**Managing Finance in the Public Sector**

The learners will develop knowledge and understanding of finance and accountability in the public sector.

**Indicative Content**

**1. Understand the importance of accountability in public sector finance in a national context**

* The Public Sector: Definition of the Public Sector, Differences between Private and Public Sectors, Public Sector organisations and their structure in the UK, for example: Local Councils, Police Authorities, QUANGOS, Government agencies, NHS Trusts. International public sector organisations.
* Accountability: Stakeholders including electorate and users. Role of electorate in accountability, Effective use of taxes paid, Value for money, Measures and indicators used to assess the effective use of public finance, how is accountability achieved? Audit, Financial reporting, Legislation, Equality issues.
* Information reported: Reported financial and non-financial performance indicators, Published reports for different organisations, External reports: Care Quality Commission, Audit Commission, Reports from the Houses of Parliament. Sources of public sector income, for example: Taxes, Grants.

**2. Understand how to manage financial resources in a public sector organisation**

* Public sector management accounting information: Costing and budgeting information, Management accounts, Information on proposed expenditure, Capital expenditure projects, including PFI, Problems of an annual financial cycle.
* Financial monitoring and control: Budgetary process, Variance analysis, Capital and revenue expenditure, Capital and revenue income, Audit process, Review by local and national politicians.
* Financial decision making: Role of Central Government and funding, Information available and required for decision making, Indicators to meet organisational aims or given targets, Non-financial factors in public sector decision making, Capital projects and investment appraisal techniques, Ratio analysis, Cost benefit analysis.

**3. Understand how to manage a public sector tender process**

* Public Sector Tenders: Tender process, Political issues, Parameters for putting projects out to tender (including government and international / EU requirements), Use of previously approved suppliers, Process for the approval of suppliers, Importance of a fair process (including equality issues), Case studies, for example Thames Link Railway contract.
* Tender evaluation: Criteria to evaluate tenders, Guidelines and parameters to be applied, for example value for money guidelines, Requirements in terms of contractor suitability, for example financial stability, Monitoring and recording of evaluation process, Feedback to unsuccessful suppliers, Case studies, for example MoD contracts