

PROFESSIONAL ACCOUNTANCY QUALIFICATION DETAILED SYLLABUS

DIPLOMA STAGE FINANCIAL AND PERFORMANCE REPORTING

1. INTRODUCTION AND SCOPE

CIPFA's Statement of Expertise identifies the key capabilities and standards of performance expected of a CPFA within 5 years of initial qualification. The CIPFA Professional Accountancy Qualification is designed to provide the professional education element of CIPFA's qualification scheme, equipping the newly-qualified CPFAs with the technical and managerial knowledge and skills which underpin the capabilities described in the Statement of Expertise. Each module of the Professional Accountancy Qualification contributes to the attainment of a range of these capabilities.

This module is part of the Diploma stage of the CIPFA scheme. The module will deliver a series of objectives (see below) which represent the standard of attainment expected of a diploma level student. This level of attainment, coupled with initial professional development activities will enable the CPFA to perform to the standards specified in areas of the Statement of Expertise as described below.

2. LINKAGES

This module builds directly on the learning in the Certificate level modules Financial Accounting and Financial Reporting by requiring students to apply their knowledge of accounting theory and accounting practice to accounting for the public services. In addition there are strong links with Governance & Public Policy and Audit and Assurance in relation to corporate governance and with Accounting for Decision Making in relation to performance measurement.

3. OBJECTIVES

On completion of the module, a successful candidate will be able to:

- A) Identify the external financial reporting framework for the public services.** (SOE: FPR1, LSM3, A&A3, PSR3)¹ (10%)
- B) Apply current statute, regulation and professional standards of practice to the public services to prepare and interpret the key external financial statements for public service organisations.** (SOE: FPR1, LSM3, A&A3) (75%)
- C) Evaluate regulatory mechanisms for measuring performance in public service organisations.** (SOE: GEV1-4, A&A1-3, FPR2, CRPM1&2) (15%)

¹ Note that these references link to specific areas of expertise described in the Statement of Expertise

4. LEARNING OUTCOMES

A) Identify the external financial reporting framework for the public services.

The successful candidate will be able to:

- A1) Identify the nature of public service organisations and their objectives:
the objectives and sources of finance of public service organisations, the relationships between organisations within the public services, the relationship between financial and non-financial objectives and comparisons with the private sector.
- A2) Identify and discuss the objectives of external financial reporting in the public services:
the impact of externally set financial objectives and financial targets
users, their needs and the impact on financial reporting
the need for financial accountability in the public services and its impact on external financial reporting
the need for consolidation of external financial statements in the public services, including the need for Whole of Government Accounts.
- A3) Identify the role and significance of UK and International GAAP in public service accounting:
Mechanisms for applying GAAP to the public services
Significant departures from GAAP and discussion of the rationale for such departures
The implications of the statutory framework in the public services for the application of GAAP
The development of International Public Sector Accounting Standards and the impact or potential impact on financial accounting and reporting in the UK.

Related learning from other modules:

- A1) The objectives of private sector organisations (Financial Accounting and Financial Reporting)
- A2) The objectives of external financial reporting in the private sector, users and their needs in the private sector (Financial Accounting and Financial Reporting)
- A3) Nature of UK and International GAAP, role of GAAP in the private sector, other regulation in the private sector, development of accounting standards and other forms of regulation (Financial Reporting)

B) Apply current statute, regulation and professional standards of practice to the public services to prepare and interpret the key external financial statements for public service organisations.

The successful candidate will be able to:

PRINCIPLES OF PREPARATION 15%

- B1) Apply the general principles underlying the treatment of transactions in preparing a range of financial statements for all of the public service organisations listed in the Appendix to this syllabus with reference to appropriate accounting standards, principles, practice and other forms of regulation.
- B2) Apply the general principles underlying the preparation of financial statements for groups in the public service context with reference to appropriate accounting standards, principles, practice and other forms of regulation.

PREPARATION OF STATEMENTS 35%

- B3) Prepare and present the key external financial statements (including any necessary consolidations) for the largest public service sectors (Local Government, Central Government and Health) identified in the Appendix to this syllabus:
- The operating cost statement or equivalent
 - The balance sheet
 - The cash flow statement
 - The statement of total recognised gains and losses or equivalent
- B4) Prepare and present consolidated accounts for a group in the public service context for a variety of group structures and situations:
- A subsidiary controlled by a public service organisation
 - Associates
 - Joint ventures
 - Joint arrangements that are not entities (JANETs)

INTERPRETATION OF STATEMENTS 25%

- B5) Interpret financial statements, including key notes to the accounts (accounting policies, fixed assets, depreciation, impairment, post balance sheet events and staff costs), produced for public service organisations or groups and evaluate the implications for the public service body or bodies of:
- Publicly available financial information such as annual budgets, capital programmes and grant settlements
 - Appropriate sources of funding
 - The appropriateness of a partnership approach

Related learning from other modules:

- B1) Detailed knowledge of accounting theory and practice in the private sector including the application of accounting standards (Financial Accounting and Financial Reporting)
- B2) As above

C) Evaluate regulatory mechanisms for measuring performance in public service organisations.

The successful candidate will be able to:

- C1) Identify the regulatory framework for performance measurement in the public services:
The development of the regulatory framework
The bodies involved and their role.
- C2) Evaluate specific mechanisms used to measure performance in public service organisations:
Performance indicators
Performance targets
Value for money studies
Performance plans
Public service agreements
Sustainability reporting
Other mechanisms e.g. Best Value, the Comprehensive Performance Assessment.
- C3) Evaluate the outcomes of performance measures used within the public services:
Interpretation of performance indicators
The use of indicators as determinants of performance targets
The practical meaning and implication of performance measurement.

APPENDIX TO FINANCIAL & PERFORMANCE REPORTING SYLLABUS

The following table specifies those bodies for which preparation of detailed, full financial statements may be required; and those for which an awareness of the financial framework and ability to demonstrate (such as by the use of journal entries) any specific accounting treatments peculiar to that sector / entity are required.

Full financial statements (1)	Framework and journal entries (2)
Central government agencies (supply and non-supply)	Departmental resource accounts Non-departmental public bodies
NHS – PCTs and NHS Trusts	Foundation Trusts
Local Authorities	Pension Funds
	Housing Associations
	Further and Higher Education institutions
	Charitable bodies

(1) Students may need to complete consolidation adjustments as part of preparing financial statements for these public service organisations.

(2) Students may need to demonstrate by journal entries or through discussion an understanding of the framework through which group financial statements would be prepared for these public service organisations.