial accounting policies and procedures, including setting the direction for financial accounting policy development and engaging with executive management to ensure implementation occurs effectively. |

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| Capability area: Financial systems Manage financial systems and the associated control framework, both within the systems and in manual environments. Ensure systems are built, installed and managed in order to minimise risk and enhanced controls are used to ensure transactions are processed in an efficient and effective manner. | | |
| **Capability set A​​** | **Cap​​ability set B** | **Cap​​ability set C** |
| Understand and apply generic knowledge of current and emerging financial systems technology and internal and external requirements of the control framework.  Contribute to and support the preparation of financial reports on financial systems activities, including undertaking rudimentary report interpretation and general analysis.  Ability to undertake report extraction and address reporting issues as required.  Contribute to financial systems projects including the ability to develop and execute test plans and document system requirements.  Prepare financial transactions for processing, ensuring relevant business policies, processes and procedures are applied.  Demonstrate overall awareness and relevance of transaction processes, including understanding coding and relevant legislative policy and procedure compliance requirements.  Produce high quality data entry, identify and address abnormal transactions and undertake a rudimentary level of quantitative and qualitative analysis. | Apply detailed knowledge and understanding of current and emerging financial systems technology and internal and external requirements of the control framework, including segregation, cash and revenue controls, processing of expenditure transactions, debt management, audit requirements, reconciliations and data security.  Manage operation of financial systems and related control frameworks, including accounting/financial responsibilities and system based functions, ensuring timely and compliant processing of transactions, all system checks and reconciliations are undertaken and external technical advice is regularly obtained for required ICT issues.  Ability to project manage financial systems projects, including effective use of contemporary project management tools and techniques.  Develop, review and oversee execution of test plans and requirements, with the ability to address current and ongoing issues.  Build and maintain strong networks of internal and external professional contacts and partnerships with key stakeholders, including ensuring good relationship management with ICT and other finance teams.  Ability to train staff to ensure they are equipped to use current and emerging financial systems technology. | Apply high-level knowledge and understanding of current and emerging financial systems technology, including internal and external requirements of the control framework.  Oversee financial processing activities and financial systems reporting output.  Provide high-level leadership, advice, planning and decision making relevant to financial systems projects, including governance, monitoring and review and the identification of strategic drivers.  Contribute to sector-wide discussions on financial systems. |

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| Capability area: Government financial policy Develop internal financial policies\*, advocate on external policy and legislative issues and ability to use delegation frameworks to ensure decision making power is appropriate and well documented.    \*excluding policies on financial reporting. | | |
| **Capability s​​et A** | **Ca​​pability set B** | **Ca​​pability set C** |
| Apply generic knowledge and understanding of the key components of the State Government Financial management framework.  Ability to communicate key financial policy concepts and ideas and provide general advice to internal clients about financial policy matters.  Contribute to the development of financial management policies, practices and procedures, including external business requirement considerations. | Apply detailed knowledge and understanding of all aspects of the Financial management framework specific to Government, including relevant legislation, policies, procedures and business practices.  Build and maintain strong networks of internal and external professional contacts and partnerships with key stakeholders.  Ability to advise and guide staff on government financial policy matters and to communicate and summarise complex accounting and financial terminology into non-technical accounting terms.  Develop and review financial policies ensuring external requirements are met and consultation occurs with key internal and external stakeholders. Ability to apply instrument of delegation when appropriate.  Promote innovation, minimising red tape and improvement in business efficiency. | Apply high-level knowledge of the Financial management framework specific to Government.  Monitor policy, industry and compliance trends to inform key stakeholders in decision making processes.  Present high-level advice to executive management on financial policy issues and address complex issues and respond to queries as and if required.  Ability to communicate and summarise key financial policy concepts to the most senior of stakeholders (e.g. ministers).  Consult with central government agencies and other relevant parties to advocate and influence financial policy directions.  Build, maintain and influence strong networks of internal and external professional contacts and partnerships with key stakeholders. |

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| Capability area: Management accounting - budgeting government Ensure management accounting and budgeting requirements specific to government are met, with a focus on meeting Treasury process and information requirements. | | |
| **Capability set A​​** | **C​​apability set B** | **Cap​​ability set C** |
| Provide internal advice on non-complex management accounting and budgeting matters specific to Government.  Understand and apply fundamental knowledge of budgeting and management accounting legislation, policies and procedures specific to State Government.  Assist in processes relating to the annual budget process, including responding to routine Department of Treasury information and process requirements.  Assist in the consolidation and formation of a detailed internal micro budget.  Apply an elementary understanding of Treasury budget systems, including the relationships between the three financial statements, preparation of adjustments and use of system based reporting tools. | Apply detailed knowledge and understanding of all components of management accounting or budgeting framework specific to State Government.  Consolidate the internal budget and provide advice on key trends within the budget and manage the routine component of the internal budget framework through the preparation of detailed internal micro budget procedures, templates and timetables.  Manage the preparation and review of content for Parliamentary Budget Estimates.  Manage routine liaison with Treasury on their information and process requirements, ensuring a strong and collaborative working relationship.  Employ a detailed understanding and application of knowledge and skills in all aspects of Treasury budget systems.  Proactively advise internal clients on complex management accounting and budgeting issues specific to State Government, including summarising complex financial issues to enable non-financial clients to be informed on key points. | Apply high-level knowledge and understanding of management accounting or budgeting framework specific to State Government.  Provide high-level leadership on the annual budget framework, including engagement with the governing body and, if applicable, high-level liaison with Treasury and the annual Parliamentary Budget Estimates process.  Incorporate a broad knowledge and understanding of Treasury budget systems and processes and communicate their requirements to senior staff in the agency. |

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| Capability area: Management accounting - budgeting generic Provide generic management accounting responsibilities. | | |
| **Capability set ​​A** | **Capa​​bility set B** | **Capabil​​ity set  C** |
| Understand and apply generic management accounting concepts and techniques as aligned to the requirements of the accounting professional associations’ mentor program requirements.  Perform basic analysis of moderately complex financial and non-financial data and information and provide written and/or verbal recommendations, ensuring analysis is accurate by applying relevant financial analysis tools.  Provide assistance to operationalising the internal reporting framework by developing requirements and analysing reporting results.  Ability to interpret data with demonstrated understanding of trend analysis.  Provide assistance to managing agency cashflows and support with the preparation of cash budgets and forecasts. | Apply substantial knowledge of generic management accounting concepts and techniques as aligned to the requirements of the accounting professional associations’ mentor program requirements.  Apply sound understanding of the organisation’s business, functions and operations to all aspects of the management accounting and budgetary process.  Build and maintain strong networks of internal and external professional contacts and partnerships with key stakeholders.  Ability to analyse complex issues and data to provide clear advice, options and solutions that meet clients’ expectations.  Ability to lead and coach staff to ensure they possess adequate qualitative and quantitative financial analysis knowledge and skills.  Design and implement internal reporting framework that meets organisational requirements, including development of systems and templates that ensure accurate data capture.  Prepare monthly internal financial reports ensuring accuracy and for a range of audiences, including executive management.  Manage analysis of the organisation’s cashflows, including the preparation of cash budgets and forecasts, analysis of movements and provision of advice.  Ensure restricted trust and capital funds are closely monitored and reported and acquittal requirements are met. | Apply high-level knowledge of management accounting concepts and techniques, as aligned to the accounting professional associations’ mentor program requirements.  Undertake oversight of analytical activities, ensuring direct involvement in issues considered a high risk or of high importance.  Demonstrate a high level of awareness and understanding of financial analysis tools, options and features.  Provide high-level leadership by setting the direction of the internal reporting framework.  Authorise all applicable financial reports to the applicable governing body.  Oversee the cash position, ensuring key trends are investigated and action undertaken where necessary. |