

# Diploma in Public Financial Management, Reporting and Business Change (UK)

For teaching being rolled out from February 2022 onwards

Version September 2021

This qualification is awarded through CIPFA's Royal Charter

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## 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 Business Change 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 Business Change

### 4.1 Qualification objectives

The objective of the CIPFA Diploma in Public Financial Management, Reporting and Business Change 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, business change and financial management and is suitable for those students:

- Who are working as experienced accountants wishing to formalise their CIPFA qualifications
- Who are working in an audit role and wish to further develop and progress to a role as a Chartered Accountant
- Who wish to set up their own business
- Working freelance as a Professional Accountant

### 4.2 Progression

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

While the majority of students will start their accountancy at the CIPFA Certificate in Management and Financial Accounting on 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 Business Change has been developed with career progression and professional recognition 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.

<b>Qualification Title</b>	<b>CIPFA Diploma in Public Financial Management, Reporting and Business Change</b>
Start date	02/2022
Total Qualification Time (TQT)	597
Guided Learning Hours (GLH)	204
Credit value	12.5
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 three core mandatory modules that comprise this qualification plus one mandatory option module selected from two. All four modules must be successfully achieved (mastery) to be awarded the CIPFA Diploma in Public Financial Management, Reporting and Business Change.

Module	Total Module Time (TMT)	GLH (approx. hours)	Assessment time (hours)	Credit Value
Implementing business change	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
<b>Qualification totals</b>	<b>597</b>	<b>204</b>	<b>12.5</b>	<b>15</b>

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 credit 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.

Guided Learning Hours (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/student-policies-procedures-and-forms](http://www.cipfa.org/qualifications/student-policies-procedures-and-forms)

Please also refer to our *Recognition of Prior Learning and Exemptions Policy* [www.cipfa.org/qualifications/exemptions](http://www.cipfa.org/qualifications/exemptions)

## 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 Business Change comprises 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
Implementing Business Change	2 extended response questions with 4 sections each	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	40	50	3
	Scenario Computational	60		
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

# Implementing Business Change

## Core mandatory

Credit value	15
Module Guided Learning Hours (GLH)	36
Total Module Time (TMT)	149

## Module purpose and aim

The Implementing Business Change module is designed to develop a strong understanding of the issues involved in delivering successful business change – an essential skill in the constantly changing public services. There is a focus on the practical aspects of delivering business change and implementing successful projects and programmes. The key role of commissioning, procurement and contract management, and the tasks involved in managing projects and running programmes, are explored. The increasing importance of organisational collaborations as an approach to deliver strategy is also considered and students will develop an understanding of the integral aspects of people management in change programmes and process improvement, particularly how to employ emotional intelligence skills to ensure change is effective and sustained. This module is closely linked to the Developing Strategy and Data Analysis and Business Planning and Financial Management modules and will help prepare students for the Strategic Public Financial Management module.

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

*What has changed: This module is equivalent to the PQ Business and Change Management module and has a greater emphasis on strategic delivery in a changing environment and procuring sustainably.*

## Assessment weighting across the learning outcomes

Syllabus area	Learning outcome	Weighting
Managing projects including the specific issues associated with IT projects and process change	Be able to apply the tools and techniques to ensure successful management of projects including the specific issues associated with IT projects and process improvement	30%
Managing programmes successfully to deliver change	Be able to apply appropriate techniques to deliver successful programmes	20%
Managing and embedding change	Be able to apply approaches and techniques used to plan for and manage change, including embedding new ways of working	20%
Commissioning, procurement and collaboration	Understand approaches to commission services, procurement of goods and services including successful collaboration with other organisations to deliver strategy	30%

Module	Assessment	Marks available	Pass mark
Implementing Business Change	Extended response questions with 4 sections each	100	50

## Learning Outcomes and Assessment Criteria

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<b>LO1</b>	<b>Be able to apply the tools and techniques to ensure successful management of projects, including the specific issues associated with IT projects and process improvement</b>
AC1.1	Apply the tools and techniques required to plan and control a project
AC1.2	Discuss the specific project management issues arising in IT projects
AC1.3	Apply the key models used in projects to deliver process improvement

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### Indicative Content

#### **Tools and techniques required to plan and control a project**

- Features of projects
- Benefits of project management tools and method, eg Prince2
- Waterfall and agile approaches
- Project mandate
- Project start up and initiation and the Project Initiation Document
- Stakeholders and governance structures, including role of the client, sponsor, customer, manager and finance professionals
- Defining the business case, outputs and measures of quality and success
- Detailed project planning
- Project stages
- Product hierarchies and the work breakdown structure
- Establishing dependencies, including interpretation of network diagrams and Gantt charts (NB construction not required)
- Communications plans
- Project budgets
- Managing project risk
- Documenting project risk – use of a RAID log
- Closing out a project and post-project review

#### **Specific project management issues arising in IT projects**

- Consequences of inadequate planning in IT projects
- Acquisition methods including buy or build and host or cloud (SaaS, PaaS, IaaS variants)
- Systems development lifecycle
- Importance of e-commerce and e-government
- Impact of information systems legislation and codes of conduct

**Key models used in projects to deliver process improvement**

- Lean thinking
- Characteristics and benefits of Lean principles
- Elimination of waste and Kaizen
- Six Sigma
- Combining Kaizen and Six Sigma approaches
- Value analysis
- Total quality management
- Just-in-time production and purchasing systems
- Activity-based management – application to cost reduction, process improvement, eliminating non-value-added activities
- Harmon's process-strategy matrix and business process reengineering
- Servqual
- Identifying quality problems – control charts, Pareto diagrams and cause and effect diagrams



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<b>LO2</b>	<b>Be able to apply appropriate techniques to deliver successful programmes</b>
AC2.1	Apply appropriate techniques that are used to identify and define programmes
AC2.2	Apply appropriate techniques that are used to manage and control programmes

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## Indicative Content

### **Techniques to identify and define programmes**

- Distinction between projects and programmes
- Managing programme stakeholders
- Link to organisational objectives
- Sponsoring a programme
- Programme mandate
- Identification of a programme
- Programme brief
- Programme preparation plan
- Programme definition
- Programme structure including the role of the finance professional
- Vision statement
- Developing the blueprint
- Benefits management – identification of benefits, benefit maps and profiles and the benefit realisation plan
- Developing the projects portfolio including dependencies and tranche planning
- Confirming the business case

### **Techniques to manage and control programmes**

- Managing the programme tranches
- Delivering the capability (overview only)
- Realising the benefits
- Governance strategies
- Risks and issues
- Quality management
- Assurance management
- Closing a programme

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<b>LO3</b>	<b>Be able to apply approaches and techniques used to plan for and manage change, including embedding new ways of working</b>
AC3.1	Demonstrate approaches and techniques to plan for change
AC3.2	Demonstrate approaches and techniques to manage the change process
AC3.3	Apply approaches and techniques to embed new ways of working and ensure the sustained development of organisational capabilities

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## Indicative Content

### Approaches and techniques to plan for change

- Classification of change
- Building the case for change and the change vision
- Use of a change agent
- Leadership compared to management
- Effective leadership including
- McGregor's Theory X and Theory Y
- Likert's leadership styles
- Transactional and transformational leaders
- Quiet Leadership – Dr David Rock
- Characteristics of emotional intelligence and application to change management
- Emotional intelligence (EQ) – Daniel Goleman
- Ethics of leadership
- Potential need for culture change
- Practical ways to motivate staff
- Maslow's hierarchy of needs
- Herzberg's hygiene and motivating factors
- Expectancy theory
- Goal setting theory
- Daniel Pink's Drive Theory of motivation
- Simon Sinek's Golden Circle
- Planning for change and the change kaleidoscope

### Approaches and techniques to manage the change process

- Lewin's Three Stage Change Model
- Resistance and barriers to change including:
  - Lewin's force field analysis
  - The psychological contract
  - The Kubler-Ross change curve
  - Kotter's strategies for change

### **Effective communication and conflict management and resolution**

- Management by objectives
- Team building and group effectiveness, application of emotional intelligence
- Principles of high performing teams
- Team performance curve – Katzenbach & Smith
- The SCARF Model – Dr David Rock
- Tools to understand personality role types – Myers Briggs, Belbin
- Staff development
- Rewards to reinforce success
- Job design and delegation
- Developing organisational capabilities, including dynamic capabilities

### **Approaches and techniques to embed new ways of working and ensure the sustained development of organisational capabilities**

- The meaning of and need for commissioning
- Commissioning organisations
- The commissioning cycle
- Stakeholder engagement
- Analysis phase
- Needs and demands assessment
- Service provision review
- Planning phase
- Gap analysis
- Commissioning strategy
- Service design
- Securing services
- Market facilitation
- Market position statement
- Shaping the market
- Types of contract
- Market intervention
- Review phase
- Measuring performance
- Managing poor performance
- Decommissioning

<b>LO4</b>	<b>Understand approaches to commission services, procurement of goods and services including collaborative strategy delivery</b>
AC4.1	Discuss the techniques used to commission services to bring about change and achieve strategic outcomes
AC4.2	Discuss the techniques to procure the goods, works and services required by a business
AC4.3	Critically evaluate business models and vehicles for collaborating between organisations to deliver strategy

## Indicative Content

### **Techniques used to commission services to bring about change and achieve strategic outcomes**

- The meaning of and need for commissioning
- Commissioning organisations
- The commissioning cycle
- Stakeholder engagement
- Analysis phase
- Needs and demands assessment
- Service provision review
- Planning phase
- Gap analysis
- Commissioning strategy
- Service design
- Securing services
- Market facilitation
- Market position statement
- Shaping the market
- Types of contract
- Market intervention
- Review phase
- Measuring performance
- Managing poor performance
- Decommissioning

**Techniques to procure the goods, works and services required by a business**

- Ensuring integrity in the procurement process
- Procuring sustainably
- Strategic procurement activities
- Procurement strategy
- Supply market analysis
- Category management
- Tactical procurement activities
- Supplier selection including preferred and internal suppliers
- The tender process
- Contract specification including pricing bases, cost estimates and evaluation criteria
- Contract negotiation including gain sharing and retentions
- Contract monitoring
- Reverse auctions

**Business models and vehicles for collaborating between organisations to deliver strategy**

- Different forms of strategic alliances, their main features, benefits and risks
- Shared services
- Outsourcing and insourcing
- Joint ventures
- Franchising and licensing
- Arm's length bodies
- Consortia
- Networks
- Performance management issues in collaboration models
- Strategic development via mergers and acquisitions – motives, integration challenges and approaches
- Due diligence for selection of collaborators and acquisitions

# Strategic Public Financial Management

## Core mandatory

Credit value	15
Module Guided Learning Hours (GLH)	54
Total Module Time (TMT)	147

## 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 services**

- 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 services**

- 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 service 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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<b>LO3</b>	<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 services 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 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 questions	40	50
	Scenario Computational	60	



## Learning Outcomes and Assessment Criteria

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**LO1 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**

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AC1.1 Critically evaluate the main characteristics of public sector organisations and the influences on their financial reporting

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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 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**

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AC3.1 Apply relevant standards to transactions and events including the information to be disclosed in financial statements

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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
- 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**

- Financial markets and institutions
- Business organisations
- Audit environments

#### **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

#### **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

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

- Break even analysis
- Costing
- Pricing
- Calculation and interpretation of accounting ratios

**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

- Balancing risk and return
- Vision and mission statements
- Cost benefit analysis
- Strategy formation
- 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
- Tax optimisation



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<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

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## 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

### **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
- Professional judgement

### **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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AC4.2	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
- Appropriate to target audience
- Valid context



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