

# ASSOCIATION OF ACCOUNTING TECHNICIANS

## GUIDANCE NOTES

### AAT ACCOUNTING QUALIFICATION – DIPLOMA PATHWAY

### UNIT 10, MANAGING SYSTEMS AND PEOPLE IN THE ACCOUNTING ENVIRONMENT (MSP)

#### Introduction

The new unit 10, Managing Systems and People in the Accounting Environment, replaces the previous unit 10, Managing Accounting Systems.

This unit consists of two elements. Element 10.1 is concerned with managing people within the accounting environment. Element 10.2 is concerned with identifying opportunities for improving the effectiveness of an accounting system, including identifying and assessing potential areas of fraud.

Compared to the previous unit 10 there is a shift in emphasis towards managing *people* as well as accounting *systems*. There is also a much smaller emphasis on fraud.

The unit emphasis is the student's understanding of the role of *manager s* in the accounting environment, whether as line managers or as managers of a specific project or function.

Students can demonstrate their competence in this unit by undertaking an individual work-based project, supported by assessor questioning and employer testimony as appropriate, based upon:

- Their own experience as a manager in an accounting environment
- Observing and analysing managers in action in an accounting environment
- An AAT simulation in the form of a case study.

#### Underpinning Knowledge & Understanding

To complete this unit satisfactorily students will need to demonstrate knowledge and understanding of:

##### The Business environment

- External regulations affecting accounting practices (10.2)
- Common types of fraud (10.2)
- The implications of fraud (10.2)

##### Management techniques

- Methods of work planning and scheduling (10.1)
- Personal time management techniques (10.1)
- Methods of measuring cost-effectiveness (10.2)
- Methods of fraud detection within accounting systems (10.2)
- Techniques for influencing and negotiating with decision makers & resource holders (10.2)

##### Management principles and theory

- Principles of supervision and delegation (10.1)
- Principles of creating effective inter-personal relationships, team building

and staff motivation (10.1)

### **The organisation**

- The impact on an accounting system of organisational structure, Management Information Systems, administrative systems and procedures and the nature of its business transactions (10.1, 10.2)
- The organisation's business and its relationships with external stakeholders (10.1,10.2)
- The purpose, structure and organisation of the accounting system and its inter-relation with other internal functions (10.2)
- The control of resources by individuals within the organisation (10.1)

### **Guidance by element**

#### ***Element 10.1 Co-ordinate work activities within the accounting environment***

This element requires students to demonstrate their ability to plan and co-ordinate work activities effectively; including setting and monitoring realistic objectives, targets and deadlines and managing people so that these can be met. In addition, students need to show that they can develop contingency plans to deal with a range of problems that may prevent the organisation meeting these objectives, targets and deadlines.

#### **Performance criteria**

- A. Work activities are planned in order to optimise the use of resources and ensure the completion of work within agreed timescales.
- B. The competence of individuals undertaking work activities is reviewed and the necessary training is arranged.
- C. Contingency plans to meet possible emergencies are prepared in collaboration with management.
- D. Work methods and schedules are clearly communicated to colleagues in a way that helps their understanding of what is expected of them.
- E. Work activities are sufficiently monitored to ensure that quality standards are being met.
- F. Work activities are effectively co-ordinated in accordance with work plans and contingencies plans.
- G. Colleagues are encouraged to report promptly to the student any problems and queries that are beyond their authority or expertise to resolve. Students are able to resolve such issues within their own authority and expertise.
- H. Problems and queries beyond the student's own authority or expertise are referred to the appropriate person.

### **Guidance**

The project should include evidence that the student has planned and undertaken:

- Work routines to meet organisational time schedules and to make the best use of both human and physical resources (PC A). Planning and scheduling the project for completion to standard and on time will also provide evidence towards PC A. The content of the project can also assist with this PC, with for example the student ensuring that resources such as computer time and staff time are used efficiently.

- The systematic review of staff competencies and training needs, together with details of the training actually arranged (PC B)
- Contingency planning, in collaboration with management, for possible emergencies, ( e.g. computer system not being fully functional, staff absences, and changes in work patterns and demands) (PC C)
- The clear communication of work methods and schedules to colleagues so that they have understand what is expected of them (PC D)
- The monitoring of work activities sufficiently closely against quality standards to ensure they are being met (PC E)
- The co-ordination of work activities effectively against workplans and contingency plans (PC F)
- The encouragement of colleagues to report promptly issues beyond their authority and expertise, and resolved these where possible (PC G); and that
- Otherwise, he/she has referred such issues to the appropriate person to resolve them (PC H).

Any of the above evidence that does not sit naturally within the project should be included as additional evidence in the appendices to it.

If the listed Performance Criteria, Range and Underpinning Knowledge and Understanding have NOT been addressed sufficiently by the project content, documented assessor questioning MUST be employed to address any gaps.

ALL Performance Criteria, Range and Underpinning Knowledge and Understanding must be evidenced.

The simulation will place students in a simulated work place role play situation, where they will be given a range of tasks to undertake. The simulation will aim to cover as many of the Performance Criteria and Range and as much of the Underpinning Knowledge and Understanding for 10.1 as is considered to be feasible for the scenario.

Where all of the listed Performance Criteria, Range and Underpinning Knowledge and Understanding have NOT been addressed sufficiently by the simulation, documented assessor questioning MUST be employed to address any gaps.

ALL Performance Criteria, Range and Underpinning Knowledge and Understanding must be evidenced.

### ***Element 10.2 Identify opportunities to improve the effectiveness of an accounting system***

This element is concerned with identifying weaknesses in an accounting system, and making recommendations to rectify these. This requires students to make recommendations to rectify weaknesses and consider the impact that these would have on the organisation; to update the system to comply for example with legislative changes; and to subsequently check that the post-change output is now correct.

#### **Performance criteria**

A. Weaknesses and potential for improvements to the accounting system are identified and considered for their impact on the operation of the organisation.

- B. Potential areas of fraud, arising from circumventing controls within the accounting system, are identified and their impact graded.
- C. Methods of operating are regularly reviewed in respect of their cost-effectiveness, reliability and speed.
- D. Recommendations are made to the appropriate people in a clear, easily understood format.
- E. Recommendations are supported by a clear rationale which includes an explanation of any assumptions made.
- F. The system is updated in accordance with changes that effect the way the system should operate. Such updates are subsequently checked to ensure that the required results have been achieved.

## **Guidance**

The project should include evidence that the student has planned and undertaken:

- A situation analysis of the accounting system under scrutiny ( e.g. a SWOT analysis), which will generate evidence towards performance criteria PCs A & B
- Evidence of resulting recommendations made to the appropriate people in a clear understandable format and supported by a clear rationale will generate evidence towards PCs D & E. All assumptions made should be clearly listed.
- Research into any potential areas of fraud within their accounting system (e.g. teeming and lading, fictitious employees or suppliers), and into appropriate fraud risk standards will generate evidence for PC B. Students are advised to use some form of matrix approach towards grading the various elements of risk.
- A regular review of methods of operating, providing evidence for PC C
- Updates to the system which, where appropriate, have been made be in accordance with both internal factors (e.g. changes in the organisational structure, responses to customer surveys) and external factors (e.g. changes in company law, VAT rates, FRS's) that require such updates to be made. This evidences PC F - SWOT and PEST analyses respectively would be useful here.

Any of the above evidence that does not sit naturally within the project should be included as additional evidence in the appendices to it.

If the listed Performance Criteria, Range and Underpinning Knowledge and Understanding have NOT been addressed sufficiently by the project content, documented assessor questioning MUST be employed to address any gaps.

ALL Performance Criteria, Range and Underpinning Knowledge and Understanding must be evidenced.

The simulation will place students in a simulated work place role play situation, where they will be given a range of tasks to undertake. The simulation will aim to cover as many of the Performance Criteria, Range and as much of the Underpinning Knowledge and Understanding for 10.2 as is considered to be feasible for the scenario.

Where all of the listed Performance Criteria, Range and Underpinning Knowledge and Understanding have NOT been addressed sufficiently by the simulation, documented assessor questioning MUST be employed to address any gaps.

ALL Performance Criteria and Underpinning Knowledge and Understanding must be evidenced.

## **Assessment Strategy**

This unit is assessed by means of a project plus assessor questioning and employer testimony (if appropriate). Note that where a candidate is not in work an AAT simulation must be undertaken for this project.

## **Nature of the project**

The project takes the form of a report to management that analyses the management accounting system and the skills of the people working within it. It should identify how both might be enhanced to improve their effectiveness. In producing this report students will need to prove competence in the co-ordination of work activities and the identification and grading of fraud in that system. Students must be able to identify weaknesses and make recommendations for improvement. All changes made must be monitored and reviewed for their effectiveness.

The total length of the project (excluding appendices) should not exceed 4000 words. An appropriate manager should attest to the originality, authenticity and quality of the project report. The project should be based on an actual management accounting system, or part-system, within the student's workplace in the present or recent past. For students not in relevant employment, an unpaid placement such as a voluntary organisation or charity, club or society or a college department may be suitable. Alternatively ( if no work placement is available/ the student is not in employment) an AAT simulation in the form of a case study should be used as the basis of the project.

## **The Approved Assessment Centre's role**

The AAC should undertake, and evidence, the following steps:

- make an initial assessment of the project idea
- use one-to-one sessions to advise and support the student
- encourage workplace mentors to participate (testimony etc)
- ensure the project is the student's original work
- use formative assessments and action plans to guide the student
- undertake summative assessment against performance criteria, range statements and knowledge and understanding
- sign off each performance criterion
- conduct a final assessment interview with documented questioning

## **The student's role:**

The student should ensure that the project's format is such that it:

- covers all performance criteria, range statements and knowledge and understanding
- covers the objectives set out in the Terms of Reference of the project
- is well laid out , easy to read and includes an executive summary
- uses report form style with appropriate language
- shows clear progression from one idea to the next
- cross-refers the main text to any appendices
- uses diagrams and flowcharts appropriately
- starts each section on a fresh page.

The student should ensure that the project's content is such that:

- issues and objectives are clearly identified
- the current situation is clearly analysed
- recommendations are subjected to cost-benefit analysis
- key data is included, and superfluous detail is omitted
- the methodology is fully described
- a strategic approach is taken
- the project focuses on company needs, not personal feelings.

Checklists are available for student use and centre use and should be included with the project evidence.