

LEADERSHIP AND MANAGEMENT/FINANCIAL MANAGEMENT, SYSTEMS AND TECHNIQUES

AAT Fast-Track examination

12 December 2007

From 10.00am to 12.00noon
plus ten minutes reading time from 9.50am to 10.00am

Instructions to candidates

There are **three** questions on this question paper

Answer all **three** questions

Question 1 carries, in total, **40** marks

Question 2 carries, in total, **40** marks

Question 3 carries, in total, **20** marks

All workings should be shown. Where calculations are required using formulae, calculators may be used but steps in the workings must be shown. Calculations with no evidence of this (for example, using the scientific functions of calculators) will receive no credit. Programmable calculators are not permitted in the examinations room.

Formula sheets, graph paper and cash analysis paper are available from the invigilator, where applicable.

Where a question asks for a specific format or style, such as a letter, report or layout of accounts, marks will be awarded for presentation and written communication.



1

'There is a strong need to be clear about who is responsible for what – who designs the change management programme, who implements it and who evaluates it. Successful ICT-enabled projects must not only have a change management strategy that draws on experts' experiences, but also clarity about who owns that strategy and drives it through'.

Extract from Fools rush in... by Alexandra Jones and Laura Williams Public Finance 22-09-2006

The above quote is from an article that specifically discusses change management strategy in the context of an ICT-enabled project. However, change affects all organisations all of the time. Sometimes this is due to the changing nature of the environment, so tends to be slow but constant; in other cases it could be due to changes in, for example, legislation which can have a major impact in a short period of time. Managing change is a critical element of many managers' role.

- **Requirement for question 1**

- (a) *'Change is driven by a number of imperatives, both external and internal to organisations. We use the term imperative to illustrate the force of these drivers for change. In the public services, there are key pressures from the external environment which have a major impact'.*

(Rose & Lawton (1999) Public Services Management (OLM Page 463))

Outline what are the *'key pressures from the external environment which have a major impact'* in driving change in the public services. 10

- (b) *Young's research (1994) argued that local government has in the past been reactive to change and has rarely been proactive and voluntarily innovative.*

(Rose & Lawton (1999) Public Services Management (OLM Page 467))

Discuss why the public services, and local government specifically, are *'rarely proactive and voluntarily innovative'* to change. 10

- (c) Implementation of change in the public service environment is rarely straightforward. Drawing on the works of Alexander (1985), Hogwood and Gunn (1984) and Baier, March and Saetren (1986), Rose and Lawton (1999) identify a number of factors which will have an impact on the successful implementation of change (OLM Page 476).

Identify these factors, and briefly outline why they have an impact on successful implementation of change. 20

(40)

2

Even in the smallest organisations a structure is needed to:

- divide the work between the different teams and individuals
- co-ordinate their activities
- ensure that all activities are directed towards achieving the organisation's goals.

The effectiveness of the structure can significantly affect the organisation's performance, though you should note Drucker's comment (in Mullins, page 224) that:

Good organisation structure does not by itself produce good performance. But a poor organisation structure makes good performance impossible.

- **Requirement for question 2**

- (a) Outline the possible consequences of a poorly designed structure. 10
- (b) Briefly outline three key considerations when planning a structure, and explain the key objectives and elements that should be apparent in a good structure. 12
- (c) Describe the following types of structure, explaining when they could be best applied and any difficulties which may arise:
 - 1. Flat Structures
 - 2. Line and Staff Structures
 - 3. Matrix Structures.18

(40)

3

Rottings is a not for profit agency which operates as a registered charity. It provides a service for the collection and recycling of domestic garden, horticultural and agricultural waste. The service is available through subscription and income is also generated from the sale of recycled products such as compost. Rottings receives financial support from local authorities in the area and from the Environment Agency. The organisation has grown considerably in the five years since it was set up. With this growth has developed a need for sound internal controls and common procedures.

The General Manager has a local government background and is anxious to incorporate approaches that he has been familiar with and valued previously. One area that he has identified as requiring consideration is procurement. He would like to see a procurement strategy developed and put in place for the whole organisation.

He raised this issue at the last Trustee Board meeting. Your manager represents your employing local authority and she agreed to prepare a paper for the next meeting. She has passed this work on to you.

- **Requirement for question 3**

Prepare a draft report for your manager. The report should:

- (a) Define the terms procurement and procurement strategy. 4
- (b) Outline and explain the contents of a procurement strategy. 6
- (c) Identify and explain the main benefits to an organisation of having a procurement strategy. 6
- (d) Discuss the appropriateness of Rottings developing a procurement strategy. 4

(20)
