Answers

1 (a) The accounting function handles the financial operations of the organisation and also provides information externally and advice to other departments. The exact nature of the accounting system will depend on a number of factors, but it should provide for the orderly collection, recording and processing of accounting information and appropriate analysis to enable financial statements to be prepared. The main purposes of any accounting system are (four only required):

(a) to control the organisation
(b) to provide information for decision making
(c) to provide planning and monitoring information
(d) to safeguard the assets
(e) to prepare the financial statements
(f) to comply with the relevant legislation

(b) Accounting systems within an organisation are affected by the nature of its business transactions and the sort of business it is in, including the following (two only required):

(a) The size of the organisation can affect the accounting systems. For example a small business like a greengrocer is likely to have a simple accounting system where the main accounting records will be the till roll and invoices from suppliers. A large retail business, such as a chain of supermarkets will have more elaborate accounting systems covering a large number of product ranges and sites.

(b) The type of organisation can affect the accounting system. For example, a service business might need to record the time employees take on particular jobs or activities. For example calculating charge out rates say in accounting, on a job or client basis, might also be a feature of service businesses. A public sector organisation, such as a government department, may be more concerned with the monitoring of expenditure against performance targets than recording revenue. A manufacturing company will account for both unit sales and revenue, but also needs to keep a detailed track of material and other costs for decision-making purposes and so forth.

(c) The structure of the organisation will affect the accounting system. In a business managed divisionally, accounts will be prepared on a devolved basis. In a functional organisation where the accounts staff are in a separate department, accounting may be wholly centralised. Some organisations are spread over many countries and are organised regionally. In such organisations the accounting function will be organised geographically and accounts will need to be prepared and reported segmentally.

2 (a) There are eight types of internal controls. These are often remembered using the mnemonic SPAMSOAP.

(a) Segregation of duties.
(b) Physical controls.
(c) Authorisation and approval.
(d) Management controls.
(e) Supervisory controls.
(f) Organisation as a control.
(g) Arithmetical and accounting controls.
(h) Personnel.

(b) The controls listed in part (a) can be described as follows (three only required):

(a) Segregation of duties. Executive tasks should be separated from control tasks. One of the prime means of control is the separation of those responsibilities or duties which would, if combined, enable one individual to record and process a complete transaction. Segregation of duties reduces the risk of intentional manipulation or error and increases the element of checking. Some functions should be separated whenever possible. For example, authorisation, execution and custody. An example of segregation of duties concerns the receipt, recording and banking of cash. It is not a good idea for the person who opens the post to be the person responsible for recording that the cash has arrived. It would be even poorer practice for that person to be responsible for taking that cash to the bank. If these duties are not segregated, there is always the chance that the person will misappropriate or steal the cash and no-one would know.

(b) Physical controls. These are concerned with the custody of assets and records and are also concerned with ensuring that access to assets and records is only permitted to authorised personnel. Procedures and security measures are needed to ensure that access to assets is limited to authorised personnel. Such controls include locks, safes and entry codes.

(c) Authorisation and approval. All transactions should be authorised or approved by an appropriate responsible person. The limits for these authorisations should be specified. In a purchasing system there should be authority limits, where purchases of amounts exceeding those limits require higher authority.

(d) Management controls. Management controls are exercised by management outside the day-to-day routine of the system. These include the following: overall supervisory controls, review of management accounts and comparison with budgets, internal audit function and special review procedures.

(e) Supervisory controls. Any system of internal control should include the supervision by responsible officials of day-to-day transactions and the recording of them.

(f) Organisation as a control. Enterprises should have a plan of their organisation, defining and allocating responsibilities and identifying lines of reporting for all aspects of the enterprise's operations, including the controls. There must be a well-defined organisational structure showing how responsibility and authority are delegated. An effective plan would require:

(i) separation of a company's operations into appropriate divisions and sub-divisions,
(ii) appointment of persons to assume responsibility,
(iii) establishment of clear lines of responsibility between each division and sub-division and the board of directors,
(iv) overall co-ordination of the company's activities.

This will help to prevent friction so that staff work together well. It also means that no duties go unperformed or unchecked.

(g) Arithmetical and accounting controls. These controls are within the recording function and check that the transactions to be recorded and processed have been authorised, that they are included and that they are correctly recorded and accurately processed. This includes: checking the arithmetical accuracy of the records, the maintenance and checking of totals, reconciliations, control accounts, trial balances, accounting for documents.

(h) Personnel controls. These are procedures to ensure that personnel have capabilities appropriate to their responsibilities, since the proper functioning of any system depends on the competence and integrity of those operating it. The qualifications, selection and training of the personnel involved are important features to be considered in setting up any control system. For example, a company accountant should be suitably qualified.

3 **(a)** There are a number of approaches to the organisation of teamwork: including multi-disciplinary teams, multi-skilled teams, self-managed teams and virtual teams. (Two only required).

(a) Multi-disciplinary teams bring together individuals with different skills and specialisms so that their skills, experience and knowledge can be pooled or exchanged. Such teams are typically project; customer or product focused and are a feature of matrix type structures. Multi-disciplinary teams increase workers' awareness of their overall objectives and targets. They aid coordination and communication across functional boundaries. They help to generate new ideas and solutions to problems, since the team has access to more perspectives.

(b) Multi-skilled teams bring together a number of individuals who can perform any of the group's tasks. These tasks can then be shared out in more flexible ways between group members, according to who is available and best placed to do a given job at the time it is required. Multi-skilling is the cornerstone of team empowerment, since it cuts across the barriers of job descriptions and demarcations, to enable teams to respond flexibly to changing demands.

(c) Self-managed teams are the most highly developed form of team working. They are permanent structures in which team members collaboratively decide all the major issues affecting their work: work processes and schedules, task allocation, the selection and development of team members, the distribution of rewards and the management of group processes (e.g. problem solving, conflict management, internal discipline etc). Self-managed team working has a number of advantages including, saving managerial costs, improvements in quality and productivity, encouraging individual initiative and responsibility and gains in efficiency through multi-skilling.

(d) Virtual teams – the development of ICT has enabled communication and collaboration among people in remote locations, via teleconferencing and video conferencing, locally networked PCs and the Internet. This has created the concept of the 'virtual team': an interconnected group of people who may never be present in the same place at the same time – but who share information and tasks, make joint decisions and fulfil the collaborative functions of a team with 'physical' proximity.

(b) Belbin researched business game teams at the Henley Management College and drew up a widely used framework for understanding roles within teams. He identified nine team roles:

(i) The plant. The plant is creative, imaginative and unorthodox, contributing to the team by solving difficult problems. The plant tends to ignore details and is often too pre-occupied to communicate effectively.

(ii) The resource investigator. The resource investigator is extrovert, enthusiastic and communicative; contributing to the team by exploring opportunities and developing contacts. The resource investigator can be over-optimistic and loses interest once the initial enthusiasm has passed.

(iii) The coordinator. The coordinator is mature, confident and a good chairperson; contributing to the team by clarifying goals, promoting decision making and delegating well. The coordinator can be seen as manipulative.

(iv) The shaper. The shaper is challenging, dynamic and thrives on pressure; contributing to the team by having the drive and courage to overcome obstacles. The shaper can be provocative and sometimes hurts other people's feelings.

(v) The monitor evaluator. The monitor evaluator is strategic and discerning; contributing to the team by seeing all options and making accurate judgements. The monitor evaluator can lack drive and the ability to inspire others and tends to be over critical.

(vi) The teamworker. The teamworker is co-operative, mild, perceptive and diplomatic; contributing to the team by listening, building relationships and calming tensions. The teamworker can be indecisive in difficult situations and can be easily influenced.

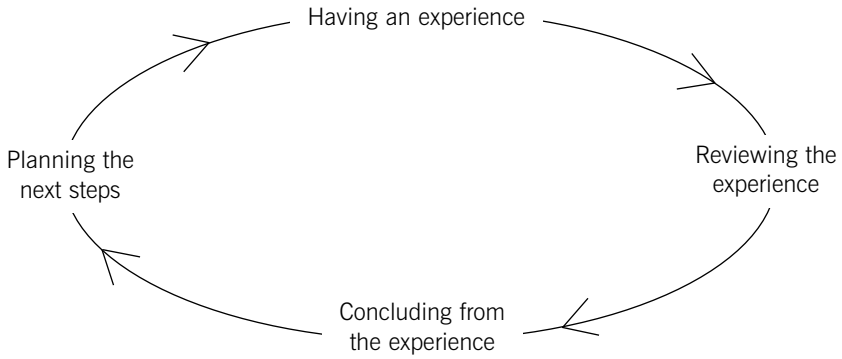
(vii) The implementer. The implementer is disciplined, reliable, conservative and efficient; contributing to the team by turning ideas into practical actions. The implementer can be somewhat inflexible and slow to respond to new possibilities.

(viii) The completer. The completer is painstaking, conscientious and anxious; contributing to the team by searching out errors and omissions and delivers on time. The completer can be inclined to worry unduly and is often reluctant to delegate.

(ix) The specialist. The specialist is single-minded, self-starting and dedicated; contributing to the team by providing specialist knowledge and skills. The specialist contributes on a very narrow front, tends to dwell on technicalities and overlooks the bigger picture.

The nine roles are complementary and Belbin suggested that an 'ideal' team should represent a mix or balance of all of them.

4 **(a)** Honey and Mumford (building on the work of Kolb) have produced a simple model called the learning cycle, which shows how individuals can turn everyday work into learning opportunities. This is known as experiential learning or 'learning by doing'.



The diagram shows the four stages in the learning cycle. Having a **concrete experience** – this is about being fully involved in an action or interaction, utilising your current knowledge and skills. This is followed by **reflection and reviewing the experience** – this is about looking back after the event, describing it and reflecting on how effective you were and what you could do differently or better. People often use personal development journals to write about events and interactions to help reflect on these issues. **Concluding from the experience** (Kolb referred to this phase of the cycle as **abstract conceptualisation**) – this is about forming general principles or theories that suggest how you might do something different next time in order to achieve different results. **Planning the next steps** (**active experimentation** in Kolb's terms) – this is about planning specific opportunities to apply and test your conclusions in action. This provides a new experience with which to start the cycle again.

(b) The way in which people learn most effectively differs according to individual psychological preferences, which have been categorised as distinct learning styles. Peter Honey and Alan Mumford have drawn up a popular classification of four learning styles (two only required):

(a) Theorists
- (i) Prefer to understand principles.
- (ii) Take an intellectual 'hands-off' approach.
- (iii) Learn best from programmed and structured training which allows time for analysis.
- (iv) Learn best from teachers who share their preference for concepts and analysis.

(b) Reflectors
- (i) Prefer to think things through first.
- (ii) Observe phenomena, think about them and then choose how to act.
- (iii) Need to work at their own pace.
- (iv) Find learning difficult if forced into hurried programmes.
- (v) Produce carefully thought out conclusions after research and reflection.
- (vi) Tend to be fairly slow, (non-participative unless to ask questions) and cautious.

(c) Activists
- (i) Prefer to try things 'hands-on' and require training based on 'hands-on' experience.
- (ii) Deal with practical, active problems and do not have patience with theory.
- (iii) Are excited by participation and pressure, such as new projects.
- (iv) Are flexible and optimistic but tend to rush at some things without undue preparation.

(d) Pragmatists
- (i) Prefer to work with real tasks and problems.
- (ii) Only like to study if they can see its direct link to practical problems.

(iii) Good at learning new techniques in on-the-job training.
(iv) Aim is to implement action plans and/or do the task better.
(v) May discard good ideas which may only require some development.

5 **(a)** There are a number of vulnerable points on business premises and within systems. These include (four only required):

(i) Public and open areas, such as entrances, hallways, parking areas, toilets, stairways and lifts – particularly if these are unattended or inadequately attended for the volume of traffic.
(ii) Points of entry and exit, e.g. doors, windows, gates and lifts. These are points where intruders may attempt to gain access. Attention should be paid to open, unsecured or broken windows or doors – especially in unattended areas.
(iii) Unattended areas, e.g. store rooms or back stairs, where there are not always people about.
(iv) Ill-lit areas like car parks and stairwells.
(v) Reception areas, if an unauthorised person can talk, trick or slip their way past reception they may be much harder to identify as a stranger (and subsequently to locate within the premises) later.
(vi) Areas where at-risk items and data are concentrated e.g. store rooms, computer rooms, offices etc., especially if they are located near points of entry or exit and busy public areas.
(vii) Points of transit or storage outside the organisation's premises. Valuable items taken out of the office (for banking, delivery, work at home) may be particularly vulnerable.
(viii) Risks to computerised systems relating to the environment in and around the location of hardware – this could lead to disruption of service.
(ix) Risk of fraudulent manipulation of data.
(x) Manipulating input data.
(xi) Incorrect processing of data.
(xii) Unauthorised access to personal or confidential data.
(xiii) Risks to data output.
(xiv) Risks to data at point of storage.

(b) The following are examples of security procedures. (Four only required).

(i) Procedures for identifying regular staff. This includes instructions about the wearing of identity badges at all times, regardless of how well people might be known. Clear instructions about showing the pass whenever buildings and premises are entered. It also includes being clear about the requirement to sign in and out of buildings and premises.

(ii) Procedures for vetting non staff members. If someone is coming to visit you on business then you may be required to go down to a reception area and accompany him or her back to the place where you work. If you have not met them before you may need to ask them to produce some further means of identification, for example a letter inviting them to attend a meeting or an event.

(iii) Procedures for non-business visitors. If you are meeting a friend or relative for lunch, your visitor may not be allowed on the premises or beyond the reception area. It is important that your visitor does not unwittingly break, or try to break, the rules.

(iv) Procedures for protecting the building. A particular door may have to be kept locked at all times or at specified times. It may be a nominated person's responsibility to ensure that this is adhered to. It may be part of an individual's responsibility to ensure that all windows in his or her working area are closed and locked at the end of the day or at the end of a shift.

(v) Procedures for protecting the organisation's assets. Individuals usually have responsibility to lock away items in a desk drawer, e.g. calculators etc.

(vi) Procedures for protecting documents and information. Locking away files and ledgers, or not leaving a computer terminal such that it can be used by someone without the password, are typical of measures of this sort. Other aspects of work may be sensitive and some individuals may have a confidentiality clause in their contract of employment.

(vii) Procedures for protecting procedures. Computer passwords should not be revealed to others. Safe and lock combinations should not be made generally available, they should be restricted to nominated individuals. There should also be procedures to control keys – such as a list of authorised key holders and instructions about where keys should be kept and who should hold master keys if they are used. The organisation's security should not be discussed with anyone outside of the organisation.

(viii) Procedures for explaining what to do in the event of a breach of security. The names and numbers should be available of people to contact and also of the information that they will need to be told: location of the intruders, for example, time of entry, how many there are, items missing or damaged, and so on.

(ix) Fall back procedures. If service is disrupted by non-availability of computerised services there should be fall back procedures in place to enable (limited) business services to continue. Also tested stand by and recovery procedures should be available to enable normal business to be quickly resumed.

ACCA Certified Accounting Technician Examination – Paper T5
Managing People and Systems **December 2007 Marking Scheme**

1 **(a)** 2 marks for each purpose given, up to a maximum of 8 marks. 8 marks

(b) 4 marks for each factor explained up to a maximum of 8 marks. 2 marks for each example given within each factor, up to a maximum of 4 marks. 12 marks

Total 20 marks

2 **(a)** 1 mark for each correct type of internal control identified, up to a maximum of 8 marks. 8 marks

(b) 4 marks for each type of internal control fully explained, up to a maximum of 12 marks. 12 marks

Total 20 marks

3 **(a)** 4 marks for each full explanation offered up to a maximum of 8 marks. 8 marks

(b) 1 mark for each team role identified up to a maximum of 4 marks and 2 further marks for each explanation of the four roles identified. 12 marks

Total 20 marks

4 **(a)** 2 marks for each stage clearly explained and 2 marks for a clearly labelled diagram. 10 marks

(b) 1 mark for each style correctly identified. 4 further marks for each full explanation of each style identified. 10 marks

Total 20 marks

5 **(a)** 1 mark for each vulnerable point identified up to a maximum of 4 marks. 1 further mark for each one explained. 8 marks

(b) 1 mark for each example given, up to a maximum of 4 marks and 2 further marks for a full explanation of how the content of each one identified might protect the organisation. 12 marks

Total 20 marks