



Internal Assessment Report: Accounting and Finance (Group 266)

Sector Panel or SSC: Financial Services SSC

The purpose of this report is to provide feedback to centres on verification in Higher National and Scottish Vocational Qualifications in this subject.

Feedback to centres

General comments

During the 2008–09 session, the HN Accounting framework review has been continuing apace. The purpose of the review is to maintain currency and ensure that the qualifications continue to be fit for purpose. Several Units have been subject to revision, based upon feedback from stakeholders. The updated framework will be implemented from August 2010.

As a result of SQA's verification strategy, there has been little visiting verification for HN Units during this session as we have reached the end of the three-year rolling programme. The EV group has held two meetings to develop a standardised approach to both visiting verification and central verification. Six routine visits took place this year and two visits were carried out for Graded Unit 2.

The team continued its approach of ensuring that both Financial and Cost/Management Accounting areas are reviewed during verification visits. It is often the case that different staff teams deliver these areas. By reviewing both areas the team is able to gain an overall view across all centres of the delivery of these two main areas.

The Professional Development Awards for Accounting are an ideal opportunity for centres to deliver additional products which can be easily integrated into existing delivery programmes. The awards cover Financial Accounting Units in one, and Product and Management/Cost Accounting in another, which means that candidates who work in a specific job role have an opportunity to gain a smaller, but still recognised, award which relates directly to their work experience.

Centres continue to successfully offer HNC and HND programmes with a large variety of options being offered, depending on the specialist staff available. Many candidates are progressing to higher education well equipped to meet the challenge of this move and to build on their qualifications prior to entering the workplace. During this year there have been few areas which have caused centres concern. This is to be expected in view of the fact that the current framework has been in place for a number of years. The revised framework will aim to enhance strengths within the Group Award and eliminate any areas for concern.

Some of the smaller centres do encounter challenges in terms of quality control due to staffing numbers. This is an area which may be addressed by attendance at network meetings where relationships can be formed to assist with the sharing of good practice, ideas on how to resolve particular issues etc.

Advice on good practice and areas for further development

Good practice — contextualisation

Many centres contextualise assessment instruments in order to help candidates develop an understanding of how the learning topics can be relevant to them in the workplace. In particular, many centres which offer Units that form part of frameworks other than Accounting, find this aids the learning process for candidates. For example, centres which offer Golf Management programmes have found that if the business covered in the

instrument of assessment tasks is a business in the golf profession, and items listed in the trial balance are relevant to that organisation, this has improved candidate achievement.

There continues to be some confusion regarding the Business Accounting Unit — DE39 34. Outcome 1 covers the preparation of final accounts for a business for internal purposes. The assessment task for this Outcome requires that candidates complete either a trading, profit and loss account or a balance sheet — not both. The final accounts are for internal purposes and, as such, there is no requirement for centres to amend the teaching materials they have to include international accounting standards — unless they choose to do so.

Templates are provided within the assessment exemplar pack published by SQA along with an alternative assessment task. The tendency is for centres to use the profit and loss task as the original, and the balance sheet as the re-assessment, should it be required. However, it states clearly in the Unit specification that candidates should not know in advance which of the two financial statements they will be asked to prepare at the assessment event. One centre has adopted a policy of selecting at random from a number of centre-devised, alternative prior-verified assessments so that candidates may be asked to produce a profit and loss at the original event, and again at the re-assessment. This approach means that candidates do not know in advance which of the statements they will be required to prepare and this avoids candidates assuming that if they are assessed on profit and loss at the first assessment event the second will automatically be a balance sheet.

For Outcome 2 of this Unit, candidates are required to complete budgets. Some centres are still providing candidates with templates to complete. This is not acceptable as this is classed as undue assistance. It is also not acceptable for centres to pass candidates who have not provided evidence of preparing functional budgets and a cash budget. Both are asked for in the Unit specification and therefore both are required in order to achieve a pass for this Outcome.

Outcomes 3, 4 and 5 of this Unit are those which are also integrated into Business Graded Unit 1. There is no limit on the quantity of notes which candidates are allowed to take into this assessment event. However, a number of centres are placing a limit of four A4 sides of paper in order to ensure that candidates do not spend a disproportionate amount of time during the assessment event searching through notes. This is good practice and it is recommended that all centres consider this. The notes must be prepared by the candidate and must not be a photocopy of materials the candidate has been provided with by the centre staff.

There has been much discussion over the recent past regarding the two book-keeping Units — Recording Financial Transactions (DP9F 33) and Recording Financial Information (DE5D 34). The content of these Units, whilst necessary, is such that the assessment tasks are onerous. RFI is one of the Units which are being reviewed in the current overhaul of the framework and therefore further comment on this is not relevant at this time. RFT will be subject to the review by the Administration and IT team with input from the Accounting team.

Preparing Final Accounts (DE5C 34) has been much discussed in relation to the change to the National Occupational Standards. This Unit is intended to allow candidates to prepare final accounts for internal use. As such, it does not require candidates to be taught using the International Accounting Standards which have been appropriate for a few years now.

However, many centres have opted to update this Unit to avoid having to teach candidates two different sets of terminology and rules regarding the preparation of final accounts. In particular, centres that have spent a great deal of time and effort in updating the Unit which follows on from this, Financial Reporting and Analysis (DE5G 35), have decided to deliver PFA using the current standards. It is acceptable to adopt either approach as long as centres ensure that candidates are aware of the international standards governing the profession and are made aware that these are subject to change over time and that it is their responsibility to ensure that they keep themselves abreast of these changes.

The general rule relates to whether the final financial statements are to be subject to publishing for public use or if they are for internal use. If it is the latter then the layouts and terminology adopted is subject to centre discretion. If, however, the former is the case then standards and legal requirements which are currently in place relating to the accounting profession are to be applied. This may involve additional time and effort on the part of the team delivering the Units to bring the material and assessment instruments up to date.

The requirement to update, on an annual basis, the taxation material and assessment instruments is an ongoing issue that is unavoidable. Assessment instruments can be submitted to SQA for prior verification to provide additional comfort that they are appropriate.

With regard to VAT, and the amendment to the standard rate during this year, a letter advising that it was not necessary to change material or indeed assessment instruments to reflect this temporary situation was issued by SQA early in 2009. However, it is important that centres ensure that they keep abreast of the situation come the end of December 2009 when this temporary rate is to be replaced by a more permanent, possibly higher, rate. There has been some speculation of late that the Chancellor will update this rate to 20% which may make teaching and classroom delivery a little easier for candidates who struggle to work out percentages. There is still much discussion with delivery teams during visits on the poor arithmetical skills of candidates. To address this, many centres provide additional support sessions with colleagues who specialise in basic numeracy to allow candidates to progress at the required rate during their class contact time.

There are a number of Units which are not included in the HN Accounting framework which centres are delivering on a servicing basis for other teams within their centres. The main problems identified over the year stem from the fact that in some cases the Units have been produced by those who do not have an accounting background. Consequently, there are some Units which have confusing terminology. An example of this is DK2N 33 — Record Keeping and Accounting for a Small Business. The Unit specification slips between cash flow forecasts and cash flow statements. This is a reoccurring issue which the team has been asked to comment on from time to time. To address this, the Unit was reviewed as a whole in order to gauge the writer's intentions. In this case it was apparent that the writer intended that candidates complete a cash flow forecast as there was no mention of final balance sheet information and the rest of the Unit pointed to preparing forecasts for future income streams rather than focusing on events in the past.

The team is happy to address any such issues that arise within centres and, indeed, many centres have built up good working relationships with members of the team who have visited on a number of occasions. However, centres are reminded that any queries regarding Unit content or comments and queries on Units should be addressed by submitting a completed

HN comments form to SQA. For locally-devised assessments, centres are reminded that SQA would strongly recommend submission for prior verification.

Many centres also provide assessment sessions outwith the normal class or contact time in order to allow candidates to progress or to complete at their own pace.

As always there are many areas of good practice which have been adopted by centres over a period of time and many are discussed at network meetings which continue to be a good forum for those working in this area to meet.

Higher National Graded Units

Titles/levels of HN Graded Units verified

DE64 34 Graded Unit 1 HNC — SCQF level 7

DE65 35 Graded Unit 2 HND — SCQF level 8

DE66 35 Graded Unit 3 HND — SCQF level 8

Feedback to centres

General comments

Graded Unit 1 has been the subject of discussion in relation to the current accounting standards and legal requirements of completing a set of financial statements. Centres should use their own discretion regarding this. If, for example, a centre delivers only HNC Units and has delivered PFA using the original layouts and standards then it is acceptable to continue to do so for the Graded Unit 1 assessment event. To introduce revised standards for this Unit alone would unnecessarily disadvantage candidates. The advice of the team to centres is to adopt whichever standards have been applied to the PFA Unit and this will ensure consistency of delivery for these two Units. It is also likely to result in greater candidate understanding, leading to more favourable overall results.

Graded Unit 2 continues to cause the most difficulty for centres in terms of delivery and assessment. It is a piece of work which is like no other contained in the framework and, as such, requires different approaches. There are now several assessment exemplar packs available for centres to select from. Some centres have chosen to tailor or contextualise the case study to suit their own location which is entirely acceptable, and in fact good practice. It is advisable that centres do not use the same assessment exemplar pack on a continual basis but rather select different exemplars for each new group or cohort of candidates. The team recommends that centres who are delivering HND advise candidates progressing from HNC to retain their materials from Year 1 to use as reference materials for Year 2. In particular, material from Management Accounting Using IT (DE9G 34) will be useful in this task. Many centres do this as a matter of course, but there continues to be some candidates who have not been advised of this and, therefore, have to spend time in rebuilding budget templates which they have done in the past.

Graded Unit 3 places an onus on assessors to maintain currency as it contains the taxation and financial reporting which require continuous update. It is a straightforward exam and there have been few issues regarding this.

Advice on good practice and areas for further development

Graded Unit 2

The main areas for development are as follows:

- ◆ The level of assistance that candidates are given by tutors. Centres should not be providing candidates with templates for budgets or any other topic which will be included in the report.

- ◆ Candidates are still not being encouraged to write a report but merely bring together various pieces of information which are then often bound together.
- ◆ Some centres are not including a testimony signed by the candidate that this is their own unaided work.
- ◆ Some centres are still not including in the submissions, records of meetings held with the candidates of which there should be at least two. These should record the discussion along with any development points, and be signed by both the assessor and the candidate.

Overall, the Graded Units are running relatively well within Scottish-based centres.

SVQ awards

Titles/levels of SVQ awards verified

SVQ in Accounting levels 2 and 3

Feedback to centres

General comments

This year has been the first full year that SQA has offered an SVQ at levels 2 and 3, independent from any other awarding body.

Assessment instruments have been prepared for both level 2 and level 3, and are available for centres to download from the secure area of SQA's website. The advantage of having this material available is that centres can assess candidates on a demand-led basis. This has been welcomed as candidates undertaking an SVQ in Accounting no longer have to undertake a formal examination at fixed times of the year, as has been the case for the last five years. Progression is now at the candidate's own pace. It is hoped that this will make the qualification more attractive to candidates.

The Financial Services Skills Council, within which SVQ Accounting falls, has undertaken a review of the National Occupational Standards in the last year. Members of the EV team were involved in this review and in shaping the way the Units look, thus ensuring that they cover issues which are current in the workplace.

SQA is currently reviewing the revised standards with a view to deciding the way forward with regard to funding and topics to be covered. The new standards will come into force from August 2010, but there will be a period of overlap during which we hope to successfully complete the changeover.

Advice on good practice and areas for further development

Centres that have opted to use the SQA SVQ have welcomed the flexibility of the on-demand assessment instruments which have been written for this programme. Candidates can access a range of materials from various sources, including AAT but are less pressured to complete the exam in either June or December when the fixed exam diets fall. This has meant that centres can deliver this programme in a much more flexible manner and assess candidates when they are ready to be assessed — not according to a fixed timetable completely out with their control.

There continues to be a very good spread of evidence contained in candidate portfolios submitted. This allows the team to influence the way forward for the Units which will emerge from the recent standards review as it identifies what candidates in Scotland are currently being asked to do in their own workplaces, and thus gauge demand for specific topics.