



Higher National Unit specification

General information for centres

Unit title: Public Sector Financial Management

Unit code: F3HL 34

Unit purpose: This Unit is designed to provide candidates with knowledge and understanding of the sources, allocation and control of public sector finance and is particularly relevant for those working in or seeking employment in the public sector.

On completion of the Unit the candidate should be able to:

- 1 Explain public sector expenditure and financial management.
- 2 Explain the nature of the relationship between central government, Scottish government and other public sector institutions in terms of finance.
- 3 Explain financial reporting and performance measurement in the public sector.
- 4 Explain the roles of audit in the public sector.

Credit points and level: 2 HN credit(s) at SCQF level 7: (16 SCQF credit points at SCQF level 7*)

**SCQF credit points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF credit points at an SCQF level. There are 12 SCQF levels, ranging from Access 1 to Doctorates.*

Recommended prior knowledge and skills: Access to this Unit is at the discretion of the centre. However it would be beneficial if the candidates had some knowledge of a public sector environment before attempting this Unit. This may be evidence by possession of HN Unit F3HN 34 *Public Sector: an Introduction*.

Core Skills: There are opportunities to develop the Core Skills of *Communication, Information Technology* and *Numeracy* at SCQF level 6 in this Unit, although there is no automatic certification of Core Skills or Core Skills components.

Context for delivery: If this Unit is delivered as part of a Group Award, it is recommended that it should be taught and assessed within the subject area of the Group Award to which it contributes.

Assessment: Outcome 1 could be assessed by a series of open-book extended response questions or essay/report.

Outcome 2 could be assessed by an essay which covers the Evidence Requirements. It would be possible to combine the assessment of Outcomes 1 and 2

Outcomes 3 and 4 could be combined taking the form of a report, based on a case study or other stimulus material.

Higher National Unit specification: statement of standards

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The sections of the Unit stating the Outcomes, Knowledge and/or Skills, and Evidence Requirements are mandatory.

Where evidence for Outcomes is assessed on a sample basis, the whole of the content listed in the Knowledge and/or Skills section must be taught and available for assessment. Candidates should not know in advance the items on which they will be assessed and different items should be sampled on each assessment occasion.

Outcome 1

Explain public sector expenditure and financial management.

Knowledge and/or Skills

- ◆ Public Sector institutions
- ◆ Government fiscal policy
- ◆ European Union
- ◆ Financial Regulations and Codes of Practice
- ◆ Public Private Partnerships
- ◆ CIPFA regulations

Evidence Requirements

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can:

- ◆ explain the key factors influencing public expenditure at national, regional and local level. The explanation must include the issues faced by public sector institutions, fiscal policy and the European Union.
- ◆ explain public expenditure reporting, current financial regulations, CIPFA regulations and control. The explanation must include Public Private Partnerships.

Assessment Guidelines

This Outcome could be assessed by:

One structured open-book essay/report of 1,000 – 1,500 words. The assessment should be handed out at an appropriate point of delivery and submitted to a date set by the tutor. Candidates must provide evidence covering all the Evidence Requirements and a feedback session with the candidate should be arranged to ensure the authenticity of the candidate's work.

Higher National Unit specification: statement of standards (cont)

Unit title: Public Sector Financial Management

Outcome 2

Explain the nature of the relationship between Central Government, Scottish Government and other Public Sector Institutions in terms of finance.

Knowledge and/or Skills

Public sector income:

- ◆ Aggregate external finance
- ◆ Forms of taxation
- ◆ Public Private Partnerships
- ◆ European funding
- ◆ Lottery funds

Control:

- ◆ Grant allocation
- ◆ Capital consent

Evidence Requirements

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can:

- ◆ describe the role of government in financing public sector institutions
- ◆ explain the sources of public sector income
- ◆ describe the relationship between central government and other public sector institutions
- ◆ outline the means of controlling public sector finance

Assessment Guidelines

It is recommended that the assessment of this Outcome take the form of an essay that will allow evidence to be generated covering the requirements above. It is anticipated that candidate responses would be approximately 1,000 – 1,200 words.

Should there be any ambiguity regarding a candidate's response to the assessment, or authenticity of the candidate's response, oral questioning may be used to eliminate any doubt as to the candidates understanding of the concepts. The lecturer should note questions and responses.

It would be possible to combine the assessment of this Outcome with Outcome 1. Candidate evidence for the combined assessment would be approximately 2,000 – 2,500 words.

Higher National Unit specification: statement of standards (cont)

Unit title: Public Sector Financial Management

Outcome 3

Explain financial reporting and performance measurement in the public sector.

Knowledge and/or Skills

- ◆ Objectives:
 - Planning
 - Control
 - Evaluation
 - Meeting legislative requirements
- ◆ Capital and revenue budgets
- ◆ Budgeting methodologies:
 - Planning and programming budgetary systems
 - Activity based budgeting
- ◆ Performance measurement

Evidence Requirements

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can:

- ◆ explain the objectives of financial statements
- ◆ explain the difference between capital and revenue budgets
- ◆ describe different budgeting methodologies
- ◆ explain the concepts and implications of performance measurement for financial management in the public sector

Assessment Guidelines

It is recommended that the assessment of this Outcome could be combined with Outcome 4 thus providing a more integrated approach to assess the candidate's ability to explain financial reporting and performance measurement within the controls of the audit. It may take the form of a report (around 1,500 words), based on a case study or other stimulus material.

Should there be any ambiguity regarding a candidate's response to the assessment, or authenticity of the candidate's response, oral questioning may be used to eliminate any doubt as to the candidates understanding of the concepts. The lecturer should note questions and responses.

Higher National Unit specification: statement of standards (cont)

Unit title: Public Sector Financial Management

Outcome 4

Explain the roles of audit in the Public Sector.

Knowledge and/or Skills

Regulatory framework:

- ◆ current legislation
- ◆ powers and duties of auditors
- ◆ audit authorities

Types of audit:

- ◆ financial
- ◆ probity
- ◆ best value

Evidence Requirements

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can:

- ◆ explain the statutory framework governing audit in the public sector. The explanation must include the powers and duties of auditors.
- ◆ explain the different types of audit and their purpose.
- ◆ describe the roles of internal and external audit.

Assessment Guidelines

It is recommended that the assessment of this Outcome could be combined with Outcome 3 thus providing a more integrated approach to assess the candidate's ability to explain financial reporting and performance measurement within the controls of the Audit. It may take the form of one open-book home based report (around 1,500 words), based on a case study or other stimulus material.

Should there be any ambiguity regarding a candidate's response to the assessment, or authenticity of the candidate's response, oral questioning may be used to eliminate any doubt as to the candidates understanding of the concepts. The lecturer should note questions and responses.

Administrative Information

Unit code: F3HL 34

Unit title: Public Sector Financial Management

Superclass category: AK

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History of changes:

Version	Description of change	Date

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Higher National Unit specification: support notes

Unit title: Public Sector Financial Management

This part of the Unit specification is offered as guidance. The support notes are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 80 hours.

Guidance on the content and context for this Unit

This Unit is designed to give candidates an understanding of the development and framework of financial management as it applies within the public sector environment. It will explain the elements of the public sector, the nature of public sector expenditure, financial reporting and performance measurement;

Outcome 1

Central Government; Scottish Government; Civil Service; Local Authorities; NHS; Non departmental public bodies; Cosla; LECs; Regional development grants; Regional industrial policy, NHS; Regional Health Boards; Primary Care trusts; FE Colleges; Higher Education; SHEFC; Scottish Enterprise, Highlands and Islands Enterprise.

Outcome 2

Fiscal policy and sustainability; UK departments expenditure; Scottish Government departments; Government Expenditure in Scotland; Scottish Parliament committees; Block grant; Council tax and the Unified business rate; the Assigned Budget (Barnett); Non-Assigned budget; Minister for finance and public Services; Modernising Government; Departmental Expenditure limit (DEL); Annual managed expenditure (AME); European Structural Fund; Deficit financing;

Outcome 3

Legal requirements for budget formulation, execution and accountability; Spending reviews; Capital and Revenue expenditure; Importance of effective planning and control; Roles of finance officers and board members; Performance measurement; Examples of use of budgeting methodologies from various public sector organisations in UK; Accounts Commission; Statutory performance indicators

Outcome 4

The distinct but complementary roles of the internal and external auditors; Audit Commission; Audit Scotland; Best value and annual audits; Performance indicators; National reporting; Topical and current reports should be analysed; 3E's through to Best value.

Higher National Unit specification: support notes (cont)

Unit title: Public Sector Financial Management

Guidance on the delivery and assessment of this Unit

Centres are recommended to follow the sequence of Outcomes, which will provide the candidates with an understanding of public sector institutions, expenditure trends and financial management, the nature of the relationship between central government and other public sector institutions, financial reporting and performance measurement and finally the roles of audit in the public sector.

Centres are encouraged to be innovative in designing assessment instruments which are interesting, stimulating for the candidate and which meet the criteria laid down within each Outcome. Where possible integrative assessments are encouraged.

It is anticipated that many candidates following this programme will be employed in the public sector. There is considerable evidence to be obtained which would allow candidates to demonstrate their competence. Candidates should be encouraged where possible to use working documents from their various organisations where these documents are in the public domain. It has generally been possible to obtain exemplar documents from other public sector bodies which would allow for commercial confidentiality to be maintained whilst simultaneously allowing a broad range of public sector bodies to be used as a basis for evidence of competence.

Opportunities for developing Core Skills

Understanding of the functions and processes involved in performance measurement and audit in the public sector is demonstrated as the Unit is undertaken, and accuracy in interpreting, applying and reporting complex financial information underpins the competencies developed. Although candidates have to independently produce and present evidence of ability to analyse aspects of public sector trends and management, group and individual discussions of case studies would offer opportunities to reinforce both evaluative and oral communication skills. There should be formative opportunities to enhance skills in the interpretation and presentation of financial data with an emphasis on Numeracy as a tool to be applied efficiently and critically in practical contexts. On line packages could provide this facility, if appropriate.

Skills in accessing, analysing and evaluating information should be developed, to support candidates as they refer to materials from a range of sources detailing financial trends and legal requirements in central government and other public sector institutions. Checklists could be developed by centres to encourage analytical evaluation of information; these could include criteria to check on currency and relevance. Candidates should further develop skills in the use of Information Technology as they undertake and manage the practical aspects of background research. The value of efficient systems of recording, coding and storing research data for ease of reference should be emphasised. Written Communication skills are not discretely assessed but candidates should be advised of the need to present analytical written responses which are formally expressed and technically accurate.

Higher National Unit specification: support notes (cont)

Unit title: Public Sector Financial Management

Open learning

If this Unit is delivered by open or distance learning methods, additional resources will be required for candidate support, assessment and quality assurance. For further information and advice please refer to the SQA guide: *Assessment and Quality Assurance for Open and Distance Learning* (A1030, February 2001)

Candidates with disabilities and/or additional support needs

This Unit specification is intended to ensure that there are no artificial barriers to learning or assessment. The additional support needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments or considering alternative Outcomes for Units. For information on these, please refer to the SQA document *Guidance on Alternative Assessment Arrangements for Candidates with Disabilities and/or Additional Support Needs*, which is available on SQA's website: www.sqa.org.uk.

General information for candidates

Unit title: Public Sector Financial Management

This Unit is designed to give you an understanding of the development and framework of financial management as it applies within the public sector environment. It will explain the elements of the public sector, the nature of public sector expenditure, financial reporting and performance measurement including the role of audit. There are four Outcomes in this Unit. The first Outcome may be assessed individually and could consist of open-book extended response questions or an essay. Outcome 2 could be assessed by an essay which covers the Evidence Requirements but may be combined with Outcome 1. The remainder, Outcomes 3 and 4 may be combined taking the form of a report, based on a case study or other stimulus material. Your centre will advise you as to how the assessment will be planned.

In this Unit you will cover:

- ◆ The elements of the public sector, public sector expenditure trends and financial management.
- ◆ The nature of the relationship between central government and other public sector institutions in terms of finance.
- ◆ Financial reporting and performance measurement in the public sector.
- ◆ The roles of audit in the public sector.

In the assessment answers you will need to provide evidence to show that you can give an accurate and clear explanation of financial management as it relates to the public sector.

There may be opportunities to gather evidence towards the Core Skills in *Communication*, *Information Technology* and *Numeracy* at SCQF level 6, although there is no automatic certification of Core Skills or Core Skills components.