Introduction

Finance training is an essential component of effective resource management, designed to ensure that the right skills are in place to meet both existing and future business needs.

This guide represents a consolidation of existing guidance issued by the Finance Training Committee, together with some new material, to represent emerging best practice in the light of developments in resource management. It is aimed at members of the finance training community, especially those concerned with planning and delivering finance training in departments and agencies.

The guide highlights the strategic approach adopted by training teams involved in the design and delivery of training programmes generally, including finance training. This approach is best represented within an overall framework or model. The 'Training Wheel' developed by Frances and Roland Bee[1] has been used in this guide to provide such a framework. An illustration of the Training Wheel is at Annex A.

The Training Wheel is a cyclical representation of the training process through a series of key stages or elements – identifying business needs, identifying and specifying training needs, translating training needs into action, planning the training and finally evaluating the training. The model poses a key issue at each stage and suggests a number of options as to how the issue can be addressed.

The core sections of this guide deal with each element of the Training Wheel in turn, covering the possible content of a training programme for finance, the main targets for training, the main means of delivering training and of managing and coordinating a training strategy, how the training should be evaluated, and points on the timing and "selling" of training. Finally, the guide considers potential obstacles to success and some of the lessons that have been learned in departments through the practical application of training strategies.

The guide is structured as follows:

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[1] *Training Needs Analysis and Evaluation (IPD, 1998)*

What is a finance training strategy?

In outlining a strategic approach to finance training, it is necessary to consider what is meant by a finance training strategy, what it would cover and why finance training plays such an important role in the effective management of resources.

What is a finance training strategy?

A finance training strategy is a plan for the medium term (up to 3 years) covering the means by which staff learn and develop finance and accountancy skills necessary to continue to meet ever-changing business needs. The key elements are:

- a needs analysis, covering the finance and accountancy skills and knowledge needed in the organisation;

- a skills audit to assess the extent to which those skills are already present;

- the identification of target groups for training and/or development;

- a policy on the methods for delivery of training (eg in-house or outsource);

- a plan for publicising the training strategy;

- a link to the organisation's competence framework, and any financial management standards which have been adopted within the organisation; and

- an estimate of the resources involved in delivering the strategy, both in terms of cost and staff time.

Why finance training is important

Finance and accountancy training is an important part of any organisation's training and development plans. Training in finance and accountancy is crucial in order to:

- improve the organisation's performance;

- improve financial management;

- improve management performance;

- facilitate the introduction of a new accounting system and/or a different group of people having access to the system;

- underpin a general drive to raise the level of competence in a number of areas;

- ensure that everyone has the same type of skills;

- provide knowledge so that people can understand what they are being told by finance experts;

- meet the needs of new policy initiatives; and

- meet the needs of new management structures.

Key points to note

In drawing up a finance training strategy, the following key points should be noted:

- it is vital that a training strategy for finance and accountancy is treated as a coherent whole. A good strategy should encompass all training, from training for professional accountancy qualifications to short awareness courses for non-financial managers;

- a strategy for finance and accountancy training will have a greater chance of success if it forms part of the general training strategy for the department or agency, rather than existing as a separate entity;

- departments and agencies may want to consider at the outset whether to make a distinction between core training needs (which might be dealt with through a standard approach, and standard material) and specialised or unusual needs which can be dealt with separately;

- although many financial strategies are driven by a need to introduce new accounting systems or a change in accounting methods, those designing training programmes may want to explain how accounting systems work at present, and describe those elements that will not change, as well as covering new developments;

- training has significant resource costs, both in terms of people and money. Resources will be a constraint in many organisations, and may be a determining factor in deciding on training methods and duration of training. Resource requirements should be considered early in the planning process, and any necessary approvals secured.

The following sections of this guide consider the various elements of the Training Wheel in turn:

- understanding the business needs;

- identifying and specifying training needs;

- translating training needs into action;

- planning the training; and

- evaluating the training.

The pie chart at the top of each page of these sections indicates the segment or segments of the Training Wheel shown on page 32 that are being discussed.
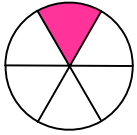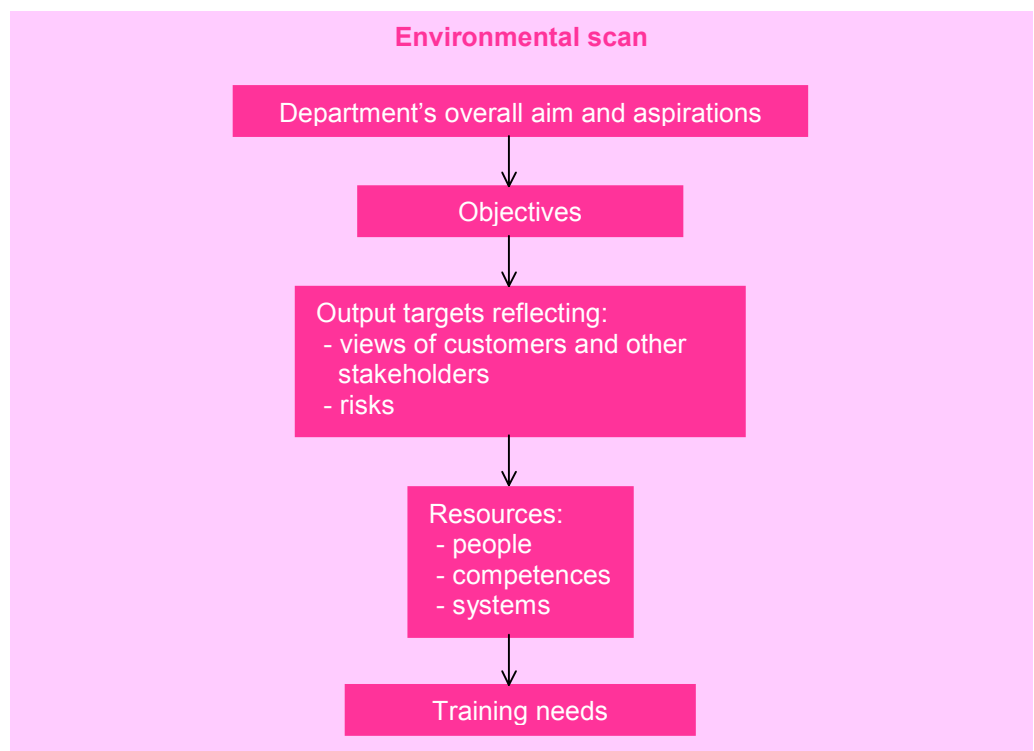
The first element of the Training Wheel involves understanding the business needs of a department or agency. To understand any organisation's business needs, it is necessary to undertake a systematic environmental scan. This would involve identifying the framework or context within which the department operates, key customers and stakeholders, the views of these customers and stakeholders, any potential risks faced and how these can best be managed.

Key to this process is the overall aim and aspirations of the department and how these are translated into specific, measurable objectives. This is followed by an agreed set of output targets designed to deliver the objectives in both the short and medium term. The targets would need to take account of views and possible actions of customers and stakeholders in considering any risks that may affect the achievement of the objectives.

Having identified the outputs, it is possible to quantify the resources needed to achieve those outputs - particularly in terms of people, the competences they require and the systems to support them, both financial and non-financial. Any training needs can then be identified and dealt with accordingly.

Environmental scan

Department's overall aim and aspirations

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Objectives

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Output targets reflecting:
- views of customers and other stakeholders
- risks

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Resources:
- people
- competences
- systems

↓

Training needs

In practice, Public Service Agreements (PSAs) and Service Delivery Agreements (SDAs) form the framework for defining departmental objectives and targets, so it is unlikely to be necessary to undertake this process as a separate exercise. Once the organisation's overall objectives and targets have been determined, these can be cascaded down to teams or individual units within the organisation where resources, both existing and future, can more easily be defined and quantified.

In human resource terms, quantifying existing resources and skill levels provides a firm foundation from which to identify and specify any potential training needs.
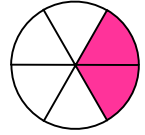
The identification and agreement of competences for individual posts is key to the next two elements of the Training Wheel shown at Annex A – 'Identifying training needs' and 'Specifying training needs'.

Main target groups

Any organisation is likely to have groups of people who need some understanding of finance and accountancy issues. These groups and their varied requirements need to be identified. The following are possible groups:

- programme managers;

- project managers;

- senior management;

- accountants;

- budget holders;

- staff in specialist finance areas;

- other users of financial information; and

- support functions.

This section of the guide is designed to set out for the finance and accountancy business area a set of generic competences which can be used by all departments. Finance and accountancy is recognised as a 'specialist' area but as with all other staff, specialist skills need to be underpinned by more general skills and knowledge - commonly referred to as 'soft skills' - eg communication, management, presentation and report writing.
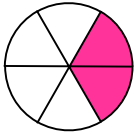
Competences

Competences are a description of the skills, knowledge and behaviour which lead to successful performance. As such, they should ideally cover both skills which are needed to perform a function, and areas of knowledge which a postholder needs. They should be expressed as far as possible in terms of outputs and behaviour and be easily linked to departments' outputs and outcomes, and not simply to activities which might otherwise be seen as an end in themselves.

Levels of competence should not necessarily be linked directly to particular grades/paybands: there will be many instances where a postholder will require a higher level of competence than their superior officer, and other cases where people in the same grade need widely differing competences due to the nature of their work.

In considering the adoption of competences there are a number of issues which need to be considered:

- large departments and agencies should consider the extent to which competence frameworks need to be consistent throughout their respective organisations or how they should be tailored to individual business units. A model competence framework could be particularly useful in this respect, providing a means of comparison against the more specific competences within individual business units;

- departments and agencies undertaking specific initiatives for staff to gain qualifications may find that the direct link between competence levels and qualifications (including NVQs, professional and academic qualifications) can have advantages - both for the staff who are achieving competence levels through providing recognition, improving mobility and creating a sense of professionalism; and for departments, which can more easily identify the skills needed by new entrants;

- as departments and agencies seek to improve the training of significant numbers of staff in the techniques and procedures necessary for handling government finance, targeted training will continue to play a very important role in meeting this need. Qualifications-based courses will be a useful supplement to this, subject to resource constraints;

- some departments and agencies link finance and accountancy competences to particular grades and posts. This has proved very helpful, with both internal and external recruitment, in identifying the skills needed and also in specifying training needs. Others are experiencing difficulties in relating existing competence frameworks, which are grade based, to new pay and grading structures;

- there is considerable scope for departments and agencies to learn from one another in terms of defining best practice, but individual frameworks should nevertheless reflect specific needs which may vary considerably depending on the nature of the work involved. A model framework would therefore be useful for comparative purposes, but not a substitute for drawing up specific competences in each case;

- as a result of increased use of external contractors, staff in some departments may need a different range of finance-related skills from those which were required when a function was performed in-house (eg tender evaluation and project management and monitoring).
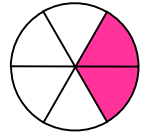
The need for skills in, and knowledge of, finance and accountancy is not limited to those who work in pure finance functions. The move to resource based information means that the number of people who require finance skills has increased. The list of areas of work and posts, detailed in Annex B, shows both the range of functions involving finance and accountancy and the posts where knowledge or skills are considered to be essential.

While the competences required in one organisation will not necessarily be the same as those needed in another, there are some aspects of finance and accountancy common to individual departments and agencies. The remainder of this section is intended to identify these common areas in ways which may be helpful, referring to the five levels of competence shown in the chart on the page opposite.
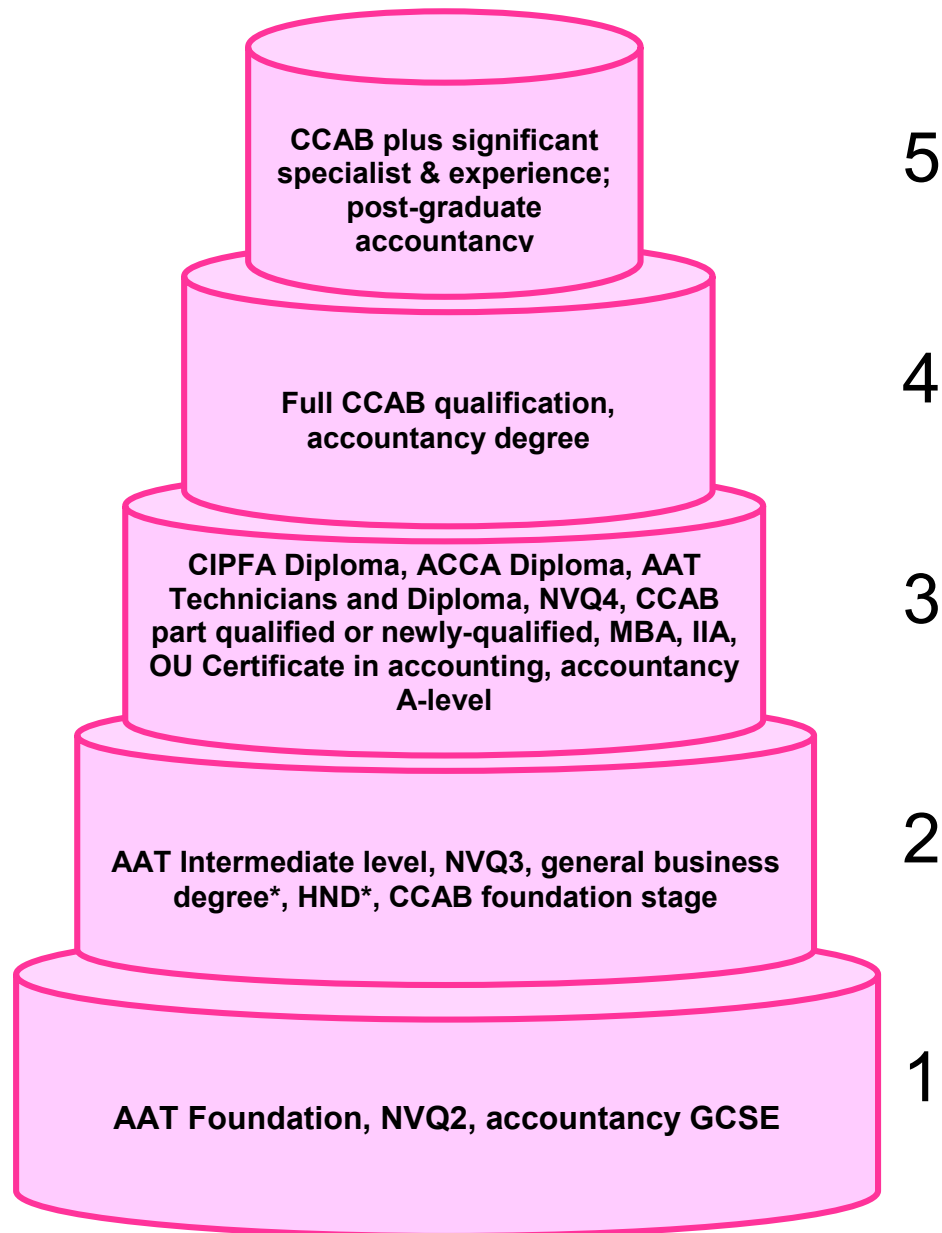
Competence levels and qualifications

Levels of competence can be attained through a variety of means - on the job training, work experience, in-house bespoke training or through formal qualifications. NVQ qualifications, such as the Association of Accounting Technicians (AAT) put emphasis on work-based experience as measured through work-based assessments.

Some departments and agencies have decided to link their finance and accountancy competence levels to formal qualifications, particularly at levels 3-5. The chart suggests how the main qualifications could be linked to the 5 levels. The concept can also be used when recruiting from outside the department, to map qualifications held by applicants to the competence levels required for particular posts.
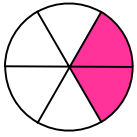
Qualifications and competences pyramid

A tiered pyramid (cake) diagram:

5 — CCAB plus significant specialist & experience; post-graduate accountancy

4 — Full CCAB qualification, accountancy degree

3 — CIPFA Diploma, ACCA Diploma, AAT Technicians and Diploma, NVQ4, CCAB part qualified or newly-qualified, MBA, IIA, OU Certificate in accounting, accountancy A-level

2 — AAT Intermediate level, NVQ3, general business degree*, HND*, CCAB foundation stage

1 — AAT Foundation, NVQ2, accountancy GCSE

* may be one level higher, depending on syllabus

The Consultative Committee of Accountancy Bodies (CCAB) consists of:

- ICAEW - The Institute of Chartered Accountants in England and Wales
- ACCA - The Association of Chartered Certified Accountants
- ICAS - The Institute of Chartered Accountants of Scotland
- CIMA - The Chartered Institute of Management Accountants
- CIPFA - The Chartered Institute of Public Finance Accountants
- ICAI - The Institute of Chartered Accountants in Ireland
- IIA - Institute of Internal Auditors
- AAT - Association of Accounting Technicians
- NVQ - National Vocational Qualifications.

The detailed descriptions of the five levels which follow include examples of the sort of roles to which the levels relate, and the specific knowledge and skills that would be valuable in carrying out these roles; but clearly the precise details will differ in each case. Departments and agencies may well need to adapt the levels to suit their own needs.

The five levels

Breadth of skills can be defined through competence in a number of different areas. A further consideration is in depth of skill gained through increasing expertise acquired in one of these areas. In finance and accountancy terms, this is represented through expertise defined at five levels, with level 1 the lowest and level 5 the highest. As a result, competences are generally cumulative, eg someone at level 3 would normally be proficient at levels 1 and 2.

> Level 1: *Handles financial resources with regularity, propriety and efficiency, and/or maintains accurate and up-to-date financial records, and/or provides clear and accurate financial information and basic analysis.*

Examples of relevant work: a clerk making payments, handling receipts and entering transactions on to accounting system. Junior procurement staff. Staff posts which have contact with financial systems and information.

Examples of relevant knowledge: how the organisation's financial information and control systems work; how the relevant financial control systems operate and for what purpose; the purpose of accounts, internal audit and management services.

May need to be able to: use the organisation's financial systems to provide basic financial information; use financial systems to account for payments and receipts; work within the rules and controls laid down to ensure regularity and propriety of expenditure; apply numeracy skills to provide basic financial analysis; present figures clearly; undertake basic costing.

> Level 2: *Ensures financial resources are allocated, controlled and deployed cost-effectively, with regularity, propriety and efficiency.*

Examples of relevant work: managers and budget holders responsible for the use of resources. Junior management services and internal audit staff. Staff responsible for negotiating contracts for services. Staff in the finance area who monitor expenditure and supervise clerical staff. Staff who advise on spending options. Expenditure team staff in HM Treasury. Chief Executives and Accounting Officers.

Examples of relevant knowledge: government financial framework; principles of regularity and propriety; role of the National Audit Office (NAO) and other auditors; asset management techniques; principles of budgetary control.
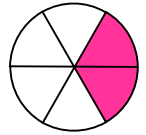
May need to be able to: understand and interpret accruals and other accounts; explain financial principles behind a policy or action to others; supervise accounts staff at clerical level; monitor financial performance of organisations using accruals accounts; assess in a basic way the cost-benefits of alternative ways of spending resources.

> Level 3: *Maximises the use of financial resources by providing accurate and relevant financial analysis and financial information, or by providing specialist advice on the procurement of services to decision makers and/or by understanding and deploying specialist financial, accountancy, economics and procurement advice offered by appropriate professionals; or ensures through effective auditing and controls that the expenditure of an organisation is made with due regularity and propriety.*

Examples of relevant work: policy staff in finance departments including principal and senior finance officers. Staff involved in designing, costing, implementing and monitoring new policies or programmes. Staff advising on the drawing up and monitoring of contracts and framework documents. Senior procurement staff. Internal audit managers. Heads of accounts sections. Staff helping to design financial control and information systems.

Examples of relevant knowledge: full range of accounts produced by the organisation; advanced estimating and forecasting techniques; output and performance measurement techniques; main principles of taxation; priority and zero-based budgeting; design of accounting systems; fraud prevention techniques; accounting standards

May need to be able to: advise others on financial implications of policy decisions; manage an accounting system; understand complex financial information provided by others; advise on and design specialised reports using information from the organisation's accounting system; use standard techniques (e.g. variance analysis, investment appraisal) to analyse data.

> Level 4: *Finds better or new ways of securing and deploying significant amounts of financial resources so as to meet the organisation's aims and objectives cost-effectively and/or is responsible for preparing sound and clear financial statements for external bodies, eg Treasury, Parliament, European Union (EU); provides high level and authoritative professional accountancy advice.*

Examples of relevant work: accountancy adviser in a department; heads of finance departments or finance directors of organisations with major operations raising particularly complex financial issues.
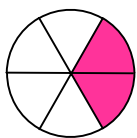
Examples of relevant knowledge: complex accounting techniques; alternative financing methods; working capital management; discounted cash flows; design of accounting systems; complex public finance issues; wide range of commercial finance operational issues; risk management; corporate governance.

May need to be able to: give authoritative advice on financial implications of ground-breaking policy decisions or those having a major impact; advise on accounting policies for an organisation; manage relationship with external and other auditors.

> Level 5: *Applies complex financial techniques and depth of specialist knowledge to make wide-ranging and/or fundamental improvements in the way in which significant amounts of financial resources are used.*

Examples of relevant work: senior accountancy adviser in large department or agency; senior member of Treasury Central Accountancy team; government representative on national level accountancy and auditing bodies.

Examples of relevant knowledge: international accounting standards and practices; impact of changes in accounting standards on government; impact of advanced accounting techniques.

May need to be able to: represent government and/or major department on national/international accountancy bodies; advise professional accountants and other practitioners on technical accountancy matters; lead a team introducing major change to accounting practices; lead team responsible for implementing a new accounting system.

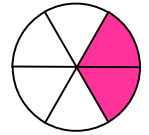**Drawing up and using competences**

The diagram opposite illustrates how competences can be drawn up and used by organisations. The model is indicative: how this is done in individual cases is very much up to the individual department or agency concerned.

Departments and agencies are encouraged to develop their own specific competences to reflect the work and culture of their own organisation. It is envisaged that this guide should aid in:

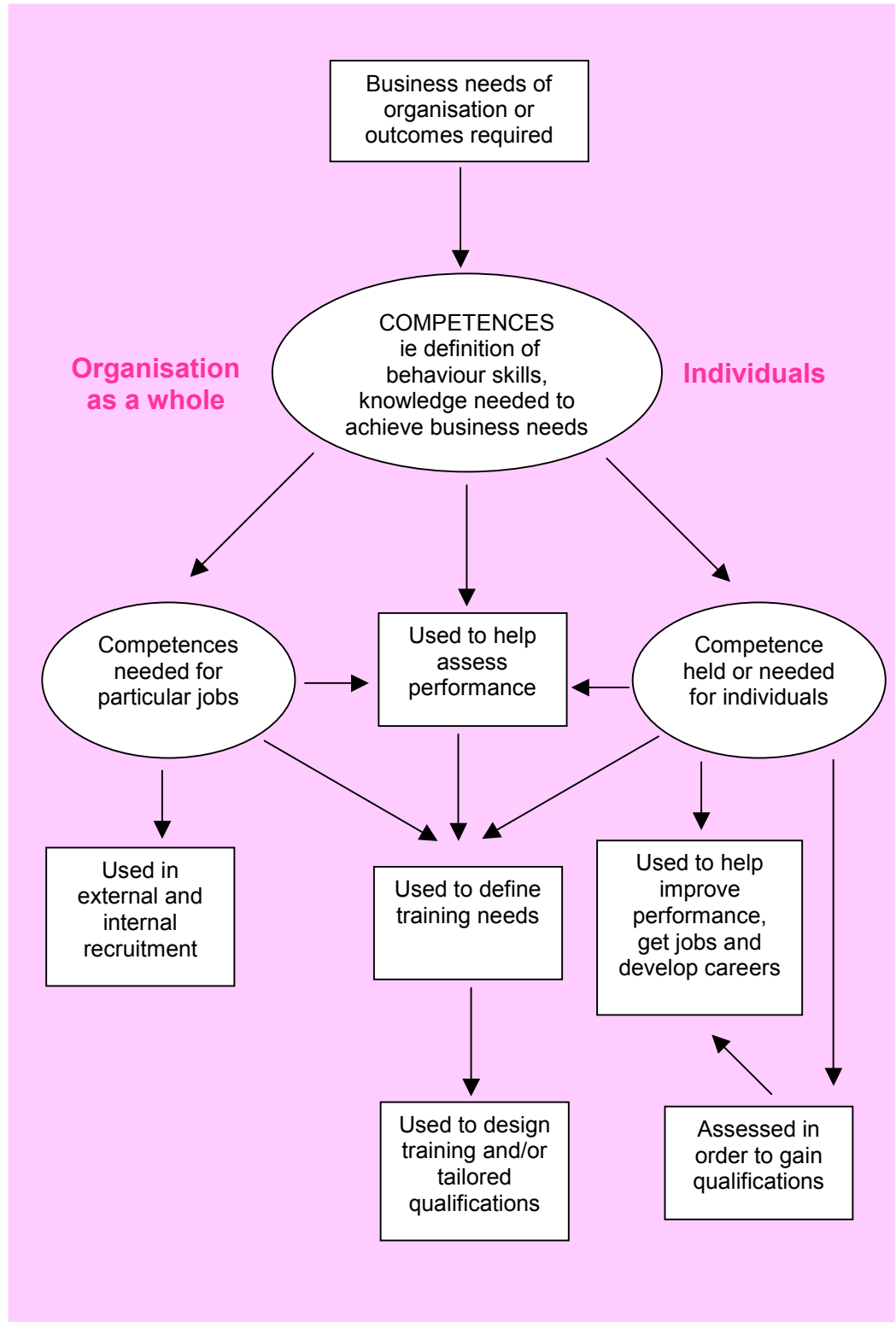- spreading good practice to help those organisations which have not yet identified competences, to avoid having to reinvent the wheel;

- encouraging consistency to make it easier to benchmark performance against others and to monitor improvements service-wide; and

- facilitating mobility, since it should be possible for individuals to relate their own specific departmental competences to the model framework.
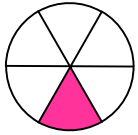
A model for use in drawing up and using competences

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                    ┌──────────────────────┐
                    │   Business needs of  │
                    │   organisation or    │
                    │   outcomes required  │
                    └──────────────────────┘
                                │
                                ▼
                        ╱───────────────╲
  Organisation         (   COMPETENCES    )        Individuals
  as a whole           ( ie definition of )
                       ( behaviour skills, )
                       ( knowledge needed to)
                       ( achieve business needs)
                        ╲───────────────╱
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Organisation as a whole — **Individuals**

Business needs of organisation or outcomes required

COMPETENCES
ie definition of behaviour skills, knowledge needed to achieve business needs

Competences needed for particular jobs

Used to help assess performance

Competence held or needed for individuals

Used in external and internal recruitment

Used to define training needs

Used to help improve performance, get jobs and develop careers

Used to design training and/or tailored qualifications

Assessed in order to gain qualifications

Having established the department's business needs and its specific training needs, the next step is to translate training needs into action by determining the content and delivery method of the training.

Content of training courses

Departments which have decided to go to tender for training have given a fairly broad statement of requirements with the aim of allowing tenderers some flexibility in exactly how to provide the detailed content. However, there are some key points to bear in mind in considering the content of training courses. For example, content:

- needs to be discussed with finance managers internally;

- should match the competence structure shown on page 7;

- may need to be modular, so that people can receive training only on those areas which affect their work;

- will depend on other system developments;

- should cover both knowledge and competence;

- should take account of the level of skills already in the organisation - eg via a skills audit or assessment by line managers; and

- needs to be capable of being changed in the light of ongoing feedback and evaluation.

Training delivery methods

Training delivery methods must suit the organisation and should include a variety of styles and techniques. The following methods are the most common; organisations should consider which are most appropriate:

- on the job training;

- direct training courses delivered in-house;

- direct training courses delivered by an external provider;

- seminars;

- workshops;

- written guidance; or

- IT-based.

Other considerations affecting training delivery include:

- whether there will be formal testing at the end of course, and if so will it be unseen or "open book"; and

- which parts of the training will be mandatory and which voluntary.
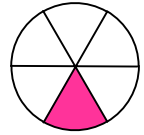
Learning from experience

A practical example of translating training needs into action can be seen through the lessons learned by HM Treasury in introducing competence-based training. This section discusses the incentives and barriers and suggests some solutions to help meet departments' and agencies' needs.

HM Treasury's experience

Accountancy and Finance (A&F) was selected as one of 8 core competences as part of a development programme for HM Treasury. As with the other competences, up to 5 skill levels were defined. All staff were asked to define the necessary competences and skill levels for their posts, together with their existing skill levels. Any resulting skills gap would form the basis for individual development plans to be completed during the subsequent reporting year. Training would be provided as necessary, with testing or external accreditation at each stage. Promotion and level transfers to certain posts were to be linked to possession of specified competence levels.

Following this, the training necessary for A&F level 1 (2 days) and level 2 (6 days) was commissioned from an outside provider and take-up was good. By the end of the first year, over 150 people had been trained at level 1, with another 50 saying they had already achieved this level. At level 2, over 140 were trained or booked to train and 20 said they had already achieved this level. The analysis showed that very few people required level 3 A&F skills in their posts, so this was seen as negotiable with the individuals concerned, while levels 4 and 5 were defined in terms of professional competence and therefore assessable externally.

A number of decisions were taken which reflected the specific needs and circumstances of the Treasury. First, following requests from those who had completed level 2, an additional level (2a) was devised as a way of giving additional practice in the theory at that level. Second, a decision was taken also at an early stage that, because of the specialist nature of training for resource accounting and budgeting (RAB) at the time, this was to be separate from general A&F training. Specific RAB courses were therefore run for individual areas of the Treasury. Finally, the links to NVQs were recognised to be limited for the department because of the nature of the work involved.

Some elements of the framework proved more difficult to carry out in practice, partly because there was not a full set of information on competence levels. A sample of "non-definers" was contacted to find out why they had not allocated A&F competence levels to their specific posts. Among the reasons given were:

- difficulties of postholders in defining the competence levels for their posts and existing abilities;
- unwillingness to send in details for competences not judged appropriate for the post;
- new entrants who had not been asked for information; and
- returns sent in which were claimed not to be registered.

These reasons indicate that support is needed to help identify competence levels, and that a follow-up mechanism is necessary if a comprehensive and up-to-date list is to be maintained.

On the training side:

- course provision had in part to be responsive to requests, rather than being planned systematically, because there was not a full set of returns;
- not all those who had taken the course had taken the associated test.
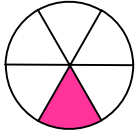
As noted earlier, the department had been delivering a separate RAB training module in parallel with the A&F training. However, the ongoing development of RAB led to the two courses being combined. As a result, the focus of the training, and course material, was amended to reflect resource rather than commercial accounts, using resource account schedules and statements as examples.

The level 2 module was reduced from 6 days to 3 days with the emphasis on the central government accounting framework, including budgeting and Estimates. The revised format now includes aspects of performance measurement and management accounting.

The changes made have also taken account of ongoing feedback from delegates who attended the individual courses. RAB training is now part of the core departmental training programme.

The Treasury experience has shown that information on competence levels for posts and individual skill levels has to be as complete as possible in order to identify any "skills gap" and to facilitate the proper planning of any training provision.

Shortage of time is a familiar reason given for the lack of information. While this merely manifests a low priority given to the activity, there is some evidence that lack of experience on how to assess levels for posts and individuals, and how the individual assesses their current skill level, are also barriers. These difficulties apply both to the department and the individual. There may also be some concern about having to undertake training - and tests - once levels are defined.

Some of the above issues have arisen because Accountancy and Finance competences were introduced at a very early stage of the training framework. Others are almost certainly transitional. For example:

- when a job has been assessed for its competence level it should not have to be reviewed very often;

- it will be easier to encourage all aspects of competences once it is clearer which competences are linked to a new post;

- there has to be adequate opportunity for training; and

- faith in the testing mechanism has to be earned.

Timing is undoubtedly a problem. With Treasury postings of, typically, 3 years, the lag between appointment to a post and competence training for it may be too long for the organisation and post holder to benefit fully before moving on.

Suggested solutions

To meet the generic problem of asymmetry between costs and benefits - if individuals are not trained, it is not only they that will suffer, but the department - individual choice should not be the only element which determines the pattern and amount of departmental training. The suggestions in italics below are intended to help meet the department's needs and help remedy any problems. Almost all would apply to all competences:
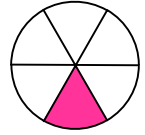
a) To clarify what level an individual has already attained:
- *help the individual with structured self-assessment, supplemented if necessary by specialist advice and/or help from personnel.*

b) To clarify what competence level is appropriate to the post:
- *involve (as appropriate) users, specialists and/or external assessment in doing so;*

- *make it part of the team-leader's job to ensure the competence levels are assessed;*

- *set feasible published deadlines for the assessment timetable in conjunction with directorates and publish league tables of posts assessed against targets.*

c) To reinforce training experience:
- *use the annual appraisal report to follow-up on training undertaken.*

d) To reinforce the incentives for a-c above:
- *include milestones in team, team leader and individual objectives; review against performance as part of the normal appraisal round;*

- *have someone in the department with competence follow-through as part of a job description;*

- *monitor and publicise cases of how training has helped individuals.*

e) Increase the incentives to train:
- *personnel to review training in the light of experience for content and delivery method (including modularity rather than block provision);*

- *encourage teams to ensure that cover is provided as a matter of routine during extended training periods.*

f) To remedy any problems arising from the lag between taking up a post and taking the relevant competence training:
- *carry through policy that appointments should normally be of those who already have relevant competences.*

g) To counter any claim that there is no time to train:
- *senior management set a good example in defining, and letting it be known they have defined, their own training needs;*

- *carry through incentive of link to promotion.*

h) To increase the proportion of those taking tests before the promotion and transfer requirements take effect:
- *find the reasons for delay;*

- *reduce exam concerns eg by providing sample papers, revision classes.*
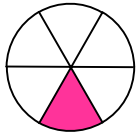
i) To recognise the 3 constantly moving elements of the database (individuals in the department, attained competence levels of each individual and posts):

- *operate central database with the means, including authority, to seek information.*

Issues for purchasers of finance training

A key decision in translating training needs into action is whether or not to buy-in training from external providers.

Preliminary

If departments and agencies are considering going down that route, experience has shown the following preliminary considerations apply:

- ensure the purchasing unit is involved at the earliest possible stage;

- experience of other departments/agencies who have already purchased finance tuition should be sought, particularly if there is no in-house purchasing unit;

- in selecting the shortlist, the purchasing criteria should be understood by all involved;

- ideally, start with a competence framework agreed by the line and a representative sample of those using the services of the people to be trained;

- use competences to conduct a training needs analysis, since sampling gives good information on the skills people most need to develop; and

- decide who will pay for tuition (and any related fees) - through central or devolved funding.

Other issues

Before starting, it is also important to establish:

- the objectives of the training;

- the desired timescale for delivery;

- how many people (approximately) need to be trained, including their grade and role;

- the current levels of skill/knowledge and what level of skill/knowledge is required for each role;

- the times required:

    o for each course/module;

    o between each course/module;

- what resources are available;

- whether there are any in-house training delivery options to explore before going to outside providers;

- whether an external qualification is being offered for the organisation's or individual's benefit, and if so which is most appropriate;
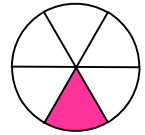
- what eligibility criteria will be used in selecting participants, for example "sheep-dip" approach, line manager nomination, self-nomination, HQ mandate, or whether any prior knowledge is needed;

- whether you want potential suppliers to come up with the delivery options covering different styles of training; and

- for large organisations, will it be a centrally run and administered contract, or a call-off arrangement on which management units can draw. If the latter, how much tailoring will there be for each budget holder or agency.

Assessment

Consideration should also be given to whether there should be an assessment of participants. If so:

- what is the best form;

- what is an acceptable level of competence; and

- what happens to failures.

Form of instruction

A further issue to consider is what form instruction should take:

- face to face tuition, distance learning, computer based or other;

- voluntary or mandatory;

- how much preparation is acceptable/desirable;

- are the varied learning styles of potential trainees being addressed; and

- is short, sharp systems training enough for some sections of your target audience; and does everyone need the same level of understanding of the topics.

If face to face tuition:

- is it free-standing or within a competence framework;

- should there be blocks or segmented teaching;

- can participants opt in an out of parts of the block;

- how much department-specific material;

- will the course be part of a broader programme;

- will there be a homogenous or heterogeneous mix of participants;

- where will the course take place (ie on- or off-site); and

- will it be within a competence framework.

If distance learning is adopted:

- is there back-up.
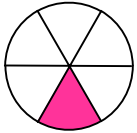
If computer based, is the package to be made available at each desktop or via an open learning centre:

- will current IT systems support the media chosen;

- is there adequate trainer support available;

- how much maintenance is required of the system; and

- who will administer the system re: users, access, assessments etc.

Potential suppliers - criteria for choice

Possible criteria in choosing potential suppliers include:

Ability to meet timescale.

Quality of trainers:

- do/will they have a grasp of the subject as related to the department;

- can/will they relate to the needs of the department;

- can/will they relate to needs of audience;

- is there evidence for the trainers actually going to do the work;

- is there backup if anything goes wrong;

- quality/size of support teams; and

- who will handle administration.

Course content:

- relevant to us or off the shelf.
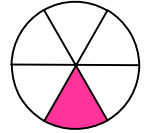
Course delivery:

- who exactly is going to lecture;

- will it be same or different people for each course.

Testing of course members:

- is it clear what is being tested (relevant to choice of open/closed book tests);

- are there exemptions;

- can there be re-sits;

- who sets the tests; and

- who will mark them.

Course evaluation - arrangements and experience.

How important is public sector knowledge. If it is important:

- what is the relevance of their experience;

- in relation to the department;

- the individuals;

- who will be taught.

And, of course, price:

- both in absolute terms;

- and in terms of risk (payment per course or per participant);

- what is included, eg:

  o tutors for syndicates;

  o photocopying.

Once the supplier has been chosen

Once the supplier has been chosen, it is necessary to establish who briefs from the department on:

- the departmental context;

- finance issues and examples.

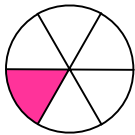What quality controls are in place for:

- administration;

- teaching;

- should pilot courses be run;

- should departmental experts sit in initially.

What are the arrangements for:

- break clauses;

- extending the contract.

Who manages the contract.

Who evaluates the long-term success of the training against the organisation's objectives.

The next element of the Training Wheel considers how the training strategy will be planned and coordinated. It looks in particular at timing issues and selling the strategy, and examines in detail the priorities of the training to be developed and delivered.

At this stage, all the information gathered as part of the initial research should be examined once again. The data should contain details of identified target audiences from which it will be possible to decide the priorities for delivery.

Coordinating the training strategy

Issues to consider in determining how the training strategy will be coordinated are:

- single co-ordinator, or working group(s), or both;

- may need a project sponsor;

- consultation needs to involve both deliverers and customers;

- coordinators should reassess the match between needs and provision and review needs and content of training; and

- finance and accountancy training should be integrated with other training programmes.

Timing

Timing is another important consideration for those designing training strategies. Train people too far in advance of need, and there is a risk that the knowledge will deteriorate through passage of time or lack of practice; train people too late, and there is a risk that new systems and procedures will get off to a bad start. Getting timing wrong can also result in wasted or misused resources.

This means that the timing of any additional training should be carefully judged to be very near the arrival of the relevant information. For the use of management information within the department, training should again take place just before the information is made available to senior management. Specific issues to consider are:

- it may be sensible to phase the training: key issues first, then more of the "how" once people have thought about the issues;

- if the department is introducing new systems, training should be linked to the implementation timetable;

- certain groups may need to be given priority;

- train managers first, as a means of getting commitment to the training programme, and to achieve smoother transition to new systems;

- if the training needs audit is being done as part of the annual appraisal process, the timing of the latter needs to be taken into account;

- consider a building block approach to give people time to accumulate knowledge and skills;

- programmes could start with general awareness training, and then move on to more detailed areas; and

- plan for newcomers to the department.
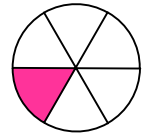
How should training take place?

Training comes in many forms, and while courses may well form part of training, training should not be confused with "courses". Internal departmental briefing is essential but may not be enough, and a number of departments offer familiarisation, or other courses, for senior officials.

For those who find it difficult to attend formal training, departmental training material should be considered, as well as more general literature including specialist guides produced by HM Treasury and books published by the Civil Service College, who also run finance courses.

Priorities

The following table gives an indication of the skills and knowledge now required by key groups of staff. This can be used as a guide to ensure the training delivered to date has provided staff with the necessary information.

Knowledge/skill	AO	PFO	Budget holder	Financial planner	Finance staff	Budget manager	General line managers
Can identify significant trends from accruals-based statements	E	E	E	E	E	E	E
Knows difference between current and fixed assets	E	E	E	E	E	E	E
Able to use accruals-based information to compare performance of different parts of department/agency etc	E	E	E	E	E	E	E
Knows main components of fixed and currents assets	E	E	E	E	E	E	
Can identify and describe variances in departmental statements	E	E	E	E	E	E	
Understands effect of writing down value of assets and reasons for doing so	E	E		E	E	D	D
Knows main resource account schedules and statements	E	E		D	E		
Understands which categories of expenditure should be capitalised		E		D	E	D	
Understands principles for valuing fixed assets		E			E		
Understands principles of revaluing assets		E			E		
Knows procedures for writing off fixed and current assets		D			E		
Understands methods for valuing current assets		D			E		
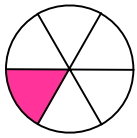
| Knowledge/skill	AO	PFO	Budget holder	Financial planner	Finance staff	Budget manager	General line lanagers
Has ability to use accruals information when considering strategic plans	E	E	D	E	E	E	E
Knows and able to use main financial ratios	D	E	D	E	E	D	D
Understands how variances can be caused	D	E	D	E	E	E	D
Understands impact of different policy options on departmental /agency accruals-based plans and accounts	E	E	E	E	E	D	
Understands depreciation and its effect on the departments etc. accounts	E	E	D	E	E	E	E
Understands what provisions are and what effect they have on accounts	D	E	D	E	E	D	E
Understands reconciliation of cash and accruals accounts	D	E	D	D	E	D	
Understands cost of capital and its effect on financial statements of department etc.	D	E	D	D	E	D	
Understands impact on capital charges of different courses of action	E	E	E	E	E	D	
Knows how to extract variances from accruals accounts		D	D	D	E	D	D
Understands make up of working capital	D	E	D	E	E	D	
Able to evaluate forecasts for department/agency etc.	D	E	D	E		D	
Understands the purpose of capital and asset management plans		E	D	E	D	E	
Can extract information from departmental accounting system		D	D		E	D	
Understands how to use accounting information to cost activities		D		D	E	D	
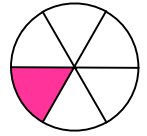
Knowledge/skill	AO	PFO	Budget holder	Financial planner	Finance staff	Budget manager	General line managers
Understands bases for apportioning and allocating overheads					E	D	
Knows difference between full and marginal costs					E		D
Can produce reports from departmental accounting systems					E	D	
Understands concept of opportunity cost	E	E	D	E	E	D	D
Understands the department's internal budgeting process	E	E	E	E	E	E	E
Understands financial forecasting methods	D	D		E	E	D	D
Understands methods of appraising new projects	D	E	D	E	E	E	D
Understands the role of internal and external audit	E	E	D		E	D	
Able to identify new measures and targets for own department or work area	D	E	D	E	E	D	D
Understands how to allocate costs to objectives	D	E	D	D	E	D	
Has knowledge of contents of the Resource Accounting Manual (RAM)		D			E		
Has knowledge of principals of regularity and propriety	E	E			E	D	D
Understands role of Treasury spending teams	E	E		E	E		
Understands government's planning cycle	E	E		E	E		
Understands Parliamentary Supply process	D	E		D	E		
Has knowledge of contents of Government Accounting		D			E		

KEY: **E**   = Essential knowledge/skill to manage resources
       D   = Desirable knowledge/skill to manage resources
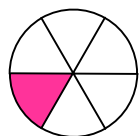
**Training for the
Senior Civil Service**

Members of the Senior Civil Service (SCS) now have access to new information that is being used increasingly by the Treasury and Parliament. Resource based information has already offered the Treasury the opportunity to improve the management of the department through:

- clarification of the aim and objectives of the department as a result of compiling Public Service Agreement (PSA) and Service Delivery Agreement (SDA) targets; and

- improved financial systems from the need to provide more sophisticated financial information for resource accounts.

The opportunities have greatly increased as a result of information that has now become available. Examples include:

- improved management information for planning and control purposes;

- better information for capital appraisal and costing decisions;

- greater clarity on departmental assets holdings and an improved ability to manage the department's assets;

- improved monitoring of performance through PSAs and SDAs; and

- improved financial awareness throughout the Treasury, covering the many aspects of financial management.

These improvements enhance the ability of the Treasury to conduct its role of planning, monitoring and controlling public expenditure with improved information and to supplement the existing macroeconomic aggregates with new accruals-based aggregates.

Training for what

Resource based information has a number of different aspects, not all of which require formal training. For example, during the resource budgeting dry run in 1999, a number of SCS members were introduced to the concepts of resource management. However the first specific stimulus to use resource based information was the 2000 Spending Review, which set the level of departmental resources for the years 2001-2004. The first published resource accounts for 1999-2000 resulted in those who appear before Select Committees receiving additional training.

More generally, the production of resource based information provides the opportunity to use this information inside departments. A few illustrations of the type of question which might be addressed to the department are:

- what action has been taken to reduce future capital charges in planning capital expenditure;

- does the fact that the depreciation figure is higher than capital expenditure mean the department is running down its assets;

- what action has the department taken to reduce its working capital;
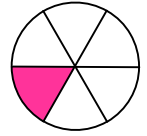
- why are the department's full costs higher than those of an outside provider;

- does the use of resources in Schedule 5 tie in with departmental objectives and the PSA; and

- why is the department's resource requirement higher than its cash requirement.

Discussions of such issues will be more informed after some formal training, which should seek to reflect the requirements of those involved as closely as possible. Training that is too general ("accountancy for non-financial managers") or too linked to the private sector ("company budgets for beginners") may well be a poor use of scarce time.

The training will also need to be linked to the decisions to be taken. For example, those involved in costing alternative policies will need background briefing to show the relationship between cash costs and accruals-based costs.

Selling the strategy

Factors to bear in mind in selling the strategy include:

- selling needs to be related to the needs and responsibilities of managers;

- it is essential to explain the benefits of the training; and

- it needs to be done at a practical level.
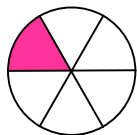
Evaluating the training

This section deals with the final stage of the 'Training Wheel' - reviewing what has been undertaken and the impact it has had on attendees and the organisation. The evaluation phase of the process is neither quick nor easy to carry out, and needs to be planned as part of the early stages of developing the programme.

Evaluation

Effective evaluation methods are one of the key success factors for a training strategy. It is vital that action is taken to follow up points which emerge from the evaluation. This should be set out in precise and focussed action plans, to include details of who has the responsibility for taking action, eg the trainer, the manager or the trainee. Points to consider include the following:

- there is a need for feedback at regular stages of the process;

- it may be better to use a panel or discussion groups, as these will provide more useful material than feedback forms;

- there should be clear success criteria and desirable outcomes, so that the organisation can measure whether it has achieved its objectives;

- it may be helpful to include "front-end evaluation" (possibly through pilots), so that training can be "right first time"; and

- it may be worth making arrangements for post-development evaluation of individuals as a means of assessing the effect of training on their performance.

Why undertake evaluation

Evaluating what has been delivered, or is being delivered, is one way of ensuring the process is continually improved. It will also confirm whether the desired business outcomes identified at the beginning of the training cycle, are being achieved. In addition, senior management - as stakeholders - need to be assured that the training effort is evaluated at both the strategic and practical level.

The Cabinet Office paper *"Validation and Evaluation of Training"* offered guidelines on where to target these efforts:

- if training is essential to key operational activities;

- if it is large scale and costly;

- if existing training does not appear to be having the desired effect; or

- if training is in response to a newly identified need.

Resource based training is by definition essential to key operating activities. It fits the "large scale and costly" category as well as being a response to a newly defined need. It is therefore a prime candidate for targeting efforts when it comes to evaluation.

When to begin

Evaluation, or at least the planning of it, should begin as soon as a training need is identified and be ongoing through the whole process. The key is to regularly evaluate all programmes being delivered, but to remember not all training and development (T&D) activities will need to be evaluated each time they are delivered.
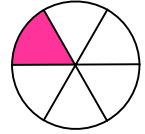
Part of the initial design of training is to set out what the organisation actually needs and the desired outcomes, ie matching business and training needs. If this process is clearly documented and agreed by all those involved, it is possible to evaluate feedback from delegates and managers against a set of well defined criteria.

The evaluation process may begin prior to any T&D activity, by way of issuing pre-course work or questionnaires. Much of the evaluation information gathered by departments is from activities undertaken during training, eg exercises, testing, end of day reviews, progress questionnaires, action planning and post course questionnaires. However, it would appear that the true worth of much of this data is overlooked, apart from the end of course feedback sheets which, on their own, are not a sufficient basis of evaluation for drawing any significant conclusions. Post activity evaluation is another valuable source of information and can be obtained via interviews, focus groups, line managers, bookings from recommendations, post course enquiries and the annual appraisal report.

It can therefore be concluded that although evaluation has a set place in the Training Wheel, it is also an ongoing process conducted through numerous sources of information. Much is available for little additional work, although caution must be exercised as evaluation can be expensive and time-consuming. Wherever possible, free sources of easily available information should be accessed and put to use.

What to measure

There are primarily two types of evaluation – whether the activity has met the individual's needs and whether it has satisfied the business need. This can be translated into six main measures:

- *Assessment measure:* what has the individual learned and have any learning objectives been met. This information is key to whether any changes need to be made to the training being delivered.

- *Pay off measure:* this stems from the expectations of stakeholders and what they were expecting the training to achieve. Evaluation should indicate if this is the case. It is obviously essential to understand these stakeholder expectations if the pay off of any training is to be measured.

- *Spin off measure:* put simply, have there been any other benefits that were not anticipated as a direct result of the training.

- *Cost measure:* training is traditionally seen as an expensive commodity, and it is essential that the full cost of training is monitored, especially when it is treated as a central cost rather than charged for at the point of delivery. It is essential that budgets are recorded and monitored on a full cost basis highlighting key cost elements, eg equipment hire, outside speakers etc.

- *Cost effectiveness measure:* comparisons are drawn as to whether the training could have been delivered more effectively by some other means and still achieved the same outcomes. To address this adequately it will be necessary to compare the cost of delivery by other means, eg classroom against computer based training, internal against external etc.

- *Cost benefit measure:* this is the value for money concept. In order to establish whether the training was worthwhile, both the intended and unintended benefits need to be identified and their value assessed.
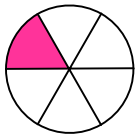
Whilst there are six main measures, it is not always practicable to evaluate against each and every one of them. Instead, the measures should be prioritised using those which best demonstrate the success and effectiveness of an activity at minimal cost and effort.

How to gather information

There are many methods by which data can be collected and each has its strengths and weaknesses. However, a number of these ways are familiar and can be used for various exercises.

The questionnaire is probably most widely used to gather and can be the easiest from which to collate data. Questionnaires should be short and use different styles of question to enable those completing them to do so quickly and effortlessly, eg Likert, Thurstone and Semantic scales (see *"Reaction Questionnaires – A guide to good practice"* for more information).

If using a questionnaire as a post course survey, anonymity will ensure data is more truthful but following up on the more interesting feedback will not be possible. Another drawback with anonymity is that it is not possible to monitor who has returned questionnaires and to chase outstanding replies. A 50% return rate should be considered good; this type of evaluation is notorious for poor responses, though a reply envelope will assist in achieving a higher success rate. Questionnaires by e-mail, if short, have also proved to elicit a high return rate.

Interviews may seem time-consuming, but they do allow for a large quantity of information to be gathered, especially if each interview is structured in the same way. This entails the interviewer having a set of questions which are asked of all those selected, with the answers then collated and compared. Alternatively, the unstructured approach may be favoured if broader areas are to be explored, and this can work well if a small group is being interviewed together.

The group interview, whilst appearing to lead to a larger number of people being solicited for their views, does entail the need for good facilitation skills. The group needs to be handled carefully so that everyone has an opportunity to express themselves.

Observation is excellent for evaluating performance but it is always subject to the observer's own judgement. If observation is to be carried out effectively then a list of criteria, and standards, has to be developed against which to assess the individual. One method of achieving this is to draw up a checklist to plot observations against. However, anecdotal comments and comments made by others should also be recorded, as these are equally important in assessing performance.

Discussion sometimes works well with focus groups selected to discuss an event and what they think was achieved, how it could be improved and what they have learnt. This is not dissimilar to the interview, but is far less structured with the evaluator operating as facilitator encouraging the discussion to cover a broad range of topics to elicit views and opinions.

The annual appraisal system and line manager's observations are often another source of information, which provides valuable data about the effectiveness of training. This source often indicates other spin offs which have occurred as a direct result of the training.
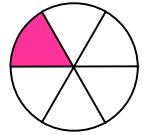
What does the information tell us

The key to obtaining useful data is to be clear from the outset exactly what needs to be measured, for what purpose and how it will be presented to both stakeholders and delegates.

Analysing evaluation data generally serves four main purposes:

- to summarise data, that is to reduce the amount of information obtained into a manageable format;

- to compare the results from different courses, between trained groups, delivery by different trainers etc;

- to examine the relationship between evaluation at the end of activities with that conducted at a later stage, size of training groups different method of delivery etc; and

- to highlight specific areas such as meeting a particular training objective, technical or delivery issue.

In addition to these main purposes, the data will often provide information in two other areas - illustrative insights and numerical data:

- illustrative insights are those occasions when one comment collected as part of the evaluation study often stands out as the explanation of why a course is effective or not;

- numerical data are those instances where responses can be categorised and from which statistical conclusions can be drawn and presented in chart and graph format.

Presenting the outcomes to others

The way evaluation results are presented can have a direct impact on how training programmes are taken forward. There are a number of key issues to remember when presenting this information:

- focus on the objectives;

- consider the audience, what information they need and the possible impact of the results – to some these results could appear threatening;

- be clear about how the evaluation was carried out;

- be constructive by highlighting the areas for improvement rather than majoring on the weaknesses;

- be professional – write clearly and concisely, use diagrams and charts; and

- ensure the agreed timescale is met.

Evaluation information like any other management information will be used to make decisions which impact on the whole organisation. It is important to be clear why certain actions are taken as a result of evaluation and always to bear in mind that evaluation is not an exact science and as such should support decisions rather than act as the driving force behind them.

Potential obstacles and key lessons

The final section of this guide considers obstacles to success in introducing a training strategy and identifies some of the key lessons that have been learned by departments and agencies. Before designing a training strategy, departments and agencies should consider whether the obstacles are likely to arise in their own organisations and, if so, how they can be tackled.

The material in this section is drawn from the experience of a number of organisations. One key point which is invariably mentioned is the need to get visible commitment from the top of the office to both the strategy itself and the resources required to carry it through.

Potential obstacles to success

Potential obstacles to success include:

- low regard for finance skills in the department;

- lack of knowledge about finance on the part of managers;

- poor targeting of training and no incentive to learn new skills;

- perceived lack of relevance to the job;

- lack of support from key players;

- poor instructors and/or instruction material;

- other business needs taking priority, including other training programmes and new initiatives;

- lack of availability of time to attend training;

- geographical factors – eg a large number of small units;

- failure to link finance training to departmental programmes; and

- fragile IT systems which might disrupt training sessions.

Overcoming the obstacles – the 'assurance' approach

A main concern in implementing the resource-based approach was whether or not adequate training programmes existed to overcome the obstacles outlined above. To counter this, the Treasury incorporated a training assurance from each department into the third key milestone or "trigger point" of the resource accounting and budgeting (RAB) implementation process.

The assurance was based on an agreed checklist that brigaded these issues into a series of questions on strategy, process and impact issues. *Strategy* looked at the linkages between departmental aims and objectives and the training necessary to achieve them. *Process* looked at issues around systems, policies, training delivery and progress monitoring. *Impact* tackled the evaluation issues outlined earlier. The checklist for the accounting officer's assurance is at Annex C.

The objective was for each department to provide an assurance that adequate arrangements were in place to address these issues. Feedback since then has indicated that departments found this exercise to be of benefit and several have indicated they will continue with their own internal 'assurances' based on this checklist approach as part of the ongoing monitoring process.

Key lessons learned The main lessons that have been learned by departments from experience so far are:

- there needs to be a departmental commitment to training and development;

- finance training involves a major commitment of in-house resources, which should be evaluated at an early stage;

- it is essential to take account of people's availability and other training commitments;

- there needs to be an analysis of the competences which staff need to do their jobs;

- finance training is not the same thing as accountancy training;

- it is essential to get visible top level commitment, including attendance at courses etc;

- commitment and involvement of users, and of the finance team, are essential;

- finance specialists are not necessarily the best people to teach people about finance - professional trainers are probably better;

- there must be feedback mechanisms;

- training should not be regarded as a barrier, but as a means of doing the work better, so allow sufficient time and avoid last minute rushes;

- too much detail in the strategy can hinder progress.

Annex A
The Training Wheel

HOW?

Collecting, analysing and presenting data for:
- Reaction level
- Immediate level
- Intermediate level
- Ultimate level
- Cost/benefit

HOW?

Systematic environmental scan

HOW?
- Human resource/succession planning
- Critical incidents
- Management information systems
- Performance appraisal systems
- Examining non-training options

BUSINESS NEEDS

EVALUATING THE TRAINING

IDENTIFYING TRAINING NEEDS

What are the business needs?

Is the training effective in meeting business needs?

What are the performance needs? Which are best met by training?

PEOPLE

Development & delivery

What precisely is the performance gap?

What is the training plan?

PLANNING THE TRAINING

SPECIFYING TRAINING NEEDS

What are the training decisions?

TRANSLATING TRAINING NEEDS INTO ACTION

HOW?
- Assembling and prioritising information
- Preparing and monitoring training plans

HOW?
- Deciding on formal or informal training
- Preparing a training specification
- Deciding to make or buy training
- Choosing a training supplier

HOW?
- Preparing a job specification
- Analysing the performance gap

This Annex examines the links between competences and the main outcomes of financial activities in government; identifies those areas of finance and accountancy knowledge which are relevant in government; and specifies the types of work in which finance and accountancy skills will be relevant.

Outcomes and skills

The following table links competences with the main outcomes of financial activities in government, showing the outcomes sought and giving examples of the types of jobs and areas of knowledge and skills required to achieve them (frequently as part of a team).

The level of expertise required will vary in any work, knowledge or skill area, depending on the job. However, it is also true that those working in a particular area will need similar knowledge and skills, albeit at different levels.

Main outcomes	Examples of jobs in these areas	Financial knowledge required (Varying levels for different jobs/levels)	Financial skills required (Varying degrees at different jobs/levels)
1. Resources, including EU funds where appropriate, are gained, as far as possible within Government expenditure constraints, and prioritised within clear aims and objectives	Finance staff, policy and operational staff involved in making bid and supporting specialists.	Understanding Government financial framework; Understanding financial statements; Knowledge of technical issues such as resource accounting, fixed and variable costs, accounting for inflation; performance measurement; financial elements in decision-making; Principles of budgeting; Principles of budgeting; Knowledge of (Private Finance Initiative (PFI)/Public Private Partnership (PPP) and EU finance	Zero-based and priority budgeting; Analysis of existing expenditure so as to identify areas of reduction/need for increase; output and performance analysis; Investment appraisal; Application of costing principles; Risk and sensitivity analysis; EU finance
2. Policies are designed and implemented which have clear objectives, related to organisational aims, and deliver value for money	Policy advisers and finance staff, and supporting specialists eg economists, accountants, operational staff advising on design,	Financial elements in decision making (eg forecasting and output and performance analysis), role of internal and external audit	Costing principles, risk and sensitivity analysis, variance analysis,
3. Operations are properly resourced, live within budget and make the optimum use of resources so as to meet objectives and increase efficiency	Managers, budget holders, all staff with control over resources, staff designing and operating financial information and control systems	Principles of budgeting, understanding outputs of accounting and other IT systems, performance measurement	Application of priority budgeting techniques, cashflow management, working capital management, output and performance analysis, investment appraisal techniques
4. Expenditure on programmes is controlled and delivers value for money in meeting objectives	Managers, finance staff, contract managers, accountants, internal auditors, those designing, inputting information into and operating financial information and control systems	Understanding the financial framework, role of auditors, investment appraisal, output of financial systems	Costing techniques, objective setting, variance and ratio analysis, cashflow analysis, output and performance analysis, budgeting techniques

Main outcomes	Examples of jobs in these areas	Financial knowledge required (Varying levels for different jobs/levels)	Financial skills required (Varying degrees at different jobs/levels)
5. Contracts and framework documents are established and managed so as to achieve objectives cost-effectively	Policy staff, contract managers, staff advising on the drafting of contracts	Performance measurement, understanding and interpreting financial statements, basic understanding of technical issues, understanding of principles of regularity and propriety	Techniques of budgetary control, output and performance analysis, variance analysis
6. Services are procured which offer the best value for money	Procurement managers, staff involved in taking on consultants or other services	Principles of techniques of purchasing practice, PFI/PPP, investment appraisal	Cashflow analysis, costing principles, forecasting techniques, priority budgeting
7. Parliament and other stakeholders are confident that resources have been spent with regularity and propriety and as set out in the Estimates and in accordance with aims and objectives and organisational plans	Finance staff, at all levels, accountants, the Accounting Officer, Treasury Officer of Accounts, staff drafting departmental and similar reports, those inputting information into and operating financial control systems, Internal auditors	Government financial framework, roles of NAO and Public Accounts Committee (PAC), principles of propriety and regularity, principles of corporate governance, accountability	Preparing financial statements, range of technical issues, development of accountancy skills, fraud prevention, output analysis
8. Public expenditure as a whole is kept within what is affordable, is consistent with the Government's economic and other policies, and is deployed with maximum efficiency so as to ensure value for money	Staff in Treasury Expenditure teams, Departmental and Agency finance staff, Managers, those involved in accounting for expenditure	Government financial framework, principles of resource budgeting, understanding and interpreting financial statements	Fixed asset management, output and performance analysis, variance analysis, cashflow analysis, direct and indirect taxation
9. Departmental, agency and Government funds and accounts are managed so as to ensure efficiency and to meet Parliamentary, Government Accounting and EC rules	Departmental finance staff at all levels, staff in HMT's Exchequer and Financial Accounts Team, staff involved in Euro Public Expenditure System (PES), staff at Paymaster	Understanding financial statements, understanding Government financial framework, principles of regularity and propriety, EU finance, accountability to Parliament etc	Running, development and design of accounting systems, main technical issues, preparing financial statements, principles of budgeting

Areas of knowledge and skills

The following is a list of those areas of finance and accountancy knowledge and skills which are relevant in government, as shown in the previous sections:

1. Preparing, understanding and interpreting financial statements could include:

    - Commercial accounts (profit and loss, balance sheet, cash flow)

    - Resource Accounts

    - Resource Estimates

    - Agency accounts, non-departmental public bodies (NDPB) accounts, internal management accounts

    - Ratio analysis

    - Variance analysis

2. Government financial framework could include:

    - Spending Reviews

    - Resource Accounts

    - Resource Estimates

    - Role of the Treasury

    - Government's cash handling and management systems

3. Principles of control and the role of audit could include:

    - Roles of NAO (certification audit and value for money)

    - Public Accounts Committee

    - Role of internal audit

    - Principles of propriety and regularity

    - Risk management

    - Corporate governance

4. Technical Issues could include:

    - Cash vs accruals - main principles

    - Basic terminology: assets, liabilities, capital structure, fixed and variable costs, cost of capital

    - Fixed asset management

    - Methods of depreciation

- Calculation of cost of capital, and return on capital

- Working capital management

- Full and marginal cost

- Cash flow analysis for planning and forecasting

- Direct and indirect taxation

- Accounting for inflation

- Principles and techniques of purchasing practice

- UK and international accounting standards

- Audit techniques

5. Output and performance:

- Performance measurement

6. Making the most of accounting and other IT systems could include:

- Understanding the figures which are being produced

- Knowing how to extract basic management accounting information/reports, and how to manipulate data (for managers/budget holders)

- Inputting data (for finance staff)

- Setting up new accounting systems

- Development and use of accounting systems, and production of reports running the accounting systems

7. Financial elements in decision making could include:

- Investment appraisal

- Costing principles

- Risk and sensitivity analysis

- Forecasting techniques

- Activity costing

8. Principles of budgeting could include:

- Principles of resource budgeting

- Zero-based budgeting

- Priority budgeting

- Aims and techniques of budgetary control

9. Other:

- Numeracy

- PFI/PPP

- Corporate governance

- Accountability within the department and to Parliament

- Fraud prevention

- EU finance

- Actuarial techniques

Finance related posts

The following is a list of the types of work in which finance and accountancy competences will be relevant:

Those involved in:

- Planning and budgeting

- Financial control

- Internal financial management

- Budgetary control

- Budget setting

- Decision making

- Financial reporting

- Performance and output analysis

- Objective setting

- Financial analysis

- Policy making

- EU financial issues

- Audit

- Financial accounting

- Financial training

- Reporting to Parliament

- Performance monitoring

- NDPB sponsorship

- Project management

- Option appraisal

- Procurement

These could include people at all levels of an organisation, for example:

- Accounting Officers

- Agency Chief Executives

- Principal Finance Officers

- Finance Directors

- Other Directors

- Policy advisers

- Project managers

- Budget holders

- Managers of teams/functions/areas etc

- Accountants

- Actuaries

- Staff in finance areas

- Trainers

- Procurement staff

- Contract managers

- Treasury spending team staff

This Annex sets out the information required to support the accounting officer's assurance to the Treasury that adequate training arrangements were in place to deliver the resource-based approach to financial management. Departments and agencies may find this useful in devising their own assurances that these arrangements continue to meet their business needs.

The Trigger Point 3 guidance issued by the Treasury to departments in April 1999 referred to the Letter of Assurance required from each Principal Accounting Officer which would include confirmation that suitable RAB training arrangements were in place within each department.

This checklist sets out the key arrangements that departments needed to confirm were in place before providing an assurance that adequate RAB training programmes existed. If any of these elements were not in place, departments were required to specify the alternative arrangements that were being adopted. Key areas for confirmation were as follows:

Strategy

1. How had departmental management boards outlined their expectations of the new resource accounting and budgeting systems (especially in relation to defining and measuring progress towards the achievement of departmental aims and objectives) and how did the departmental training strategy link into realising these expectations.

2. In order to secure the maximum commitment to RAB training, it was important to involve human resource management, internal audit, staff/line managers and departmental accountants. How had commitment been achieved in this particular case.

3. Did the 1999-2000 departmental RAB training programme incorporate quantified and timed training needs to enable the requirements of Trigger Point 3 to be met.

Process

4. Was RAB training structured towards meeting the skill needs created by changes brought about through RAB implementation, including the following:

   - systems operations/accounting system changes;

   - accounting policy changes - staff needed to understand and apply changes in requirements, with consequent amendments to desk training instructions etc;

   - changes resulting from the introduction of resource based reviews and resource baselines, together with an understanding of how RAB fitted into the government's fiscal framework and the impact this would have on planning processes within departments;

   - wider changes - such as the need for analysis and interpretation of information generated by RAB for decision making purposes - ie "financial awareness".

If not, what alternative arrangements were in place?

5. Had an assessment been carried out of the levels of competence necessary to cope with the changes outlined in each of the areas listed in 4 above.

6.   How was RAB training:

- designed to achieve the necessary levels of competence (eg orientation and awareness, working knowledge, in-depth comprehension);

- targeted - eg training where the skills to be acquired were essential to post, professional development training, budget liaison and support officers etc.

7.   What documented formal reviews of the training plan had been carried out (eg 6 weekly/bi-monthly/quarterly) by the person with lead responsibility for RAB training (or nominated RAB manager).

8.   What checks were in place to ensure that this training had actually been delivered (eg comparisons of planned and actual training carried out at individual level plus a cross check for changes at interim appraisal/review stages).

9.   What action had been taken in the following circumstances, and by whom:

- taking forward exception reports - eg amendments to programme, coverage and roll-out documented and acted upon where this was likely to impact on delivery targets;

- slippage in RAB training implementation;

- comments received as feedback on approval ratings etc for incorporation into future courses where need for significant changes to programme was highlighted.

Impact

10. What measures existed for the evaluation of the effectiveness of RAB training in the longer term (eg through follow-up questionnaires).

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