

Unit of Competency**Functional Area: Finance**

Title	Manage cost deviation
Code	105234L4
Range	This unit of competency is applicable to practitioners in the import and export industry to identify cost variance and manage cost deviation.
Level	4
Credit	5 (for reference only)
Competency	<p>Performance Requirement</p> <ol style="list-style-type: none"> 1. Describe cost monitoring process <ul style="list-style-type: none"> • Use cost monitoring process to identify cost variance • Use principles of cost monitoring to handle cost deviation 2.1. Identify cost variance <ul style="list-style-type: none"> • Estimate standard cost (i.e., per-unit cost expected to be incurred under normal operating conditions) for various accounts • Estimate actual cost for various accounts (including actual quantity and cost) • Identify the cost variance (i.e., differences between actual and standard input prices and quantity) • Alert top management when the unfavourable variance (i.e., actual cost exceeds standard cost) goes beyond the tolerant limit 2.2. Evaluate remedial action <ul style="list-style-type: none"> • Identify and evaluate the causes of cost variance • Review and revise standard costs 3. Establish cost deviation procedure <ul style="list-style-type: none"> • Establish an effective cost deviation control system and cost deviation procedure • Integrate approved revised cost changes with other control mechanisms
Assessment Criteria	<p>The integrated outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> • Capable of identifying cost variance • Capable of reviewing standard cost • Capable of handling cost deviation
Remark	