

MANAGEMENT

Professional 2 examination 8 June 2000

From 10.00 am to 1.00 pm,
plus 10 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 examination room.

Formula sheets, statistical tables, graph paper and cash analysis paper are available from the invigilator, where appropriate.

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

You are a qualified CIPFA accountant, and have just been appointed management accountant for a medium sized NHS Trust. You are responsible for a team of two other accountants one of whom, Patricia, has been seconded to a multi-disciplinary team considering the IT strategy of the Trust.

As part of the Trust's policy, you are currently conducting the annual appraisal of your staff and you are concerned about some of the views that Patricia has expressed at her appraisal interview.

She is clearly not happy with some aspects of her role on the IT strategy team. Two of her comments in particular stick in your mind:

"I thought I'd been put on the IT strategy team to ensure that management accounting information was properly considered, but it seems that you are expecting me to have a more general role in considering payroll, procurement and the general ledger. As I am the only finance based person on the team, the rest of the team expects me to be involved in the more detailed aspects of system testing. I am getting married in three months and I wanted to have things sorted out by then, my normal work here in the section is suffering, as I find the workload difficult to balance."

"I sometimes wonder why I am on the IT strategy team anyway. The rest of them never listen to what I have to say and always cut me off before I have finished. I get so fed up sometimes that I just don't bother to contribute. There are some serious accounting issues that are just not going to get addressed."

You feel that Patricia has not been properly briefed for her role on the IT strategy team and that perhaps she needs to act more assertively if the accounting aspects of the IT strategy of the Trust are not to be ignored.

You have agreed to meet with Patricia again tomorrow to discuss a way forward and any potential staff development courses that may benefit her.

- **Requirement for question 1**

Produce notes to help yourself at the meeting that:

- (a) Detail the elements of role theory that may be impinging upon the effectiveness of Patricia within the IT strategy team and develop action points for improvement where appropriate. 10
- (b) Define assertiveness, consider the aspects of assertiveness that you would expect to see covered by a one day staff development course and explain how improved assertiveness might help Patricia within the IT strategy team. 10

(20)

2

Heatherton Business School (HBS) is a semi autonomous department of the University of Heatherton. A range of business courses are provided at undergraduate and postgraduate levels and work is also carried out internationally. The organisation of the school has been reviewed from an academic perspective and the resulting proposal has been made to restructure the school into three specialist teams: Undergraduate, Postgraduate and International. Each of the teams would be supported by its own specialist administrative section.

You are a financial and management advisor, working for a small public sector consultancy partnership. You have spent the last week reviewing the administrative activities of HBS. Your firm has been asked to review the systems and procedures as part of an independent assessment of the proposed restructuring of the school. On completion of your review you are in general agreement with the proposal, having made only minor recommendations concerning internal controls.

HBS is having difficulty convincing the administrative staff of the advantages of splitting the existing administration into specialist support teams. The Dean of HBS is holding a meeting with the administrative staff later this week to discuss the academic reasons for splitting the School into three divisions.

You have been asked to attend the meeting to explain how splitting a large administrative function into a series of specialist teams can lead to benefits for team members and the organisation, and lead to better communication with the School's clients.

- **Requirement for question 2**

Prepare a paper for your own reference during the meeting which details:

- (a) The benefits of specialist work teams for the individual team member and the organisation.
- (b) How communication with HBS's clients may improve if the administrative function is split into divisional support teams.

14

6

(20)

3

You are an accounting assistant at Findern District Council, a small local authority in a largely rural area. You are the first trainee to undertake CIPFA for many years and the Treasurer is keen to ensure you receive adequate support. He is also very interested in any new ideas and concepts you learn as part of the course you are attending.

At the last monthly review you were explaining how the course had been going and discussing a number of subjects you had covered. He was particularly interested in two areas that he heard about, but was not familiar with. These were 'the learning organisation' and 'empowerment'.

"I thought we had become a learning organisation because we sent you on a training course," he said. "And I cannot see the difference between empowerment and delegation."

After you had explained the concepts in more detail, the Treasurer said, "I think it would be useful for the other chief officers of the Council to consider these ideas."

The following day the Treasurer contacted you and asked if you could attend the next Chief Officers' monthly meeting and present a briefing document that covers these two concepts.

- **Requirement for question 3**

Prepare a briefing document for the next Chief Officers' meeting that:

- (a) Explains what a learning organisation is, how to become a learning organisation and the benefits of being a learning organisation. 10
 - (b) Explains what is meant by empowerment, distinguishes clearly the difference between empowerment and delegation, and outlines the benefits to the authority of empowering staff. 10
- (20)

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

You are the Assistant Director of Casper (Community Accounting and Payroll Services), a registered charity that provides accounting and audit services to the voluntary sector. Established 15 years ago, Casper has now grown significantly in size and services 300 clients.

Casper provides the following services to voluntary sector groups:

- Inspection and audit of accounts
- Preparation of final accounts
- Training of client finance officers
- Payroll services

Three Community Accountants, all of whom have been with Casper for over 10 years, have a shared role in carrying out the preparation and audit of accounts as well as undertaking the training of client finance officers. Payroll services are currently provided by a Payroll Officer.

All of the current employees have a belief in the value of the voluntary sector, which is what attracted them to Casper as an organisation. The Director is especially keen on delivering quality services to voluntary sector organisations which he feels are “often hard done to in the resources available to them”.

Casper is heavily dependent on grants from local authorities. These grants are attached to service level agreements that specify the type and number of voluntary sector groups that are to be covered in each local authority’s area. In addition to this, Casper has also received a National Lottery grant that is due to expire at the end of this financial year. Where services are not specifically covered by the grant, the charges are made to clients on a full cost recovery basis.

At a recent meeting, the Board of Trustees agreed to the acquisition of new computer hardware and accounting software to enable Casper to be able to deal with the increased volume of clients it is servicing. Until now, accounts preparation and audits have been undertaken manually on paper based ledger systems. As a result of this, there is also a need to train and develop client groups in computer based accounting and book-keeping.

The demand for Casper’s services continues to grow and, should funding be received, the business plan has outlined a number strategies to expand the business into other areas such as employment advice as well as the expansion of the payroll service.

The Board of Trustees has a legal responsibility for the stewardship of Casper and is concerned about three issues:

- Will the implementation of the new computer system be likely to encounter resistance from the community accountants and also some client groups?

- Will the planned growth in services affect the unique culture that Casper enjoys due to the nature of its work and its relatively small size?
- With the growing demand for its services, how can Casper monitor and influence the external environment?
- **Requirement for question 4**

Produce a report to the Board of Trustees covering the following:

- (a) What resistance is likely to be encountered due to the change to IT based systems, from the community accountants and the client groups? How can this be avoided or controlled? 10
 - (b) What aspects of organisational culture will be important to Casper's continued success? 10
 - (c) As Casper continues to grow, what aspects of the external environment will be important to it and how can Casper seek to have influence over its external environment? 10
- (30)

5

You are a recently qualified CIPFA member and hold the post of administrator for a former first wave GP Fundholding Practice. Since April of this year the practice has been part of Rusmere Primary Care Group (PCG).

The senior partner in your practice had always adopted a pragmatic stance towards fundholding, seeing the “generous” management fee and money to improve computer systems as one of the primary reasons for early participation. However, he adopted the changes enthusiastically and became lead fundholder.

Unsurprisingly therefore he was offered and accepted the role of Chair of Rusmere PCG. He has been very supportive of the broad aims of PCGs and has spoken enthusiastically about the importance of the role of GPs in the planning of hospital and specialist care for their patients. He has been convinced that the grouping together of practices will produce in the PCG a body that has real power in negotiating with hospitals.

Lately though you have noticed that his enthusiasm for the change appears to be declining. He complains that the extra work he has to put into the PCG is an inequitable drain on the practice. You overhear him say that the difficulty of getting suitable locum cover for his lost time may mean that he will have to relinquish the Chair. You know that funding the locum cover cannot be the problem, as the costs will be recovered, so you feel the problem must go deeper.

You get the opportunity to discuss the matter with him over lunch and quickly realise that the group has not come together in the way he had anticipated. He says “This sort of grouping worked with alliances of fundholders because we were like-minded, I thought it would be the same for PCGs. I had forgotten that GPs who just happen to be within a geographic area don’t always get on with each other. Some of these people won’t even sit down at a table together, let alone work together.”

Discussing the matter further he begins to question the principles, “You know, all over the public services the government’s third way is seeing co-operation and partnership replacing markets on the one hand and command and control mechanisms on the other. You only have to look at Best Value in Local Government to see that. I know a lot has been said about networks being the basis for competitive success and innovation but the only evidence that they work is based upon the private sector. Yet again there seems to be an assumption that the potential for better management lies in what the private sector is doing. Maybe we just haven’t evaluated the alternatives. At least the old bureaucratic hierarchies addressed the need for administrative order and public accountability. On the evidence of this PCG I’m not sure collaboration is the answer I thought it was going to be.”

He continues “I know I can’t change policy but I’d like to understand the management theory behind it better, maybe then I’d be convinced we aren’t just experimenting with the latest management fashion and that this is a real solution not just ideological conviction. You covered public service management in your CIPFA studies, would you write a paper for me which will help fill in the gaps in my knowledge?”

- **Requirement for question 5**

Prepare a paper for the Senior Partner which:

- (a) Identifies and describes the advantages and disadvantages of bureaucratic/hierarchical structures as a means of governing the public services. 7
- (b) Examines the use of collaborative networks as an alternative governance structure in the public services. 8
- (c) Considers the potential for increased creativity and innovation presented by the removal of command and control mechanisms, identifying the advantages organisationally and individually of a broader involvement in decision-making. 7
- (d) Discusses other significant management issues which you consider may contribute to the success or otherwise of collaborative groupings. 8

(30)