



EXAMINABLE FROM DECEMBER 2007 – STUDY GUIDE  
CERTIFIED ACCOUNTING TECHNICIAN EXAMINATION



Paper 5  
Managing People and  
Systems

# Introduction

This booklet contains the Study Guide for Paper 5: Managing People and Systems.

The Study Guide is designed to help you plan your studies and to provide more detailed interpretation of the syllabus for ACCA's Certified Accounting Technician examinations. It contains both the Syllabus and the Study Sessions for the paper, which you can follow when preparing for the examination.

The Syllabus outlines the content of the paper and how that content is examined. The Study Sessions take the syllabus and expand it into teaching or study sessions of similar length. These sessions indicate what the examiner expects of candidates for each part of the syllabus, and therefore gives you guidance in the skills you are expected to demonstrate in the examinations. The time to complete each session will vary according to your individual capabilities and the time you have available to study. Tuition providers offering face-to-face tuition are recommended to design courses with a minimum of two hours tuition per study session. However, repeated coverage of the material is vital to ensure your understanding and recall of the subject. Be sure to practice past examination questions to consolidate your knowledge and read your *student accountant* magazine regularly.

**The study guide for December 2007 will be unchanged from this version. However, please note that the terminology used by examiners will be based on International accounting standards, rather than the UK accounting standards. An article will appear in *student accountant* to help explain this terminology clearly.**

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[www.accaglobal.com](http://www.accaglobal.com)

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## **ABOUT ACCA**

ACCA is the largest and fastest-growing international accountancy body with 260,000 students and 110,000 members in 170 countries. We aim to offer first choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management. ACCA works to achieve and promote the highest professional, ethical and governance standards and advance the public interest.

# Managing People and Systems

## AIMS

To develop knowledge and understanding of the role of a manager in an effective, efficient, safe and secure accounting environment. This includes the coordination of work activities, the maintenance of an effective accounting system, people management, personal effectiveness, health and safety and security issues within the workplace.

## OBJECTIVES

On completion of this paper, candidates should be able to:

- develop an overview of the overall business organisation and its critical external relationships and identify the key external regulations and influences affecting accounting and business
- understand how accounting systems are affected by organisational structure and the overall management information system
- describe methods for resource planning and coordinating work
- explain the purpose, structure and organisation of the accounting function and its relationships with other organisational functions
- identify systems and procedures for effective functional management
- describe principles of management leadership, delegation, motivation and communication
- explain principles of effective working relationships and teamwork
- understand the need for effective performance appraisal, development and training to enhance personal and organisational effectiveness
- understand the importance of a safe and secure working environment.

## POSITION OF THE PAPER IN THE OVERALL SYLLABUS

No prior knowledge is required before commencing study for Paper 5. This paper provides the basic techniques required to fulfil the role of a manager in the accounting environment.

## SYLLABUS CONTENT

### 1 The business and accounting environment

- (a) Environmental influences on the organisation
  - (i) political, economic, social and technological
  - (ii) external regulations affecting accounting and business practice
  - (iii) external relationships (stakeholder interests)

- (b) The organisation
  - (i) the structure of business functions
  - (ii) sources of management information
  - (iii) the nature of policies, systems and procedures
  - (iv) types of business transactions
  - (v) methods of planning and control
    - business planning and control
    - information management and control
    - human resources planning and control
- (c) The accounting function
  - (i) purpose
  - (ii) structure
  - (iii) position within the organisation
  - (iv) types of accounting system
    - manual
    - computerised

### 2 Effective management of business and accounting systems

- (a) Monitoring business and accounting systems
  - (i) the role of internal auditors
  - (ii) the role of external auditors
  - (iii) the role of management
- (b) Recognising potential weaknesses in the accounting system
  - (i) weaknesses of controls
  - (ii) potential areas for error and fraud
- (c) Fraud
  - (i) common types of fraud
  - (ii) the implications of fraud
  - (iii) detecting fraud in the accounting system
  - (iv) preventing fraud
- (d) Internal controls
  - (i) the importance of internal controls
  - (ii) the control mechanisms in the accounting system
- (e) Management information and reporting systems
  - (i) features of a management information system
  - (ii) information flows within an accounting system
  - (iii) processing and storage of data and transactions

# Managing People and Systems

## 3 Management theory, principles and techniques

- (a) Managing people for effective working relationships
  - (i) principles of leadership, management supervision and delegation, including consideration of:
    - communication
    - resolving problems and queries
  - (ii) principles of authority
    - differing styles of management
    - taking corrective action
- (b) Individual and group behaviour
  - (i) organisational culture
  - (ii) contribution of individuals and groups to organisational success
- (c) Team management
  - (i) team formation
  - (ii) team development
  - (iii) team evaluation and rewards
- (d) Motivation
  - (i) key theories of motivation
  - (ii) the function of sanctions and rewards in motivation

## 4 Individual effectiveness at work

- (a) Planning and organising personal work
  - (i) understanding roles and responsibilities
    - effective work methods and practices in the organisation
    - reporting procedures
  - (ii) work planning and planning aids (diaries, schedules, action plans)
  - (iii) prioritising and time management, including unforeseen situations
- (b) Constructive relationships
  - (i) methods of communication
  - (ii) influencing, negotiating and coordinating
  - (iii) procedures for dealing with disagreement and conflict arising from:
    - personality
    - working style
    - status
    - work demands

- (c) Improving individual performance
  - (i) personal performance and appraisal
    - setting objectives
    - assessing progress
  - (ii) identifying areas for individual learning

## 5 Health, safety and security in the working environment

- (a) The importance of health and safety
  - (i) health and safety in the working environment
    - legislation
    - regulations
    - record keeping
    - keeping up-to-date with requirements
  - (ii) common hazards and how to deal with them
  - (iii) using equipment and behaving safely at work
  - (iv) emergency procedures
    - illness
    - accidents
    - fires
    - security breaches
  - (v) recommending improvements to health and safety
- (b) Recognising security risks
  - (i) physical breaches of security
    - unauthorised physical intrusion
    - security of hardware and equipment
    - security of systems data and software
  - (ii) methods of reducing or avoiding security risks.

### EXCLUDED TOPICS

The syllabus does not require knowledge of specific computing hardware systems or their specifications, or how software systems are designed, developed, tested and implemented.

### KEY AREAS OF THE SYLLABUS

All areas of the syllabus are equally important.

### APPROACH TO EXAMINING THE SYLLABUS

The paper is constructed in such a way that it provides a broad assessment of the main issues involved in managing systems and people. In general terms, the paper is divided into five parts:

# Managing People and Systems

- 1 The business and accounting environment
- 2 Effective management of business and accounting systems
- 3 Management theory, principles and techniques
- 4 Individual effectiveness at work
- 5 Health, safety and security in the working environment

Note that although the syllabus is sub-divided into five main parts, each part has a different number of teaching and learning sessions allocated to it. The number of sessions in each area reflects the number of learning outcomes identified within that area and this in turn determines the associated teaching and learning time required. For example, although health, safety and security in the working environment contains only two teaching and learning sessions it is still considered to be as important as any other area within the syllabus in terms of assessment. It should also be noted that although the syllabus follows this structure, the nature of the syllabus means that there will often be some overlap between the individual topics.

Structure of the examination:

The examination is a two-hour written paper.

	<i>No. of marks</i>
5 compulsory questions (20 marks each)	100

As indicated above, a question will normally be set in each of the five syllabus areas detailed in the approach to examining the syllabus. Candidates therefore need to ensure that they have a broad knowledge of all aspects of the five key areas of the syllabus.

## RELEVANT TEXTS

There are a number of sources from which you can obtain a series of materials written for the ACCA CAT examinations. These are listed below:

ACCA's approved publishers:

### **BPP Professional Education**

**Contact number: +44(0)20 8740 2222**

**Website: [www.bpp.com](http://www.bpp.com)**

### **Kaplan Publishing Foulks Lynch**

**Contact number: +44(0)118 989 0629**

**Website: [www.kaplanfoulkslynch.com](http://www.kaplanfoulkslynch.com)**

Additional reading:

Accountancy Tuition Centre (ATC)

International

Contact number: +44(0)141 880 6469

Website: [www.atc-global.com](http://www.atc-global.com)

Candidates may also find the following texts useful:

Mullins, L., J. *Management and Organisational Behaviour* (7th edition, Prentice Hall:2004) ISBN: 0273651471

Child, J. *Organisation: A Guide to Problems and Practice* (2nd edition, Chapman: 1988)

Handy, Charles. *Understanding Organisations* (3rd edition, Penguin: 1997)

ISBN: 0140456038

Wider reading is also desirable, especially regular study of relevant articles in ACCA's *student accountant* magazine.

## STUDY SESSIONS

### THE BUSINESS AND ACCOUNTING ENVIRONMENT

- 1 The organisation's environment and external relationships**
  - (a) Define an organisation and its environment
  - (b) Identify the main stakeholders within and outside the organisation
  - (c) Describe general political, economic, social and technological factors affecting the organisation and its stakeholders
  - (d) Identify the authorities to whom businesses are accountable in financial terms
  - (e) Identify what financial information businesses need to provide for government agencies
  - (f) Describe the role of external auditors

# Managing People and Systems

- (g) Outline the role of accounting standards setting bodies
- (h) Outline the role of corporate governance with respect to accountability
- (i) Describe the overall role and purpose of employment, health and safety and data protection legislation within the business

## 2 Organisational structure

- (a) Identify the purpose and objectives of an organisation
- (b) Recognise the stages needed to establish an organisation
- (c) Explain what influences the structure of an organisation, with reference to the work of Fayol
- (d) Describe the business as a system with clearly defined functional areas
  - (i) explain the role of production or direct service provision
  - (ii) explain the roles of sales and marketing
  - (iii) explain the role of accounting and finance
  - (iv) explain the role of human resource planning
- (e) Identify organisational levels and spans of control
- (f) Recognise how departments within an organisation are structured
  - (i) describe the hierarchical structure and functional divisionalisation
  - (ii) describe the matrix or task based structure of business
  - (iii) explain geographical divisionalisation
  - (iv) explain product or service divisionalisation

## 3 Business and resource planning and co-ordination

- (a) Outline the purpose of an overall business plan
  - (i) identify the objectives of long-range planning
  - (ii) outline the role of short-range planning
- (b) Identify elements of resource planning and control
  - (i) describe the elements of the organisational plan
  - (ii) describe the elements of the human resource plan
- (c) Explain the need for co-ordination in the planning process

## 4 General systems and clerical procedures in business

- (a) Explain the purpose of systems, policies and procedures in a general business context
- (b) Describe the principles of effective systems and procedures

- (c) Identify and explain general office procedures and systems using flowcharting techniques
- (d) Review the effectiveness of office procedures and identify weaknesses
- (e) Review the effectiveness of financial control procedures and identify potential weaknesses

## 5 Accounting systems and procedures

- (a) Outline the function and purpose of the accounting system within an organisation
- (b) Identify key elements of the accounting system and procedures and how they are structured
- (c) Explain how the accounting department integrates and co-ordinates with other functional areas
- (d) Explain the difference between manual and computerised accounting systems

## EFFECTIVE MANAGEMENT OF BUSINESS AND ACCOUNTING SYSTEMS

## 6 Internal control and auditing

- (a) Explain the importance of internal controls in an organisation
- (b) Describe the responsibilities of management with respect to internal control
- (c) Describe the different roles of the internal and external auditors
- (d) Recognise the weaknesses of controls and the features of effective control procedures

## 7 Identifying and preventing fraud in an accounting system

- (a) Describe the three prerequisites for fraud, eg dishonesty, opportunity and motivation
- (b) Identify common types of fraud
- (c) Explain the implications of fraud for an organisation
- (d) Identify the scope for fraud using manual as against computer systems
- (e) Describe systems and procedures to discover and prevent fraud
- (f) Understand the role of the auditor in dealing with fraud
- (g) Identify the duty and responsibilities of management in the prevention and detection of fraud

## 8 Improving control procedures within the accounting system

- (a) Describe the payroll system and appropriate controls
- (b) Describe the main stages of the purchases cycle and appropriate controls
- (c) Describe the main stages of the sales cycle and appropriate controls
- (d) Describe the cash system and appropriate controls
- (e) Explain how controls are more effective if systems are integrated

## 9 Management information and reporting systems

- (a) Describe the main features of a management information system
- (b) Describe the information flows within the accounting system
- (c) Draft examples of relevant management reports from an accounting system
- (d) Understand how data and transactions are processed and stored within the accounting system

## MANAGEMENT THEORY, PRINCIPLES AND TECHNIQUES

## 10 Effective leadership, management and supervision

- (a) Describe the process of determining authority and responsibility with reference to Contingency Theory, and the work of Woodward, Burns and Stalker, Fayol, Mintzberg and Weber
- (b) Describe the skills, traits and characteristics of a leader, with reference to Blake and Mouton, Handy, Hersey, Blanchard and Likert
- (c) Explain the role of management, with reference to the work of Drucker, Kanter, Ouchi and Peters
- (d) Explain the role of the supervisor in achieving tasks, building the team and developing individuals
- (e) Describe the principles of effective delegation
- (f) Compare and contrast the terms 'leadership', 'management', 'supervision' and delegation

## 11 Individual and group behaviour

- (a) Explain the concept of organisational culture and discuss its limitations, with reference to the work of Anthony and Handy

- (b) Discuss the differences between individual and group behaviour
- (c) Outline the contribution of individuals and teams to organisational success
- (d) Identify work that benefits from either an individual or team approach
- (e) Recognise behaviour that facilitates and inhibits organisational success

## 12 Team Management

- (a) Define the purpose of a team
- (b) Outline the composition of successful teams, with reference to the work of Belbin, Peters and Waterman
- (c) Explain the stages in the development of a team using Tuckman's "Forming, Storming, Norming, Performing and Dorming"
- (d) Identify and explain key team building blocks and blockages, with reference to the work of Woodcock
- (e) Describe the main ways of rewarding a team
- (f) Identify appropriate methods to evaluate team performance

## 13 Motivation, concepts and models

- (a) Outline the key theories of motivation: Maslow, Herzberg, Handy, Equity Theory, Argyris, McLelland, Vroom, McGregor's Theories X and Y and Ouchi's Theory Z
- (b) Outline the difference between content and process theories of motivation
- (c) Describe ways in which management can motivate staff
- (d) Explain the importance of the reward system in the process of motivation
- (e) Explain the importance of feedback

## INDIVIDUAL EFFECTIVENESS

## 14 Work effectiveness

- (a) Explain the benefits of planning and organising personal work in the context of:
  - (i) understanding roles and responsibilities
  - (ii) using effective work methods and practices in the organisation

# Managing People and Systems

- (iii) identifying appropriate reporting procedures
- (iv) using work planning and planning aids (diaries, schedules, action plans)
- (v) prioritising work and time management, including unforeseen situations

## 15 Effective communication and interpersonal skills

- (a) Recognise the importance of good communication, both formal and informal, in the workplace
- (b) Identify and describe the main methods and attributes of effective personal communication and the effects of poor communication
- (c) Distinguish between verbal and non-verbal forms of personal communication
- (d) Define the term 'interpersonal skills' in the context of effective management practice
- (e) Explain the importance of developing effective personal working relationships
- (f) Identify appropriate ways of gaining commitment from individual staff members
- (g) Describe appropriate methods for dealing with conflict in a work environment

## 16 Effective training and development

- (a) Distinguish between training and development
- (b) Explain the importance of training and development to the organisation and the individual
- (c) Explain the roles and responsibilities of a training manager
- (d) Explain the methods used to analyse training needs
- (e) Suggest ways in which training needs can be met
- (f) Compare and contrast the various methods used to develop individuals in the workplace
- (g) Describe methods of staff evaluation and follow-up

## 17 Appraisal of competence and individual development

- (a) Explain the process of competence assessment
- (b) Outline the purpose and benefits of the staff appraisal process
- (c) Describe the barriers to effective staff appraisal
- (d) Identify the management skills involved in the appraisal process
- (e) Describe the roles of the appraiser and appraisee in the

appraisal process

- (f) Explain the preparation process for an appraisal interview, including location of interview and pre-interview correspondence
- (g) Recognise the importance of feedback from the appraisal interview
- (h) Explain the link between the appraisal process and effective employee development

## 18 The individual learning process

- (a) Explain the process of learning in the workplace
- (b) Describe the ways in which individuals learn
- (c) Explain the effect of individual differences on learning
- (d) Identify the barriers to learning
- (e) Describe the role of management in the learning process
- (f) Suggest appropriate ways in which the organisation can motivate individuals to learn

## HEALTH, SAFETY AND SECURITY IN THE WORKING ENVIRONMENT

### 19 Health and safety in the workplace

- (a) Outline the main provisions of relevant legislation on health and safety
- (b) Identify possible sources of danger to health and safety of individuals within the workplace
- (c) Suggest appropriate preventative and protective measures
- (d) Discuss the role of training in raising awareness of safety issues
- (e) Describe safe working conditions
- (f) Outline the role and responsibility of management in promoting health and safety

### 20 Security in the workplace

- (a) Describe possible sources of security breaches within the workplace
  - (i) identify means of physical intrusion
  - (ii) describe threats related to hardware and equipment security
  - (iii) explain hazards from internal and external software security breaches

- (b) Outline measures for preventing security breaches
  - (i) describe methods of preventing physical intrusion
  - (ii) explain measures of protecting hardware and equipment
  - (iii) identify strategies for reducing the risk of software security breaches