

PROFESSIONAL ACCOUNTANCY QUALIFICATION DETAILED SYLLABUS

CERTIFICATE STAGE FINANCIAL MANAGEMENT, SYSTEMS AND TECHNIQUES

1 INTRODUCTION AND SCOPE

CIPFA's Statement of Expertise identifies the key areas of competence 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 newly-qualified CPFAs with the technical and managerial knowledge and skills which underpin the competences described in the Statement of Expertise. Each module of the Professional Accountancy Qualification contributes to the attainment of a range of these competences.

This module is part of the Certificate Stage of the CIPFA scheme. The module will deliver a series of objectives (see below) which represent the standard of attainment in financial management expected of a newly-qualified CPFA. 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 provides a basis for work which is covered in the Accounting for Decision Making module at the Diploma Stage.

3 OBJECTIVES

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

- A) Interpret and apply policies and techniques for the management of an organisation's working capital.** (SOE: SOFM6, A&A1, A&A2)¹(30%)
- B) Explain the issues relating to the acquisition and management of information systems.** (SOE: SOFM1, SOFM5) (20%)
- C) Explain the processes involved in project and contract management applying appropriate techniques to assist in those processes.** (SOE: CRPM3, CRPM4, PCM1-4) (15%)

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

D) Identify and analyse risk management strategies. (SOE: CRPM2) (15%)

E) Explain and apply appropriate quantitative techniques to aid forecasting and decision making. (SOE: CRPM5) (20%)

4 LEARNING OUTCOMES

A) Interpret and apply policies and techniques for the management of an organisation's working capital.

The successful candidate will be able to:

- A1) Explain the importance of working capital and interpret an organisation's working capital cycle.
- A2) Describe models of inventory management.
- A3) Calculate and interpret economic order quantities and re-order levels.
- A4) Describe an organisation's treasury management function:
 - The role of the treasury management function
 - Treasury outsourcing
 - Accounting, budgeting and financial reporting
 - Appropriateness of sources of funding for long and short term purposes
 - Methods of handling and transmitting cash
 - Cash flow forecasting as a treasury management tool
 - Decisions on borrowing and lending amounts and periods
 - Bank relationships and credit ratings.
- A5) Identify the benefits and risks to public service organisations of the use of treasury management instruments and techniques:
 - Borrowing and investment (including pension funds and financial derivatives)
 - Equities and related investments
 - Gilt-edged and related securities
 - Banking services
 - Investment and debt management services
 - Advisory, consultancy and broking services.
- A6) Describe the various regimes within which treasury management is undertaken in the public services:
 - Statutory and regulatory frameworks
 - Foundation Trusts

- Best practice requirements and recommendations (including the CIPFA Code of Practice for Treasury Management in the Public Services and the CIPFA Prudential Code (local authorities))

A7) Apply and interpret the Baumol and Miller-Orr cash management models.

A8) Describe methods for the control of an organisation's debtors and creditors:

- Simple and compound interest
- The Late Payment of Commercial Debt (Interest) Act
- The use of external collection agencies and factoring
- Actions to improve debtor position
- The use of early payment discounts.

A9) Calculate and interpret the effect of early payment discounts.

B) Explain the issues related to the acquisition and management of information systems.

The successful candidate will be able to:

B1) Explain the nature and uses of information in an organisation:

- Information needs of different levels of management
- The objectives and design of internal financial information.

B2) Explain the types of information systems in organisations:

- E-business and E-government.

B3) Describe the process of acquiring and implementing information systems:

- Acquisition methods
- The system development life cycle
- Methods of controlling the quality of system development.

B4) Describe the legal framework within which information systems are used, with reference to key aspects of:

- Data Protection Act
- Freedom of Information Act
- Regulation of Investigatory Powers Act
- Computer Misuse Act
- Copyright, Design and Patents Act
- Electronic Communications Act

C) Explain the processes involved in project and contract management applying appropriate techniques to assist in those processes.

The successful candidate will be able to:

- C1) Explain issues involved in project management:
 - the roles of the project manager, project team and project sponsor
 - different project types
 - success criteria and reasons for failure.

- C2) Describe and apply project management tools:
 - Critical path analysis
 - Resource smoothing
 - Gantt chart.

- C3) Describe the contract management process:
 - Contract specifications
 - Competitive tendering, procurement and contract processes
 - Tender evaluation, contract negotiation and contract formulation
 - Contract monitoring systems
 - Partnerships between the public and private sectors
 - Procurement strategies.

D) Identify and analyse risk management strategies.

The successful candidate will be able to:

- D1) Describe the need for effective risk management.

- D2) Describe the risk management process, including identification, analysis, assessment, implementation and review.

- D3) Identify and explain risk management processes and strategies including benchmarks for evaluating risk and return.

- D4) Explain the impact of risk culture and corporate values on risk management strategies.

- D5) Analyse risk management examples and apply risk management processes, identifying suitable strategies.

- D6) Analyse the role of insurance in the identification, management and reduction of risk in public service organisations.

E) Explain and apply appropriate quantitative techniques to aid forecasting and decision making.

The successful candidate will be able to:

- E1) Explain and apply mathematical and statistical techniques to aid forecasting and decision making:
- Accuracy and approximation
 - Simple index numbers
 - Mean, median, mode
 - Standard deviation
 - Normal, t and chi-squared distributions and their role in statistical inference and hypothesis testing.