

MANAGEMENT

Professional 2 examination 10 June 1999

From 10.00 am to 1.00 pm
plus ten minutes reading time from 9.50 am to 10.00 am.

Instructions to candidates

*Answer **four** questions in total: **Two** questions from Section **A**, and **both** questions from Section **B**. The marks available for each question are shown in italics in the right-hand margin.*

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, statistical tables, graph paper and cash analysis paper are available from the invigilator, where applicable.

SECTION A (Answer two questions)**1**

Over the last year, the Finance Section of Neptune Housing Association has received a number of formal complaints from departments about the quality of service it provides.

At the last Finance Section Management Team briefing, the Treasurer had said that ‘the issue of quality needs to be addressed urgently. It is most likely that the formal complaints are only the tip of the iceberg.’

After a brief discussion, the Management Team suggested that one of the Team should be given the responsibility to promote ‘quality’ within the finance section.

- **Requirement for question 1**

You, a principal accountant and a member of the Management Team, have been asked to produce a report for the next Management Team meeting that:

(a) Details the key conditions which need to exist if an effective quality initiative is to be introduced.

10

(b) Outlines the three phases, often referred to as the ‘quality cycle’, that should be undertaken if service quality is to be improved.

10

(20)

2

You have recently been appointed as the Principal Accountant at Portside District Council, a small council on the south coast of England. At the end of the first week the Finance Director asks you if everything is all right.

Although you reply “yes”, you add that you are surprised there is no formal induction programme, and consequently you have spent most of the week finding where things are, who is responsible for what, etc.

‘That is one of the things that used to be undertaken by the Personnel Department,’ replied the Finance Director. ‘However, it has now been devolved to the departments. You are the first person to join the Finance Department since the function was devolved and we haven’t yet discussed what we, as a Department, would want included in such a programme.’ After a short pause, he added, ‘perhaps you are in an ideal position to know what could be included. Will you put together some ideas and we will discuss the issue at the Departmental Management Team meeting next week?’

- **Requirement for question 2**

Prepare a briefing note for the Departmental Team meeting that:

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| (a) | Explains the purpose of an induction programme. | 5 |
| (b) | Details the form and content of an induction programme that would be appropriate for Portside District Council Finance Department. | 10 |
| (c) | Outlines how you could evaluate the effectiveness of an induction programme. | 5 |
| | | (20) |

3

Headland College has recently undertaken an internal review of the services it provides, particularly in the area of specialist adult education.

The review was prompted by a 50% drop-out of course members from the previous year's courses, and a fall of 30% in recruitment for the current year's courses.

The review final report concluded that although the College introduced many changes in the way courses were administered, course member expectations were not being met. The reason identified in the report was resistance to the changes by course tutors.

Eighteen months ago tutors had been told to give better value-for-money. Specifically they had been instructed to:

- produce more detailed course notes and handouts;
- provide additional examples of any key points;
- take responsibility for securing the building out of normal office hours (previously undertaken by management);
- extend their hours by an average of 1 hour per week (to secure the building); and
- undertake some teaching at weekends.

'The changes implemented over the last 18 months are what course members want, every survey we've undertaken reinforces that,' said the College Principal to his Management Team.

'The key problem,' he continued, 'is all of the course tutors delivering adult education course are part-time, low paid and see this work as an extension of a hobby or interest. They do not feel part of the organisation, are happy with the way things have always been undertaken and therefore are reluctant to change.'

As the Bursar for the College you have direct responsibility for maintaining income streams. The current position is causing serious financial difficulties. You know the College cannot afford to cancel courses, neither can it increase the pay of the course tutors. Additionally, there are very few people with the appropriate skills who could replace existing tutors. It is, therefore, important for the College that the existing tutors accept that the changes must occur. However, it's also clear that any pressure from the College on the tutors may result in them resigning.

'The problem needs urgent attention,' states the Principal, 'and as the Course Director is currently on long term sick leave, I think the Bursar is the appropriate person to consider what our options are.'

- **Requirement for question 3**

(a) Prepare a briefing note for the Management Team that outlines:

(i) The most likely reasons for the Headland College adult education course tutors being resistant to the change.

(ii) Suggest ways to overcome this resistance to change.

16

(b) Prepare a set of guidelines for the Management Team that should be used to underpin any future changes.

4
(20)

SECTION B (Answer both questions)**4**

Trident County Council Internal Audit Section is divided into three teams, each with four members of staff, (a principal auditor and three team members, one of whom is normally a trainee). The principal auditor, who is responsible for the management of the audit team, reports directly to the Chief Internal Auditor, who in turn reports to the Audit Committee.

Following a successful interview you have been appointed to the post of Principal Auditor, Team 1.

Today is your first day in post. After a brief discussion with the Chief Internal Auditor he hands you a note, adding, 'before Jack, the previous Principal Auditor, finally retired, I asked him to make a few informal notes about your audit team, I know it's not the best approach but as he was leaving before you started I thought it would at least give you an idea of your team's strengths and weaknesses.'

Back in your office you open the note. Its contents are as follows:

To the new Principal Auditor.

The three Audit Team members are:

Brian Beatty

Aged 58. No formal qualifications, but over 25 years experience in an audit environment. He cannot, or will not, use a computer, so is limited to non-computer audits.

Brian tends to take long lunch breaks, complains continually about the organisation and shows a lack of interest in the job. Nevertheless, he is very loyal to the team and audit section in general.

He makes no secret of his wish to take early retirement, but unfortunately he cannot afford to.

Gemma Fisher

Aged 32. Degree in Accounting and Finance, but no professional accounting qualification. Gemma has worked in the section for five years.

Overall a conscientious member of the team, but has tended to become less professional in her work, and recently a number of errors have been made.

Gemma has a young family, two boys, 3 and 4 years old. Last year she asked to be considered for CIPFA training. I told her I didn't think she would have enough time at the moment and told her to make a request when her two children are older.

Joanne Hood

Aged 24. Degree in Political Studies. Currently undertaking CIPFA training, and due to take her Professional 1 examinations in about four weeks.

Joanne has failed to achieve a number of her performance targets I set for her at her last appraisal nine months ago. She has also been off work for a total of 24 days this year.

I have already warned her about increased absenteeism and said I would withdraw her CIPFA training if she didn't improve.

Overall I was pleased to retire. I was under pressure from the Chief Internal Auditor to improve the efficiency and effectiveness of audit work. But this is difficult when you have staff who cannot or will not do a reasonable job and complain all the time.

I hope you have better luck.

Jack

After some consideration you decide to discuss the problems/issues raised in the note with the Chief Internal Auditor. A meeting is arranged for tomorrow.

- **Requirement for question 4**

Prepare a set of notes that you can refer to during the meeting with the Chief Internal Auditor.

You should detail the key problems/issues that seem to exist within the team, outline a series of options and recommend an appropriate solution(s) for the short, medium and long term.

(30)

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You are a trainee accountant working within the Central Management Branch of a large Central Government Agency. Although you have worked for the Agency for some time you only recently embarked upon CIPFA training and are now undertaking P2.

Your recent key work objectives (KWOs) have led to involvement in the research and development of a purchaser/provider regime; preparation and presentation of awareness sessions and briefing material for business units in the Branch; analysing the key business outputs of the Branch and advising on the consequent reorganisation.

You have just had a very successful meeting with representatives of the Department, the business units and the Branch senior management team where you presented the revised structure.

After the meeting the Branch Head commends you on your presentation and asks if you have thought about which direction you will go once this project is completed. He suggests that you might be interested in a post as part of a new team examining the application of the Business Excellence Model within the Branch. He sees the combination of your experience with the purchaser/provider regime and the academic skills you are developing through your study of Management at P2 as ideal background for enabling you to make a positive contribution to the team. The initiative is one that will undoubtedly promote change and achieve improved results throughout the Branch.

You are extremely flattered to be asked and are very excited at the opportunity of being involved and influential in the future direction of the Branch. The only uncertainty you have is that the team will become part of the Performance Related Pay (PRP) scheme and will be rewarded by a 5% addition to basic pay if the KWOs established for the team are met at the end of the first year of operation. As the PRP scheme has been introduced top down through the organisation you have no experience of it and have previously not considered pay as a prime motivator.

You are, however, very pleased that your past efforts and developing skills have been recognised and readily accept the post.

On your return home that evening you telephone a friend who is part of the same study group and works in another Agency. Far from being pleased at your good news you are shocked by her negative reaction. She says team PRP schemes can't work, "you'll all end up at each others throats, and besides which if you were only in it for the money you should never have joined the civil service". You agree with her to some extent but explain that money isn't the issue, it's recognition.

However, she then criticises the whole direction in which your work is going. "All this purchaser/provider, business excellence nonsense is not what public service is about. It's like accruals accounting and PFI, what's it all got to do with service? If you ask me we're moving too far towards a private sector mentality. I didn't join the public sector for this- I joined to help administer public policy on behalf of the public. I'm so disillusioned I'm seriously considering leaving the service."

Your conversation leaves you wondering how two people in similar circumstances could feel so differently about their work and you resolve to revisit some of the studying you have done on P2 Management with a view to clarifying some of the issues she has raised with you.

• **Requirement for question 5**

Prepare a set of notes for yourself on the issues that your discussion has raised. You are concerned to gather your ideas on the following:

(a) Regarding the PRP scheme:

(i) The main attractions and doubts regarding PRP.

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(ii) The theory of group development and its potential impact on the likely success of a team reward scheme.

7

(iii) The complexity of human motivation and views on the use of pay as a motivator.

8

(b) Regarding the nature of your work:

The view that the role of a manager is generic and that excellent business models should be applied regardless of context or conversely, as your friend believes, that the role is one of administering public policy.

Any alternative view of the nature of public management.

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(30)