

## Financial and management control

Unit level 5

Unit code T/617/6878

GLH 60

Credit value 30

Unit grading structure

Pass-Merit-Distinction

### Unit aims

The aim of this unit is to develop the financial management skills of those who manage or seek to provide information for performance management, continuous improvement, budgetary and financial control and the management of internal risk in small and medium enterprises (SMEs) and small and medium practices (SMPs).

Learners will be able to use analytical tools to evaluate performance and to make recommendations about continuous improvement in an organisation.

They will also be able to use techniques to implement budgetary and financial control and evaluate and manage internal risk.

### Learning outcomes The learner will:

### Assessment criteria The learner can:

#### Pass

#### Merit

#### Distinction

1. Understand how to improve business performance.

1. Evaluate actual business performance against business targets.
2. Evaluate cost reduction methods using value engineering, value analysis and life cycle costing methods.
3. Propose appropriate business performance improvements.

1. Assess continuous quality improvement techniques.

2. Be able to prepare budgets for organisations and analyse causes of costs and sales variances.

1. Prepare sensitivity analysis and flexible budgets.
2. Apply budgetary techniques and use incremental budgeting, activity-based budgeting and zero-based budgeting.
3. Using costs and sales variances, propose appropriate improvement plans to address issues.
4. Reconcile actual contribution or profit to budgeted contribution or profit.

1. Assess how limiting factors affect organisational budgets.

1. Analyse the main elements of costs in standard costing.

3. Understand internal and external factors that affect organisations.

1. Analyse the internal and external factors that affect organisations.
2. Collate information from various sources and prepare routine cost reports.
3. Make suggestions for improving financial performance by monitoring and analysing information.
4. Prepare performance reports for management.

## Indicative content

### 1. Understand how to improve business performance

- Variance analysis
- Target setting
- Strategic management accounting practices, such as value engineering, value analysis and life cycle costing
- Balanced scorecard
- Understanding of cost drivers, cost functions and cost behaviours.

### 2. Be able to prepare budgets for organisations and analyse causes of costs and sales variances

- Budgeting process
- Functions and administration of budgets
- Sales/production budgets
- Sensitivity analysis
- Flexible budgets
- Incremental budgeting
- Activity-based budgeting
- Zero-based budgeting
- Limits to budgeting
- Operation of a standard costing system
- Variance analysis, including the ability to suggest improvements
- How standards are set
- Reconciliation of budgeted profit to actual profit (or contribution)
- Analysis of variances and reconciliation of budgeted and actual profit.

### 3. Understand internal and external factors that affect organisations

- Different kinds of controls, e.g. behavioural, social and output
- Financial controls – detective, preventative and corrective controls
- Controls, feedback and feed forward controls
- Advantages and disadvantages of controls
- Understanding of key business risks, people risks, process risks
- Role of internal control function; how controls help to management risk
- Management of risk within organisations
- Organisational structures including responsibility centres, department and functional relationships
- External business factors, for example taxes and interest rates that affect budget processes
- Principles and theories related to the development of budgets and forecasts.

## Unit assessment

The assessment for each unit is based on the achievement of the learning outcomes at the standards set by the assessment criteria for that unit. The learner can achieve a Pass, Merit, Distinction or Fail for each unit based on the quality of the work submitted and the assessor's judgements made against the criteria provided.


The assessment is completed through the submission of internally assessed learner work which is subject to external moderation or verification.

### Institute of Financial Accountants

CS111, Clerkenwell Workshops,  
27-31 Clerkenwell Close, Farringdon,  
London EC1R 0AT

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