

# Diploma in Public Financial Management, Reporting and Advanced Audit (UK)

For teaching being rolled out from February 2022 onwards

Version September 2021

This qualification is awarded through CIPFA's Royal Charter

## Contents

1. Introduction	3
2. Availability	3
3. Support and resources to help you teach	3
4. Qualification information	4
4.1 Qualification objectives	4
4.2 Progression	4
4.3 Qualification structure	5
5. Total Qualification Time (TQT)	5
6. Credit value	5
7. Achieving this qualification	6
7.1 Partial and full achievement of this qualification	6
8. Delivering this qualification	6
9. Language of the assessment	7
10. Level equivalencies	7
11. Entry guidance	8
11.1 Graduate entry route	8
11.2 Recognition of Prior Learning (RPL) and exemptions	8
12. Assessment	9
13. Resits	10
14. Equality, diversity and bias	10
15. Module structure	11
Advanced Audit (UK)	13
Module purpose and aim	13
Assessment weighting across the learning outcomes	14
Learning Outcomes and Assessment Criteria	15
Strategic Public Financial Management	26
Module purpose and aim	26
Assessment weighting across the learning outcomes	27
Learning Outcomes and Assessment Criteria	28
Public Sector Financial Reporting (UK)	35
Assessment weighting across the learning outcomes	36
Learning Outcomes and Assessment Criteria	37
Strategic Case Study	41
Module purpose and aim	41
Assessment weighting across the learning outcomes	42
Learning Outcomes and Assessment Criteria	43

## 1. Introduction

The Chartered Institute of Public Finance and Accountancy (CIPFA) is a UK-based international accountancy membership and standard-setting body. We are the only such body globally dedicated to public financial management and hold Chartered Status.

Our educational and advisory services support our members, students and other public finance professionals throughout their careers – helping them add value to their teams and the organisations for which they work.

The work of a Chartered Public Finance Accountant is both more complex and more critical to the public sector than at any point in our history. Digital technologies, highly charged political contexts, regulatory reform, climate change, increased service demand and the dramatic arrival of the COVID-19 pandemic – these are all impacting how public financial management, reporting and audit are conducted now and in the future.

At the heart of our mission to build trust by strengthening public financial management is CIPFA's professional accountancy qualification.

This CIPFA Diploma in Public Financial Management, Reporting and Advanced Audit is the next step to pursuing a career in finance and provides access to further study and career progression.

## 2. Availability

This qualification is available for approved UK and International Accredited Training Providers (ATPs).

There are four assessment windows per year. Two main sittings following tuition opportunities and two retake opportunities.

## 3. Support and resources to help you teach

We've worked with experienced teachers to provide you with a range of resources that will help you confidently plan, teach and prepare for exams.

To enable your students to show their breadth of knowledge and understanding, we've created a simple and straightforward structure and layout.

Further information on teaching and learning resources and solutions can be found [www.cipfa.org/qualifications/students/cipfa-education-and-training-centre](https://www.cipfa.org/qualifications/students/cipfa-education-and-training-centre)

## 4. Qualification information

This Qualification Specification contains what you need to know about the structure, assessment approach and delivery content for the CIPFA Diploma in Public Financial Management, Reporting and Advanced Audit.

### 4.1 Qualification objectives

The objective of the CIPFA Diploma in Public Financial Management, Reporting and Advanced Audit qualification is to provide students with the knowledge and skills required to be a senior management accountant or financial auditor.

The knowledge and skills acquisition offered through achievement of this qualification supports a wide range of transferable skills that can be applied to many different finance and accounting contexts.

This qualification has been developed in partnership with industry experts and employers. It will provide students with a nationally recognised qualification in professional accounting and audit and is suitable for those students:

- Who are working as experienced auditors wishing to formalise their CIPFA qualifications
- Who wish to be a registered local auditor in terms of the Local Audit and Accountability Act 2014

### 4.2 Progression

Successful completion of the CIPFA Diploma in Public Financial Management, Reporting and Advanced Audit provides students with the opportunity for a wide range of academic progression.

While the majority of students will start their accountancy at the CIPFA Certificate in Management and Financial Accounting of the Professional Accountancy Qualification (PAQ), some may enter directly onto other levels depending on their circumstances such as prior learning, experience or level at which they are currently working.

The CIPFA Diploma in Public Financial Management, Reporting and Advanced Audit has been developed with professional recognition and Chartered Status in mind to reflect the high level and skills achieved.

This qualification offers a recognised milestone qualification for those advancing their careers.

## 4.3 Qualification structure

This qualification can only be offered by ATPs. No part of this qualification may be altered by ATPs since it will compromise the integrity of our qualification and its respective assessment.

ATPs may not amend learning outcomes, assessment criteria, assessment approach, module or qualification titling or any other regulated guidance, to do so will deem the students' achievement null and void and ATPs may be subject to sanctions by CIPFA.

Qualification Title	CIPFA Diploma in Public Financial Management, Reporting and Advanced Audit
Start date	02/2022
Total Qualification Time (TQT)	597
Guided Learning Hours (GLH)	204
Credit value	60
Assessment	Externally set, externally marked
Overall grading type	Pass or Not Yet Achieved
Language of assessment	English

## 5. Total Qualification Time (TQT)

Total Qualification Time (TQT) is the number of notional hours it is estimated that a candidate will take to demonstrate the level of attainment necessary to achieve this qualification from start to finish and includes guided learning hours, self-study, preparation and assessment.

Guided Learning Hours (GLH) is defined as the hours that a teacher, lecturer or other member of staff is available to provide immediate teaching support or supervision to a student working towards a qualification.

The GLH for this qualification are estimated at 204 hours which includes final assessment and the TQT is estimated at 597 hours.

## 6. Credit value

Credit value is defined as being the number of credits that may be awarded to a student for the successful achievement of the learning outcomes of a module.

One credit is equal to ten hours of TQT.

## 7. Achieving this qualification

There are two core mandatory modules that comprise this qualification plus two mandatory option modules selected from four. All four modules must be successfully achieved (mastery) to be awarded the CIPFA Diploma in Public Financial Management, Reporting and Advanced Audit.

Unit	Total Module Time (TMT)	GLH (approx. hours)	Assessment time (hours)	Credit Value
Advanced audit (UK)	149	36	3	15
Strategic public financial management	147	54	3	15
Public sector financial reporting (UK)	153	60	3	15
Strategic case study	149	54	3.5	15
Qualification totals	597	204	12.5	15

If the complete qualification is not achieved, credit can be issued in the form of a statement of stand-alone module credit for those modules that have been passed. This will be subject to the currency of the existing qualification.

### 7.1 Partial and full achievement of this qualification

All modules that comprise the qualification must be successfully completed within a ten-year period for candidates to be awarded the full qualification.

Students successful in one or two modules only will be awarded module certificates. Students can take the modules in any order.

## 8. Delivering this qualification

CIPFA do not specify the mode of delivery for this qualification, therefore CIPFA ATPs are free to deliver this qualification using any mode of delivery that meets the needs of their students. However, CIPFA ATPs should consider the students' complete learning journey when designing the delivery and formative assessment of programmes.

CIPFA ATPs must ensure that the chosen mode of delivery does not unlawfully or unfairly discriminate, whether directly or indirectly, or bias students and ensure that equality of opportunity is built into all teaching and learning.

GLH which are listed in each module provides ATPs with the expected number of hours of teacher supervised or direct study time likely to be required to deliver the qualification.

## 9. Language of the assessment

The assessments are delivered and assessed in English. If a student is not from a majority English-speaking country they should provide evidence to their ATP, of English language competency in order to be able to access the demands of this qualification and its respective assessment.

For students to be achieve success in our qualifications, which are taught and assessed in English, it is essential that they have an appropriate level of English language skills.

The following clarifies the requirements for all ATPs when accepting students onto our qualifications. Those students who have not undertaken their final two years of schooling in English can demonstrate capability in English at a standard equivalent to the levels identified below:

- Common European Framework of Reference (CEFR) level B2
- Pearson Test of English Academic (PTE Academic) 51
- IELTS 5.5; Reading and Writing must be at 5.5

ATPs must determine what evidence will be necessary to prove individual student proficiency prior to registering them with CIPFA.

## 10. Level equivalencies

This qualification represents the practical knowledge, skills, capabilities and competences that are equivalent in level to the following qualifications:

- Integrated master's degree
- Level 7 award
- Level 7 certificate
- Level 7 diploma
- Level 7 NVQ
- Master's degree, for example Master of Arts (MA), Master of Science (MSc)
- Postgraduate certificate
- Postgraduate Certificate in Education (PGCE)
- Postgraduate diploma

Source: [www.gov.uk/what-different-qualification-levels-mean/list-of-qualification-levels](https://www.gov.uk/what-different-qualification-levels-mean/list-of-qualification-levels)

## 11. Entry guidance

This qualification is designed for students aged 18 plus.

The minimum requirements for studying CIPFA's Professional Qualification at all levels are as follows:

- Three GCSEs, grades A–C (or grades 4 and up), and two A-Levels, grades A–C, or accepted equivalent.
- Scottish, Northern and Southern Ireland equivalents are also accepted. Subjects must include Maths and English at either level.
- BTEC and SCOTVEC national diplomas are also accepted.
- The minimum vocational requirement is NVQ/GNVQ level 3, or Scottish equivalent.

If you do not meet the academic requirements, you can still study if you are 21 or over and have your employer's support and more than three years' relevant work experience. Unless you wish to register as a local auditor in terms of the Local Audit and Accountability Act 2014 this requirement is seven years' relevant work experience.

Further details can be found here:

[www.cipfa.org/join/graduate-entry/minimum-entry-requirements](http://www.cipfa.org/join/graduate-entry/minimum-entry-requirements)

### 11.1 Graduate entry route

Holders of all university degrees can study to become Chartered Accountants with CIPFA and may formally apply to CIPFA for Chartered Public Finance Accountant (CPFA) status.

### 11.2 Recognition of Prior Learning (RPL) and exemptions

1. If you have a finance or accountancy related degree, or have passed certain professional body examinations, you may be entitled to exemptions.

Full details can be found here:

[www.cipfa.org/qualifications/students/exemptions](http://www.cipfa.org/qualifications/students/exemptions)

2. Fully qualified accountants – Members of other professional accountancy bodies may be entitled to exemptions to become fully qualified CPFAs.

The number of exemptions will depend on the standing of your qualification and your relevant professional experience in the public sector.

Full details can be found here:

[www.cipfa.org/join/joining-from-another-membership-organisation](http://www.cipfa.org/join/joining-from-another-membership-organisation)



3. Accelerated route for senior finance professionals.

Senior executives in roles with significant financial responsibilities can take our accelerated route to the CIPFA professional accounting qualification in two years.

Further details can be found here:

[www.cipfa.org/join/senior-finance-professionals](http://www.cipfa.org/join/senior-finance-professionals)

4. Students who have successfully completed the L7 Accountancy Apprenticeship with CIPFA may apply for relevant exemptions.

Further details can be found here:

[www.cipfa.org/qualifications/exemptions](http://www.cipfa.org/qualifications/exemptions)

Please also refer to our Recognition of Prior Learning and Exemptions Policy [www.cipfa.org/qualifications/student-policies-procedures-and-forms](http://www.cipfa.org/qualifications/student-policies-procedures-and-forms)

## 12. Assessment

All modules within this qualification are externally set and marked by CIPFA. Students sit their assessments via an online examination platform.

All modules must achieve a pass mark of 50%. There are no merit or distinction grades, only Not Yet Achieved, or Pass.

The CIPFA Diploma in Public Financial Management, Reporting and Advanced Audit is comprised of four modules.

For further information on how each module is assessed, please see the detailed table below:

Module	Assessment	Marks available	Pass mark	Exam duration
Advanced Audit (UK)	2 extended response questions with 4 requirements	100	50	3
Strategic Public Financial Management	2 extended response questions with 4 requirements	100	50	3
Public Sector Financial Reporting (UK)	8 Objective test questions Scenario computational	40 60	50	3
Strategic Case Study	Pre-release material and case study with 4 requirements	100	50	3.5

## 13. Resits

If a student fails a module, they will be able to resit the module they failed in the following assessment window.

CIPFA do not cap the number of times a student is able to resit a module, unless you are a CIPFA apprentice where you will need to refer to the CIPFA End-point Assessment Handbook as the ruling is different for the Strategic Case study exam for all apprentices.

Students will always receive a new assessment paper when resitting a module in line with CIPFA's policies and procedures.

All students have ten years in which to complete the PAQ. For apprentices, funding considerations will need to be taken into account in respect of available time to complete the PAQ.

## 14. Equality, diversity and bias

CIPFA expects all staff and Subject Matter Experts (SMEs) to have due regard to our Equality and Diversity Policy and the requirements of the Equality Act 2010 in relation to our qualifications.

We develop and revise our qualifications to avoid, where possible, any features that might disadvantage students because of any protected characteristics.

If a specific qualification requires a feature that might disadvantage a particular group this will be clarified in the qualification specification.

Our assessments are developed by SMEs and follow a rigorous process of quality assurance and evaluation, including ensuring that they do not represent bias, whether actual or unconscious.

CIPFA ATPs must ensure that the chosen mode of delivery does not unlawfully or unfairly discriminate, whether directly or indirectly, and that equality of opportunity is promoted.

Where it is reasonable and practicable to do so, ATPs must take steps to address identified inequalities or barriers that may arise throughout the duration of the programme delivery.

## 15. Module structure

**Level** – this positions the level of the module within the Regulated Qualifications Framework (RQF).

**Credit value** – is the value given to the module and the credit value is equal to the Total Qualification Time (TQT) divided by ten and rounded to the nearest whole number.

**Total Module Time (TMT)** – is the average amount of time it will take to complete the module. This includes guided learning hours, practical and work-based learning, assessment preparation time and assessment time.

**Module purpose and aim** – gives a summary of the purpose of the module.

**What you will learn** – details the knowledge and skills a learner will cover.

**Learning outcomes** – set out what a learner will know, understand or be able to do as a result of successful completion, including the standard required to achieve via assessment.

**Assessment criteria** – set out the assessment requirements for the module.

**Indicative content** – provides guidance on current curriculum coverage required to achieve the learning outcomes and assessment criteria. It is advised that students cover all of the indicative content throughout the duration of their studies, for success in their synoptic exams.



# Modules

# Advanced Audit (UK)

## Option

<b>Credit value</b>	<b>15</b>
<b>Module Guided Learning Hours (GLH)</b>	<b>36</b>
<b>Total Module Time (TMT)</b>	<b>149</b>

## Module purpose and aim

The Advanced Audit module is designed to provide candidates with the necessary knowledge and higher-level skills to perform the responsibilities of a registered auditor in terms of the UK Companies Act 2006.

The module also provides candidates with the necessary knowledge and higher-level skills to perform the responsibilities of a registered local auditor in terms of the Local Audit and Accountability Act 2014.

Module outcomes are based on the requirements of International Standards on Auditing (UK) and relevant UK legislation.

Auditing has application throughout organisations, and consequently Advanced Audit is linked to all other parts of the qualification. The syllabus builds directly on the content of the Audit and Assurance module. The corporate governance content links into the Organisational Governance and Risk module. In addition, external auditing involves an appraisal of financial accounting statements, and so content from financial accounting and reporting modules is also relevant.

## Assessment weighting across the learning outcomes

Syllabus area	Learning outcome	Weighting
Audit environment	Understand the legal, regulatory and quality control environment within which company audits and public sector organisations are performed	10%
Ethical, corporate governance and professional conduct requirements	Understand the main ethical and professional conduct requirements that are relevant to the audit of financial statements	5%
International Standards on Auditing	Understand the procedures required by the International Standards on Auditing (ISA) for the planning and conduct of audit of financial statements	30%
Audit assignment procedures	Understand the application of procedures required in other public audit assignments	20%
Audit engagements and reporting	Be able to interpret the completion state of audits and the necessary preparation of outcome reports and other assurance	15%
Value for money auditing	Understand the concepts and techniques of value for money auditing in the public sector	15%
Current issues and developments	Understand current issues and developments that impact on audit	5%

Module	Assessment	Marks available	Pass mark
Advanced Audit (UK)	2 extended response questions with 4 requirements	100	50

## Learning Outcomes and Assessment Criteria

<b>LO1</b>	<b>Understand the legal, regulatory and quality control environment within which company audits and public sector organisations are performed</b>
AC1.1	Explain the international regulatory frameworks for audit and assurance services
AC1.2	Critically evaluate the UK legal and regulatory frameworks relating to the audit of company financial statements
AC1.3	Critically evaluate the UK legal and regulatory frameworks for public sector audit and assurance services
AC1.4	Explain the responsibilities of management and external auditors in ensuring compliance with laws and regulations in an audit of financial statements
AC1.5	Evaluate how money laundering legislation applies to the audit of financial statements

### Indicative Content

#### **International regulatory frameworks for audit and assurance services**

- Laws, regulations, standards and other guidance relating to audit and other assurance services
- The legal and professional framework including the role of public oversight in relation to quality control, the role of audit committees and corporate governance principles

#### **UK legal and regulatory frameworks relating to the audit of company financial statements**

- The provisions of the Companies Act 2006 relating to the audit of company financial statements
- The role of International Financial Reporting Standards (IFRSs)
- The role of International Standards on Auditing (UK)

#### **UK legal and regulatory frameworks for public sector audit and assurance services**

- The regulatory framework for audit and assurance services across the UK public sector
- Links between the UK regulatory framework for public sector audit and assurance services and the international framework
- Specific public sector corporate governance requirements

**Responsibilities of management and external auditors in ensuring compliance with laws and regulations in an audit of financial statements**

- The roles and responsibilities of management and auditors regarding compliance with laws and regulations
- Regularity considerations in an audit of public sector financial statements, including appropriate audit procedures
- Reporting of irregular transactions and activities

**How money laundering legislation applies to the audit of financial statements**

- Definition of money laundering and the scope of criminal offences
- The responsibilities of management and external auditors in prevention and detection of money laundering
- Potentially suspicious transactions: how they impact on external audit work and how to report them
- Specific money laundering considerations for public sector organisations



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<b>LO2</b>	<b>Understand the main ethical and professional conduct requirements that are relevant to the audit of financial statements</b>
AC2.1	Examine the requirements of ethical standards and professional conduct
AC2.2	Explain the right and proper procedures in relation to situations of fraud and error
AC2.3	Critically review auditor liability in the private and public sectors

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## Indicative Content

### **Requirements of ethical standards and professional conduct**

- Potential conflicts of interest and steps to avoid such conflicts
- Identification of breaches of ethical standards and advice on the implications
- Need for professional scepticism in planning and conducting an audit
- Ethical considerations of an external auditor providing non-audit services to an audit client

### **Right and proper procedures in relation to situations of fraud and error**

- The terms 'error', 'fraud', 'misstatement' and 'irregularity'
- Respective roles and responsibilities of management and auditors in relation to the prevention and detection of fraud and error
- The matters to be considered and procedures to be carried out to investigate actual and/or potential misstatements in a given situation
- The impact of suspected fraud and/or error on the conduct of an audit
- Reporting fraud and error and considerations for the continuation of the audit engagement
- Reporting of suspected fraud or error in the public sector

### **Auditor liability in the private and public sectors**

- Differences between professional liability in the private sector and auditor liability in the public sector and between different parts of the public sector
- Circumstances where a public sector auditor may have a legal liability
- Liability to the public sector organisation and liability to external stakeholders
- The 'expectation gap' and ways in which the gap might be bridged

LO3	<b>Understand the procedures required by the International Standards on Auditing (ISA) for the planning and conduct of audit of financial statements</b>
AC3.1	Assess best practice in planning an audit assignment
AC3.2	Assess best practice in audit procedures, obtaining audit evidence including the review stage of an audit
AC3.3	Critically evaluate the audit procedures performed for obtaining audit evidence to support financial statement assertions and disclosures in the notes to the accounts
AC3.4	Discuss the requirements of the ISA in relation to group audits

## Indicative Content

### **Best practice in planning an audit assignment**

- Concept of materiality
- Organisational risk and audit risk in the context of the audit of financial statements
- Considerations of fraud, error and misstatement in the consideration of risk
- Different considerations in planning for an initial audit assignment and a subsequent assignment
- Analytical procedures as part of risk assessment at the planning phase
- Links between the audit plan and the audit strategy for a particular assignment
- Additional information required to prepare an effective plan and information that is not relevant to the planning phase
- Documentation of an audit plan
- Best practice in audit procedures, obtaining audit evidence including the review stage of an audit

- Consideration of matters such as materiality, regularity, value for money, organisational and audit risk, accounting standards and audit evidence in relation to:
  - Taxation (including deferred tax)
  - Government grants
  - Employee benefits
  - Property, plant and equipment
  - Investment properties
  - Assets held for sale and discontinued operations
  - Leases
  - Intangible assets
  - Impairments
  - Financial instruments
  - Borrowing costs
  - Inventories
  - Debtor and creditor balances
  - Provisions, contingent liabilities and contingent assets
  - Changes in accounting policies
  - Events after the reporting period
  - Related party transactions
  - Segmental reporting
  - Statement of cash flows
  - Business combinations
  - Foreign exchange rates
  - Earnings per share
  - Payroll and other expenses
  - Biological assets
  - Fair values
  - Share-based payment transactions
  - Revenue from contracts with customers

- Specific matters relating to public sector audits
  - Taxation revenues
  - Grant income
  - Other income
  - Grant expenditure
  - PPP and PFI contracts
  - Other construction contracts
  - Reserves
  - Statutory adjustments
- Explain and demonstrate how the use of analytical review procedures
- The use of IT, CAATs and data analytics in obtaining audit evidence
- Best practice in the review stage of an audit
  - The auditor's responsibilities for prior year comparative figures and 'other information'
  - The types of 'other information' and where it might be found
  - Actions required by an auditor in the event inconsistencies or misstatements of fact exist in relation to the financial statements and 'other information'
  - The rationale for manager and partner review of the audit plan, audit evidence and evaluation of results and the importance of the role of the Audit Engagement Partner

**Audit procedures to be performed aimed at obtaining audit evidence to support financial statement assertions and disclosures in the notes to the accounts**

- Sufficient and appropriate audit evidence
- Sources of audit evidence for assertions and audit procedures to obtain sufficient audit evidence from those sources
- Occasions and circumstances when an auditor might seek to rely on the work of internal audit and/or other specialists in the audit of financial statements and how that work would be assessed
- 'Related parties' and the audit risks associated with related party transactions
- Circumstances that might indicate unreported related parties and the audit procedures necessary to obtain evidence
- Substantive analytical techniques in obtaining sufficient audit evidence

**Requirements of International Standards on Auditing in relation to group audits**

- Specific considerations required when undertaking the planning of a group audit, including materiality and risk
- Risks inherent in a consolidation process
- Situations where a joint audit in the context of principal authorities might be appropriate
- The roles of principal and component auditors in a joint approach and how a joint audit should be planned, carried out, evidenced, reviewed and reported
- The role of a local auditor in relation to Whole of Government Accounts

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<b>LO4</b>	<b>Understand the application of procedures required in other public audit assignments</b>
AC4.1	Discuss the procedures for the examination of smaller authorities
AC4.2	Examine the procedures required in relation to other assurance work undertaken by local auditors, in particular in relation to NHS Quality Accounts
AC4.3	Examine the procedures required in forensic audits
AC4.4	Discuss the relationship between the local auditor and the public

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## Indicative Content

### **Procedures for the examination of smaller authorities**

- The general requirements placed upon smaller authorities compared with principal authorities
- Examination of the accounts of smaller authorities and additional information and explanations provided by the body
- Risks and issues that might be relevant for the local auditor to consider in relation to the examination at each stage in the audit process (planning, evidence, evaluation and review)

### **Procedures required in relation to other assurance work undertaken by local auditors, in particular in relation to NHS Quality Accounts**

- Discuss the rationale behind the requirement for assurance work on NHS Quality Accounts
- Plan an approach to NHS Quality Accounts assurance work
- Other assurance work undertaken by local auditors

### **Procedures required in forensic audits**

- Analytical reviews, enquiries, observations, recalculations, and inspection, etc
- The distinction between 'forensic accounting', 'forensic audit' and 'forensic investigation'
- The major applications of forensic audit in the public sector (including fraud and negligence) and the role of the forensic auditor as an expert witness in any court proceedings
- Planning of a forensic audit, and selection of appropriate procedures to secure sufficient evidence to determine the amount of any loss to the relevant authority
- Ethical principles applicable to an accountant engaged in forensic audit assignments

### **Relationship between the local auditor and the public**

- Public Interest Reports
- Public availability of draft and final accounts and the right to question the auditor
- Powers relating to objections and/or judicial review

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<b>LO5</b>	<b>Be able to interpret the completion state of audits and the necessary preparation of outcome reports and other assurance</b>
AC5.1	Evaluate subsequent events and going concerns
AC5.2	Critically evaluate the completion and final review stage of the audit
AC5.3	Prepare the auditor's reports and discuss factors impacting on them
AC5.4	Prepare reports to those charged with governance
AC5.5	Discuss those items that a local public auditor is required to report on by exception

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## Indicative Content

### Events and going concerns

- Identify subsequent events at the audit completion stage
- Evaluate the appropriateness of the going concern basis

### Completion and final review stage of the audit

- Apply analytical procedures at the final review stage
- Written representations from management
- Audit quality review procedures

### Auditor's reports and discuss factors impacting on them

- Factors that must be taken into account when forming an audit opinion on the financial statements
- The form and content of an unmodified auditor's report
- Assessment of the appropriateness of a proposed auditor's opinion
- The form and content of a modified auditor's report
- Circumstances where a modified audit report is required and appropriate action
- Situations where KAMs, an emphasis of matter or other paragraph is required under the regulatory framework and appropriate action
- The auditor's responsibilities relating to other information published with the financial statements and the auditor's report

### Preparation of reports to those charged with governance

- Communication with those charged with governance
- The content of a report to those charged with governance in a variety of situations
- Remedial steps that might be appropriate where weaknesses in internal controls have been identified

### Items that a local public auditor is required to report on by exception

- The effectiveness of exception reporting in the context of public accountability

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<b>LO6</b>	<b>Understand the concepts and techniques of value for money auditing in the public sector</b>
AC6.1	Evaluate the purpose of value for money audits in the public sector
AC6.3	Evaluate the role of governance arrangements in value for money auditing
AC3.4	Assess the techniques used in value for money audit in relevant authorities

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## Indicative Content

### **Purpose of value for money audits in the public sector**

- Frameworks for value for money audit in the public sector
- Concepts of economy, efficiency and effectiveness
- The objectives of value for money audit in relevant authorities as set out in the Code of Audit Practice

### **Role of governance arrangements in value for money auditing**

- The role of internal audit in securing value for money in relevant authorities
- Best practice in assuring the integrity of public spending
- The requirements of the Code of Audit Practice in determining whether the relevant authority has secured value for money

### **Techniques used in value for money audit in relevant authorities**

- Analysis of management information
- Financial analysis
- Benchmarking
- Literature review
- Documentary review
- Interviews with management and staff
- Surveys of service users



<b>LO7</b>	<b>Understand current issues and developments that impact on audit</b>
AC7.1	Critically discuss developments in accounting standards
AC7.2	Critically discuss professional and ethical developments
AC7.3	Critically discuss developments in social and environment reporting and auditing
AC7.4	Critically discuss developments in information technology that impact on auditing
AC7.5	Critically discuss other current issues that impact on auditing

## Indicative Content

### **Developments in accounting standards**

- Developments in IFRS that might impact on future audit risks
- Debate about adopting International Public Sector Accounting Standards for the public sector

### **Professional and ethical developments**

- Developments at IFAC and at the FRC as appropriate and their possible impact on CIPFA's Standard of Professional Practice on Ethics
- Advantages and disadvantages of principles-based frameworks and standards as against rulebooks

### **Developments in social and environment reporting and auditing**

- Developments in social and environmental reporting, including the work of the International Integrated Reporting Council
- The impact of developments on reporting by relevant authorities and therefore on audit requirements

### **Developments in information technology (IT) that impact on auditing**

- Use of IT to assist the auditor, including the use of IT experts
- Risks and issues associated with IT systems in terms of automated functions (for example in expenses and procurement modules) and how to address these in audit planning and testing
- The impact of big data and the use of data analytics

### **Other current issues that impact on auditing**

- Developments in auditing standards, including exposure drafts out for consultation
- Developments in other areas of relevance to the local auditor

# Strategic Public Financial Management

## Core mandatory

<b>Credit value</b>	<b>15</b>
<b>Module Guided Learning Hours (GLH)</b>	<b>54</b>
<b>Total Module Time (TMT)</b>	<b>147</b>

## Module purpose and aim

The Strategic Public Financial Management module focuses on the strategic financial management issues facing those who work in, manage and lead finance functions across the public services. The module covers the specific sources of finance available to public service organisations and the complexities of the environment in which public financial management work is undertaken. Issues involved in public service financial strategy development, financial planning and budgeting are identified and analysed, including climate change and sustainability. Collaborative working, business partnering, business case preparation and evaluation and governance considerations are also explored. The module concludes by focusing on the issues associated with evaluating performance of public services. The principles introduced in earlier modules, especially Management Accounting, Financial Management, Strategy Development, Governance and Risk Management and Implementing Business Change, are developed and applied from the perspective of public service organisations and specific not-for-profit models are introduced.

*Assessment: Online examination, 3 hours – extended response questions with a number of components.*

*What has changed: This module is equivalent to the PQ's Strategic Public Finance module. It builds on the content of the Governance and Risk management module, which covers the practical tools and techniques that support strategy development and delivery of objectives for public service organisations. Ethical investment strategies, sustainability and the impact of climate change are now explored in detail.*

## Assessment weighting across the learning outcomes

Syllabus area	Learning outcome	Weighting
Sources of finance for public service organisations	Understand the specific sources of funds and finance available to national and subnational governments	40%
Financial planning and management for public services	Understand the issues surrounding financial planning and strategic development, including the role of financial management in public sector organisations	35%
Delivering public services strategy	Understand the practical tools and techniques that support strategic development and objective delivery for public sector organisations	25%

Module	Assessment	Marks available	Pass mark
Strategic Public Financial Management	2 extended response questions with 4 requirements	100	50

## Learning Outcomes and Assessment Criteria

<b>LO1</b>	<b>Understand the specific sources of funds and finance available to national and subnational governments</b>
AC1.1	Analyse the need for national government borrowing including different forms of government borrowing
AC1.2	Analyse the role of taxation as a funding source including different approaches to taxation systems
AC1.3	Examine the importance of international development aid in the public services
AC1.4	Examine the role of central government grant and local taxation in the financing of local public service provision
AC1.5	Discuss other available sources of funding for public services
AC1.6	Critically evaluate the role of the private sector in funding large scale public infrastructure projects, including the role of different forms of Public Private Partnership (PPP)
AC1.7	Critically evaluate the issues involved in charging for public services

### Indicative Content

#### **Need for national government borrowing and discuss and analyse different forms of government borrowing**

- Funding versus financing public services
- Criteria for evaluating funding and financing options
- Key terms in government borrowing and debt management
- Fiscal constraints in government debt, fiscal targets and sustainability
- Methods of government borrowing – treasury bills, government bonds, social impact bonds, national savings and investment products, certificates of tax deposit
- Roles and responsibilities in relation to public debt management
- Economic impact of different forms of government borrowing
- Contribution and role of public sector spending within the context of national finances

#### **Role of taxation as a funding source and analyse different approaches to taxation systems**

- Functions of taxation
- Types of taxation bases
- Tax structures
- Criteria for evaluation of taxes and taxation systems
- Dual purpose taxes
- Border taxes
- Tax evasion and avoidance

- International tax competition
- Strategies for maximisation of taxation yield, including challenges for countries with less developed tax systems
- Tax hypothecation

#### **Importance of international development aid in the public services**

- Forms of international development aid
- Non-financial aid and direct assistance
- Grants, loans and other forms of international development finance
- Assessing the impact and effectiveness of aid
- Role of oversight bodies – UK Independent Commission for Aid Impact
- Ethical issues related to international aid
- Public Expenditure and Financial Accountability framework
- International development frameworks
- Impact of aid on financial strategy – donors and recipients

#### **Role of central government grant and local taxation in the financing of local public service provision**

- Central government grant allocations
- Types of grants to subnational government
- Fiscal decentralisation, federal and unitary structures, comparisons of local tax raising powers internationally
- Control or influence over local tax levels by national government
- Subnational tax base options
- The gearing effect and its impact on subnational tax decision making

#### **Available sources of funding for public services**

- Types of grants and their financial management implications
- Licences and royalties
- Crowdfunding public projects
- Other sources of funding

#### **Role of the private sector in funding large scale public infrastructure projects, including the role of different forms of Public Private Partnership (PPP)**

- Nature and different forms of PPP
- Role of PPPs in financing public service projects
- Development of the PFI, including end of PF2 in UK
- Principles, advantages and disadvantages of the PFI

- The public sector comparator
- Accounting for a PFI
- Selection of partners
- Stages of a PPP project
- Risk allocation
- Monitoring performance, dealing with changing circumstances
- PPP project failure and PFI legacy issues
- Role of bonds – social impact, development impact and green bonds

**Issues involved in charging for public services**

- Objectives of charging for public services
- Desirable characteristics of public service charges
- Methods of charging for public services
- Arguments for and against charging
- Income generation strategies
- Charging for specific services provided by public service organisations
- Congestion charges
- Design of a charging structure
- Stakeholder management

<b>LO2</b>	<b>Understand the issues surrounding financial planning and strategic development, including the role of financial management in public sector organisations</b>
AC2.1	Analyse the environment in which financial management is practised within the public sector
AC2.2	Analyse the role, structure and leadership of the finance function for public sector
AC2.3	Analyse the specific issues associated with treasury management in public sector organisations
AC2.4	Evaluate the complexities of budgeting within the public services environment
AC2.5	Critically evaluate the implications for public sector organisations of relying on volatile sources of funding and the strategies required

## Indicative Content

### **Environment in which financial management is practised within the public sector**

- Specific factors affecting public service financial strategy development – the role of government and stakeholders; consultation, engagement, scrutiny, transparency and accountability
- Alignment of financial strategy with organisational objectives
- Role of auditors, inspectors and regulators
- Impact of austerity; major disruptive national and international events; inter-generational equity, climate change and sustainability
- Financial resilience of public bodies and services – assessment and strategies for building resilience

### **Role, structure and leadership of the finance function for public sector**

- Responsibilities of finance functions in public bodies
- Impact of governance arrangements and legal requirements
- The nature of leadership in public finance and the role of the lead finance officer
- Options for organising the delivery of the finance function for public bodies
- Business partnering
- Assessing performance of the finance function
- Ethical considerations in relation to public financial strategy

### **Specific issues associated with treasury management in public sector organisations**

- Financing capital investment, the need to borrow and alternative methods of borrowing
- Attitudes to risk and return
- Use of financial instruments
- Organisational investment powers and other constraints
- Statutory and regulatory frameworks
- Best practice guidance
- Ethical investment strategies
- Borrowing options
- Management of public sector pension funds
- Impact of treasury management on strategic public financial management

### **Complexities of budgeting within the public services environment**

- National budget formulation process and parameters
- Policy making processes and actors, alignment of policy and budget plans
- Annual budgets and multi-year budgets, medium-term budget and expenditure frameworks
- Budgeting approaches: top-down, bottom-up, line item, programme-based, performance-based
- Fund management and use of virement
- Forecasting in a public service environment
- Scenario planning – use of contingencies, reactive crisis management, responding to unexpected events

### **Implications for public service organisations of relying on volatile sources of funding and the strategies required**

- Factors affecting funding levels – economic circumstances, achievement of targets, decisions by funding organisations, demographics
- Financial management implications of volatile funding sources
- Responses to volatile funding – long-term agreements, diversifying sources of income, managing risk
- Commercialisation – options, assessing and managing risks
- Managing reserves



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LO3	<b>Understand the practical tools and techniques that support strategic development and objective delivery for public sector organisations</b>
AC3.1	Discuss the factors affecting strategic development in public sector including responding to the pressures of managing demand
AC3.2	Explain the stages involved in developing a business case including the types and content of different business cases
AC3.3	Critically evaluate the detailed sections of a business case
AC3.4	Analyse suitable business models and vehicles for collaboration between organisations aimed at achieving public sector strategic objectives

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## Indicative Content

### **Factors affecting strategy development in public sector including responding to managing demand pressure**

- Relevance of competitive advantage strategy frameworks for public services
- Strategies to manage demand
- Types of demand
- Volatility of demand for services and related spending requirements
- Practical strategies for managing demand, demand management frameworks
- Influencing behaviour, application of nudge theory
- Invest-to-save strategies
- Disinvestment strategies

### **Stages involved in developing a business case and distinguish between the types and content of different business cases**

- Role of business cases for both expenditure plans and service reductions
- Business case development process and structure
- Strategic Outline Programme
- Strategic Outline Case
- Outline Business Case
- Full Business Case
- Reviewing business cases
- Interaction between business cases and Government Gateway reviews

### **Detailed sections of a business case**

- Executive summary
- Strategic case
- Economic case issues including:
  - valuing benefits
  - social cost benefit analysis
  - weighted benefit scoring
  - cost-effectiveness analysis
  - inter-generational equity
  - whole life costing
- Financial case – interpretation and use of the UK Treasury Discount Rate, social time preference rate
- Commercial case
- Management case
- Skills and resources
- Risk assessments
- Financial modelling
- Assessing affordability
- Assessing distributional impact

### **Business models and vehicles for collaboration between organisations to achieve public service strategic objectives**

- Objectives and risks of collaboration for public bodies
- Advantages and disadvantages of collaboration models applied in the public services, including joint ventures, shared services, networks, licensing, franchising and the role of pooled budgets
- Governance issue for different public sector collaboration models
- Public sector trading companies
- Nature and role of mutual organisations and social enterprise organisations in public services delivery

# Public Sector Financial Reporting (UK)

## Option

Credit value	15
Module Guided Learning Hours (GLH)	60
Total Module Time (TMT)	153

### Module purpose and aim

The Public Sector Financial Reporting (PSFR) module focuses on the knowledge and skills required for financial reporting responsibilities within the UK public and charity sectors. It explores the main elements of the financial framework in which public and charity sector organisations in the UK operate, as well as the form and content of financial statements and the requirements for preparing consolidated financial statements. Financial statements are analysed. There is a focus on the preparation of financial statements for organisations in the different sectors: local government, central government, the health service and charity sector. Students will be required to demonstrate knowledge of International Financial Reporting Standards (IFRSs) and of the relevant sectoral regulations. PSFR builds on the knowledge and skills developed in the Financial Accounting and Business Reporting modules: particularly on recording financial transactions, applying IFRSs and preparing financial statements.

*Assessment: Online examination, 3 hours – objective questions and preparation of financial accounts.*

*What has changed: This module builds on content within the ethics e-learning, enabling the application of ethical principles to the preparation of financial statements, or to providing financial information and advice to users. There is also a greater emphasis on the evaluation of the financial statements that UK public sector organisations are required to prepare and publish.*

## Assessment weighting across the learning outcomes

Syllabus area	Learning outcome	Weighting
Financial statements	Be able to apply the external financial reporting framework for public sector organisations in the UK, including the requirements for preparation of consolidated financial statements	20%
Public and charity sector regulatory frameworks	Understand the financial statements prepared by organisations in central government, local government, health and charity sectors in the UK	20%
Preparation of financial statements	Be able to prepare financial statements for single-entity public sector organisations in the UK which includes the requirements of examinable IFRSs and other sectoral regulations	60%

Module	Assessment	Marks available	Pass mark
Public Sector Financial Reporting (UK)	8 Objective test questions	40	50
	Scenario computational	60	

## Learning Outcomes and Assessment Criteria

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<b>LO1</b>	<b>Be able to apply the external financial reporting framework for public sector organisations in the UK, including the requirements for preparation of consolidated financial statements</b>
AC1.1	Critically evaluate the main characteristics of public sector organisations and the influences on their financial reporting
AC1.2	Apply the requirements for consolidated financial statements in the UK public and charity sectors

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### Indicative Content

#### **Main characteristics of public sector organisations and the influences on their financial reporting**

- Comparison of public and private sector organisations
- Public sector accountability
- Externally set objectives and targets

#### **Requirements for consolidated financial statements in the UK public and charity sectors**

- Whole of Government Accounts (WGA)
- Need for consolidated accounts covering an entire sector – health, local government, central government
- Bodies that are not included in WGA and reasons for exclusion
- Benefits of WGA and problems of preparing WGA
- Consolidation issues impacting on specific sectors

LO2	<b>Understand the financial statements prepared by organisations in central government, local government, health and charity sectors in the UK</b>
AC2.1	Discuss the role of accounting standards, legislation, regulations and guidance in financial reporting for UK public sector organisations
AC2.2	Evaluate the financial statements that UK public sector organisations are required to prepare and publish
AC2.3	Evaluate the needs of the users of financial statements of UK public sector organisations
AC2.4	Analyse financial statements and other information aimed at assessing the performance of UK public sector organisations

## Indicative Content

### **Role of accounting standards, legislation, regulations and guidance in financial reporting for UK public sector organisations**

- Role of IFRS
- Role of sector regulations
- Role of IPSAS

### **Financial statements that UK public sector organisations are required to prepare and publish**

- Format, content and features of main financial statements prepared by UK central government, local government, health sector, charities
- Reasons for differences
- Role of regulation through FReM, Code of Practice, SoRP and other documents
- Advantages and disadvantages of different financial statement formats
- Comparison of published formats and those required by IFRS

### **Needs of the users of financial statements of UK public sector organisations**

- Users across UK public sector
- Needs of particular users and user groups
- Adequacy and limitations of financial statements in providing useful financial information for users and decision makers
- Additional information required to supplement published financial statements

**Financial statements and other information aimed at assessing the performance of UK public sector organisations**

- Assessment of general performance of the organisation
- Assessment of achievement of specific targets
- Critically appraising details of financial statements – one-off and recurring items, trends, inappropriate accounting treatments, impact of accounting policies
- Identifying problem areas indicated by results in financial statements
- Recommending courses of action to address problem areas
- Using non-financial information to enhance the financial statement analysis

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LO3	<b>Be able to prepare financial statements for single-entity public sector organisations in the UK which includes the requirements of examinable IFRSs and other sectoral regulations</b>
AC3.1	Apply relevant standards to transactions and events including the information to be disclosed in financial statements
AC3.2	Apply examinable standards and other sectoral regulations to prepare financial statements

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## Indicative Content

Application of relevant standards to transactions and events including the information to be disclosed in financial statements

- Quantitative
- Quantitative
- Challenges
- Sources of information
- Timing considerations

Requirements of examinable standards and other sectoral regulations to prepare financial statements

- Prepare financial statements for central government supply financed organisations:
  - Statement of comprehensive net expenditure
  - Statement of changes in taxpayers' equity
  - Statement of financial position
  - Statement of cash flows
- Prepare financial statements for NHS Foundation Trusts:
  - Statement of comprehensive income
  - Statement of financial position
  - Statement of changes in taxpayers' equity
  - Statement of cash flows
- Prepare financial statements for local government organisations:
  - Comprehensive income and expenditure statement
  - Balance sheet
  - Movement in reserves statement
  - Cash flow statement
- Prepare financial statements for charities:
  - Statement of financial activities
  - Balance sheet



# Strategic Case Study

## Core mandatory

Credit value	15
Module Guided Learning Hours (GLH)	54
Total Module Time (TMT)	148

## Module purpose and aim

The Strategic Case Study module focuses on refreshing and consolidating the skills and knowledge gained from the previous modules, and on using these skills and knowledge to address strategic financial management problems effectively. No new syllabus content is introduced in the module. The assessment requires the integration and application of knowledge from different modules in order to address a series of practical issues and to communicate information clearly and effectively to recipients, often to senior stakeholders. The emphasis is on evaluating and responding to practical issues and determining relevant management or financial management strategies and policies in the context of professional and ethical standards.

*Assessment: Online examination, 3.5 hours – pre-seen case study.*

*What has changed: The Strategic Case Study will continue to assess across all areas of the qualification.*

## Assessment weighting across the learning outcomes

Syllabus area	Learning outcome	Weighting
Approaches and techniques to solve problems to meet needs	Understand approaches and techniques used to solve a variety of problems, including meeting the needs of decision makers and other recipients	20%
Skills and techniques to solve problems and facilitate decision-making	Be able to apply skills and techniques to facilitate problem solving and decision making	20%
Information and evaluation of results for the application of professional judgement	Be able to use professional judgement and analyses of results to formulate appropriate conclusions and recommendations	40%
Effective communication and presentation of information	Be able to present information, analyses, conclusions and recommendations effectively	20%

Module	Assessment	Marks available	Pass mark
Strategic Case Study	Pre-release material and case study with 4 requirements	100	50

## Learning Outcomes and Assessment Criteria

<b>LO1</b>	<b>Understand approaches and techniques used to solve a variety of problems, including meeting the needs of decision makers and other recipients</b>
AC1.1	Critically evaluate the organisational, professional and regulatory environments in which the professional accountant and financial manager is expected to operate
AC1.2	Establish the diverse information and evidence required by specified decision makers and other recipients
AC1.3	Assess problems to be solved and the approaches required in solving them taking into consideration relevant constraints and assumptions
AC1.4	Critically evaluate the decision-making criteria aimed at resolving problems in relation to organisational and environmental circumstances
AC1.5	Establish the ethical judgements and decisions required for the application of ethics knowledge and ethical sensitivity
AC1.6	Justify appropriate planning, analytical and decision-making techniques, including reference to their limitations

## Indicative Content

### **Organisational, professional and regulatory environments in which the professional accountant and financial manager is expected to operate**

- Providers
  - Public service providers
  - Commissioning organisations
  - Charities
  - Financial markets and institutions
  - Business organisations
  - Audit environments
- Regulatory environments
  - Reference to reporting requirements
  - Need to meet grant and funding regulations
- Political environment
  - Strategic priorities
  - Democratically led organisation reporting to elected councillors

**Diverse information and evidence required by specified decision makers and other recipients**

- Term loans and mortgages
- Loan notes and bonds
- Finance leases
- Hire-purchase agreements
- Non-financial information and evidence
  - KPIs
  - Ratios to evidence financial performance
  - Population metrics
  - Benchmarking data
  - Budgetary outturns
  - Funding streams
- Central government requirements
  - Spending cuts
  - Evidence funding criteria

**Problems that are to be solved and the approaches required in solving them taking into consideration relevant constraints and assumptions**

- Potential fraud or audit investigations
- Change management
- Mergers and collaboration initiatives
- Approaches, eg stakeholder analysis, strategic analysis tools, consultation
- Policy initiatives
- Key constraints:
  - Implementation of funding cuts
  - Responses to environmental and health changes
  - Budget pressures
  - Political acceptability
  - Staffing resource
  - Legislative requirements

**Decision-making criteria aimed at resolving problems in relation to organisational and environmental circumstances**

- Case dependent
- Based on Strategic Case Study requirements and scenario

**Ethical judgements and decisions required for the application of ethics knowledge and ethical sensitivity**

- Ethical behaviour
- Ethics and the finance function
- Organisational and shareholder perspectives

**Planning, analytical and decision-making techniques, including reference to their limitations**

- Break even analysis
- Costing
- Pricing
- Calculation and interpretation of accounting ratios
- Balancing risk and return
- Vision and mission statements
- Cost benefit analysis
- Strategy formation
  - NPV
  - ROCE
  - Investment strategy and RoR
  - PESTLE
  - Project management
  - Staffing/resourcing
  - Variance analysis for budgetary control, strategic change management
- Economic value added and profitability ratios
- Growth indices
- Asset management
- Capital structure and financing decisions
- Strategy implementation and management
- Organisational alignment for success
- Realistic view of core competencies and competitive advantages
- Careful manipulation and monitoring

<b>LO2</b>	<b>Be able to apply skills and techniques to facilitate problem solving and decision making</b>
AC2.1	Critically evaluate complex policy, operational, financial, legal, budgetary or other relevant information
AC2.2	Apply appropriate planning, analytical and decision-making skills, knowledge and techniques correctly, including awareness of their limitations
AC2.3	Evaluate the findings of preliminary analyses to determine further appropriate analytical and decision-making techniques
AC2.4	Apply good governance and ethical principles to the problem-solving and decision-making processes

## Indicative Content

### **Complex policy, operational, financial, legal, budgetary or other relevant information**

- Financial ecosystem
- Regulatory parameters and complexity
- Financial stability
- European Commission's Better Agenda

### **Planning, analytical and decision-making skills, knowledge and techniques and awareness of their limitations**

- Apply a variety of techniques
  - Planning
  - Interpretation
  - Conclusions

### **Findings of preliminary analyses to determine further appropriate analytical and decision-making techniques**

- Profitability
- Efficiency
- Liquidity
- Gearing
- Investment performance
- Economic Value Added
- Value for money

### **Good governance and ethical principles to problem-solving and decision-making processes**

- Corporate governance
- Financial aspects of the UK Corporate Governance Code

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**LO3 Be able to use professional judgement and analyses of results to formulate appropriate conclusions and recommendations**

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AC3.1 Critically evaluate the results of analyses to form conclusions and recommendations appropriate to the external environment

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AC3.2 Critically evaluate the meaning and implications of conclusions and recommendations to determine relevant management or financial management strategies and policies

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## Indicative Content

- Results of analyses to form conclusions and recommendations appropriate to the external environment
- Political, cultural, economic, legal, ethical and environmental contexts
- Financial constraints
- Constraints with regard to public sector decisions
- Good governance recommendations
- Conclusion:
  - Professional judgement, consistently exhibiting a robust evaluation of financial constraints, strategic risks and priorities and the requirement for good governance and ethical behaviour
  - Need for disclosure, referral, escalation, tendering

### **Meaning and implications of conclusions and recommendations to determine relevant management or financial management strategies and policies**

- In the context of professional and ethical standards

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<b>LO4</b>	<b>Be able to analyse and form conclusions and recommendations using business communication and decision-making techniques</b>
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AC4.1	Evaluate the type of information and level of detail appropriate to specific recipients and decision makers
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AC4.2	Present clear and concise reports, briefing notes and other forms of business communication appropriate to the needs of specific recipients and decision makers
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## Indicative Content


### **Types of information and level of detail appropriate to specific recipients and decision makers**

- Analyses, conclusions and recommendations
- Appropriate to the needs of specific recipients and decision makers

### **Clear and concise reports, briefing notes and other forms of business communication appropriate to the needs of specific recipients and decision makers**

- Effective communication:
  - Relevant detail
  - In context
  - Showing explicit awareness of context and decisions
- Sound grasp of the strategic content and wider strategic implications of analysis, conclusions and recommendations
- Appropriate to target audience
- Valid strategic, financial and legislative context





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