

PO 12: prepare financial information for management

Executive boards and senior management teams are increasingly relying on accountants for information to help them successfully run the organisation and make informed decisions. Management must be confident that data presented to them is accurate, timely and relevant – and in a format that's easily understood.

This applies whether information is historic or forward-looking; in addition, supporting advice or documentation must be succinct, decisive and free of unnecessary jargon.

To perform effectively, trainees will need to be able to collect and collate specific data as instructed by management, or work from a less defined brief and decide for themselves what data will be relevant, while identifying the most relevant statistical or modelling techniques to prepare the information.

Where doubts over completeness, accuracy or validity of data exist, they will have to investigate accordingly, identifying and rigorously checking the sources of relevant information.

The information they subsequently prepare may be used to identify business-critical financial drivers, assess individual or team performances or highlight areas of concern. Trainees must therefore be able to present their reports in formats management can trust, understand and engage in – especially those who may be less familiar with financial information or terminology.

To effectively demonstrate their competency, trainees might:

- prepare regular management accounts, demonstrating their grasp of how these can assist with decision making
- analyse performance against key performance indicators (KPIs) or produce a cost-benefit analysis
- analyse data to alert management of potential business risks requiring mitigation
- prepare specific reports that allow management to identify how ongoing business activities or one-off projects are helping to meet organisational goals.

The next step is for trainees to answer the challenge questions for this objective in the trainee development matrix (TDM):

- Trainees should explain their role in preparing financial information for management
 - they should explain what data they are expected to collect; how often; for what specific purposes; who or what do they rely on for sourcing relevant information
 - list any checks that are required (or which, using their own initiative, they've instigated themselves) to perform before using or forwarding data
- Trainees should identify some examples where they have had to investigate the information to ensure its validity and why this had to be done
 - these might include figures that markedly go against expected trends, or which highlight a potential financial wrongdoing
 - say how they explained the outcome of their investigation to management (eg justifying such exceptions or confirming misdeed or misconduct)
- Trainees should explain how in their role they have personally improved the quality of information they provide for management use
 - they should consider times when they may have challenged the norm, such as refining report formats, expanding or reducing the scope of data in a report, or introducing new comparisons between related reports – and how management has been better equipped to make decisions as a result.

Performance objective 12 is linked to Paper F2, *Management Accounting*, Paper F5, *Performance Management*, and Paper P5, *Advanced Performance Management*.

For PER support and advice on answering challenge questions
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