Internal control and accounting systems
A guide to writing your report
Put the report into perspective. You’ve studied hard to get where you are and this is now your chance to include everything you’ve learnt while studying. Once I gave my report a structure, I realised I was easily able to write 4,000 to 5,000 words.”
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Developing your skills through assessment

Your Internal control and accounting systems (ISYS) report is a great way to show the skills and knowledge you have gained through your AAT training. Getting started is often the hardest part – this guide will help you plan your report and give you a basic structure to follow.

Use this guide to give you an idea of what AAT is looking for to be competent in this unit. In addition to this booklet, make sure you read and understand the assessment criteria for Internal control and accounting systems on page 16 of this guide. You’ll need to refer to the criteria when planning and writing your report.

A formal written report is used to assess this unit because it shows that you’ve gained a wider range of skills than those assessed by examination. It also gives you an essential skill for the accounting work environment.

Key skills

**Planning:** you’ll need to plan all aspects of the recommendation that you make, for any contingencies and for the consequences of any changes made.

**Analytical:** your report should be analytical in nature, not descriptive. You’ll need to be able to analyse a current situation in a clear non-judgemental manner.

**Researching:** your report and recommendations will need to be researched with evidence of this included in the appendices. You should also list the research tools you used in the methodology section.

**Report writing:** a skill you’ll need to use throughout your career.

**Time management:** you’ll need to ensure that all aspects of the report are completed on time. The report must be fully completed within six months. This will mean you’ll need to ensure that you have completed it within four months of starting to allow for updates, assessment and verification.

Your responsibility as a student

You’ll need to make sure that you choose a topic or theme for your report that will generate high quality evidence. This evidence will help prove to your assessor that you are competent against the assessment criteria.

**What do we mean by evidence?**

This is the formal management report you’ll need to write which covers the assessment criteria for the unit. You can refer to the assessment criteria for Internal control and accounting systems on page 16 to help understand what is required.

Think about which of your current work activities are relevant and how you can use these to build a report that will demonstrate your competence. This can be based on paid or voluntary work. If you’re not currently working in an accounting environment, you can base your report on a case study which your assessor can get from AAT. Speak to your tutor if you’d like to use the case study for your report.

You’ll need to make sure that you’ve covered every aspect of the assessment criteria in your report. This will guide the assessor through your report.
“I wrote my report based on a case study. As I read through the case study, I made notes and highlighted any key points that I could use for my report. This helped me plan my report more effectively.”

Danielle Davies MAAT
Apprenticeship Recruitment Manager, BPP

It’s also important to consider the presentation of the final report. Correct layout, grammar and spelling will show the assessor that you have attention to detail, and let future employers know that you can communicate effectively in a business environment.

Remember that with the aid of your assessor, it’s your responsibility to:
- identify the theme for your report
- meet with your assessor at agreed times
- draft your report
- map to the assessment criteria
- present your final report
- keep your assessor informed of progress
- stick to target dates and deadlines.

Responsibility of your assessor

Your assessor will assess your report within the quality assurance system set out by AAT. It is your assessor’s responsibility to:
- schedule the assessment
- agree the theme for the report
- give additional assessment opportunities as necessary
- assess your final report
- hold an assessment interview, if needed.
How to get started

Here are three ways of approaching the report depending on your circumstances.

1. If you work in an accounting environment
You can use your own real work experiences to prove your ability to meet the competencies as laid out in the assessment criteria by analysing your workplace.

2. If you don’t work in an accounting environment
You will need to use either a recent occupational or voluntary experience of work in an accounting role as the basis for your report.

3. Using a case study
Alternatively, you can use the AAT case study, where you will be given an accounting workplace scenario. You’ll need to critically analyse it and make recommendations to prove that you understand and can meet the required level of competence if given the opportunity.

Whichever option you use, the assessment method is the same and must be made up of:
- a 4,000 - 5,000 word report
- an employer testimony (this is not needed if you’re using the case study)
- an assessor interview (if necessary).

We recommend that you arrange for someone to be a mentor whilst you are researching and writing your report.

If you’re currently working in an accounting role, then this could be someone from your workplace.

Your mentor does not have to be your manager but should be someone who can help you through your report, providing both technical and motivational support.

If you don’t want to use someone from your workplace, you could ask an AAT Level 4 qualified student to help you, or ask your assessor if they know of someone who could support you. You could also approach your local AAT branch network, where some of the members may be willing to help.

Try to make sure that your mentor is involved in your work from the outset and understands the assessment criteria and timescales you’re working to. They may be able to offer guidance on suitable ideas for the report by identifying current issues in your workplace, or those relating to clients. They may also help with the planning of work and introduce you to key staff.

Remember – it is not the role of your mentor to write the report for you. It needs to be your own work.
“Before writing the report, go through the mapping document. This will help you to see exactly what assessment criteria needs to be covered. If you’re unsure about how to tackle the report, why not discuss it with your tutor? This will give you the confidence you need to start.”

Susan Kerby-Skinner
Tutor, SKS Accountancy Training Academy
Identifying the topic

This is the most important part of your report. Getting this right means you’re halfway there. You could use this as an opportunity to select a topic that is of particular interest to you, or you can discuss it with your employer who may have an area of the accounting system they wish you to review.

Present a written proposal of what you intend to write about, and have this agreed with your assessor.

Deciding on the accounting system

When choosing what to write about, remember that you do not have to review the full accounting system within your report. You can just pick one part of it to work with, and consider each of the accounting functions in turn. It’s a good idea to consider the area you are working in or if you are using the case study, the area you feel you know best. It’s better to go into more detail on one or two accounting functions, rather than skim over all of them.

You have a variety of options available when choosing your topic

- To identify a weakness in a system in your own area of work.
- Discuss it in the workplace and see if colleagues can identify an area they would like improving or researching.
- Ask your training provider for a list of past topics.
- Analyse the various work functions, for example payroll, purchase ledger, capital expenditure – are they well managed? Is there a weakness in the chain that could be improved? Are there any gaps?

Points to consider when selecting your topic

- Ensure your topic is not too wide – you will just skim over problems.
- Ensure your topic is not too narrow – you need to have something to write 4,000 - 5,000 words about, and provide valid evidence on.
- Do not use examples more than two years old as methods and ideas will have changed.
- Do not include unnecessary material – make every word count.
- Ensure that you do not breach organisational or client confidentiality.
“Start by thinking about what you’re going to base your project on, then set yourself deadlines to complete each part of the report. Don’t think about it as one huge report – break it down into smaller milestones so you feel like you are achieving something as you complete the project.”

Danielle Davies MAAT
Apprenticeship Recruitment Manager, BPP
Report writing tips

Different styles of writing are used for different circumstances. A formal business report should follow certain guidelines.

1. Write in the third person – do not use I, me, or we.
2. Use standard English and grammar – for example, use ‘is not’, rather than ‘isn’t’; ‘in other words’ rather than ‘i.e.’.
3. Avoid acronyms – if they need to be used, write in full the first time they are used with the acronym in brackets directly after. For example – Association of Accounting Technicians (AAT).
4. Use a new page for the start of every section of the report.
5. Number the sections and paragraphs, and cross reference these to the assessment criteria. This will help you to see any gaps that you have to fill. See page 15 – Mapping your content – for an example of how you can do this.
6. As it is a report to management, you won’t need to describe every function of the system.
7. The report must be word processed – not handwritten.
8. It must be objective not subjective – it should meet the needs of the business and not be a vent for personal feelings.
9. If you plan to complete your report by workplace evidence, please ensure you have your manager’s approval before you start. See page 15 – Manager’s authenticity.

“Why not try putting all your thoughts into a quick diagram before starting the report? This helped me to stay on track and more importantly, not to forget anything.”

Danielle Davies MAAT
Apprenticeship Recruitment Manager, BPP

“Set yourself deadlines – I found it useful to put key deadlines into my phone or calendar to keep me on track.”

Ben Scott MAAT
### Structure of your report

The checklist below will help you structure your report more effectively. Your report should contain all of the items listed below in this suggested structure. Start a new page for each of these items and use subheadings to break up large amounts of text.

#### Checklist

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<td>Introduction</td>
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<td>Analysis and evaluation of current system*</td>
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*This can be broken down into topics with subheadings. For example fraud, internal control, sustainability, professional ethics and so on (if you wish).*
1. Title page

Your title should give a clear indication of what the report is about and have an express purpose.

Depending on your topic, it should be along the lines of the following:
- ‘A review of…’
- ‘An analysis of…’
- ‘An investigation into…’
- ‘Improvements to the system of…’
- ‘Recommendations for the improvement of…’

Don’t simply state ‘AAT internal control report’ on your title page, it should also contain your name and membership number.

2. Contents page and report outline

This should be a list of the content in your report with the page numbers on which it can be found.

It’s best to leave this until the very end, as your page numbers will change as you work on your report. Before submitting your final version, check back through your work to make sure they reference the correct place.

The following areas must be covered within the report outline:
- Review of current accounting systems (systems and working methods).
- Review of accounting records.
- Analysis of internal control methods.
- Likelihood of fraud and grading of risk.
- Sustainability evaluation (looking at improving one or more of the environmental, economic and social sustainability aspects of the accounting system).
- Professional ethics evaluation (comparing AAT’s Code of Professional Ethics with working practices and identifying any real or possible breaches of the code).
- Identify weaknesses within some parts of the system, or any of the above points, and review the impact of these on the organisation. Concentrate on one area of the accounting function for example, payroll, purchasing, credit management or inventory control.
- Make recommendations for improvements and try and justify these.
- Cost benefit analysis.
3. Terms of reference

This section should explain the reasons behind the report. As there are at least two reasons why you are writing it, these must both be stated.

An example is:

1. This report has been prepared to cover the requirements of the Internal control and accounting systems unit of the AAT Level 4 Diploma in Accounting.
2. Express what the report is about in one sentence. For example, ‘The report looks at the need to make improvements to the management of the petty cash system for Acme Company Limited’.

4. Executive summary

This can also be called management summary or report summary. This will probably be one of the last things you write, as it is an overview of the whole report.

If a senior manager reads only your executive summary, they should be able to have a good understanding of why the report was written and the outcomes.

It should be one paragraph on the key areas of the report that clearly identifies the impact of your recommendations on the organisation. It should engage the reader and make them want to read the whole report to understand how you will achieve these outcomes. For example, it could include the amount of money that would be saved if the recommendations are implemented.

5. Methodology

This is how you have planned and prepared the report, and is also often called procedures. It should give an overview of the research methods and tools you have used in producing the report.

It could be along the lines of the following:

- you may have designed and used a questionnaire for colleagues or clients
- you may have monitored a system over a period of time
- you may have used books and websites for research (list the titles in your appendices).

You can also make acknowledgements here to people who have helped you in the preparation of the report.

6. Introduction

This should be a brief outline of the organisation or the section of the organisation that your report is based on. While it is important to set the context, do not waste words in this area. It should be the only part of your report that is descriptive.

There is no need to go into detailed explanations of job roles, processes or systems. Remember this is a report for management and they will already have a good understanding of how their company works. Organisational charts should not be included here – they belong in the appendices.

If you need to add any more detail, this should also be in the appendices, but only if referred to in the main text of the report. You might prefer to write your introduction once you’ve finished your report.
This is where the main body of your report starts. It is an analysis and evaluation of the current systems, not a description.

It needs to identify the weaknesses of the accounting system in question, and the impact of these on the organisation. Whilst a SWOT (strengths, weaknesses, opportunities, threats) analysis is a good place to start, this should not be included in the main report, but in the appendices; and only the identified weaknesses discussed in the report.

The areas to consider are those highlighted in the assessment criteria on page 16.

For example, a manual wage system is slow and inefficient. This impacts on the organisation in terms of staff time costs and incorrect wage packets. Your recommendations could include staff training, increasing the number of staff, or computerising the system, with suggestions as to which software to use.

For some problems you may give three or four possible recommendations and then compare these for costs, benefits and suitability for the organisation. Then you can recommend that the organisation chooses the best option.

In other instances, you may have a list of weaknesses and prepare a recommended solution for each weakness. You should make sure that each weakness listed has a recommendation made to counter it. It is good practice to list the recommendations in the same order as the weaknesses so that they can be easily matched.

Please note – there should be at least one recommendation regarding improving sustainability.
11. Manager’s authenticity

It will add value to your report if your manager states that the recommendations you have proposed are valid and will be considered for action. It will add further value if they state that the recommendations have been acted upon.

It allows the assessor to see that someone in the organisation has read your report and confirms its authenticity.

This testimony can prove that all matters of a confidential nature have been taken into account when you wrote the report. It can also prove that it is all your own work.

One point to remember is that your manager’s authenticity must clearly state whether it has been read, agreed or acted upon.

The authenticity must be:

- on headed paper
- dated
- signed with signatory’s name and job title printed.

Make sure that you leave enough time for your manager to read and sign off your report. It’s best to agree a date with your manager in advance to avoid any delays.

Please note – if you’re not able to obtain a manager’s authentication statement, it’s important to let your assessor know as soon as possible. They may be able to provide you with an authentication statement as long as they can be certain that the report is your own work. You’ll need a valid reason for not being able to obtain an authentication statement from your manager, for example if your manager is ill. If you are not able to obtain a manager’s authentication statement because you do not want them to know that you are writing this report, you cannot use workplace evidence. Instead you’ll need to use the AAT case study.

12. Mapping your content

All assessment criteria must be covered and your report must be referenced in some way. You can reference it in the margins or in the contents and/or cross reference it against a grid.

We suggest you use the mapping document available to you once you have started your assessment. This is available through AAT’s assessment platform.

However, as it is common business practice, we recommend that you number every section, and each paragraph in every section. You should start with 1.1, 1.2, 1.3. The next section would be 2.1, 2.2, 2.3, then 3.1 and so on.

These paragraph numbers should then be entered on the mapping document against the appropriate assessment criteria. In that way, you can ensure that you have covered everything, and you can direct the assessor and verifier to where these have been evidenced. For ease of reference the ISYS assessment criteria are displayed on the next page.
1. Understand the role of accounting within an organisation

1.1 Describe the purpose, structure and organisation of the accounting function and its relationships with other functions within the organisation.

1.2 Explain the various business purposes for which the following financial information is required:
   - statement of profit or loss
   - statement of cash flows
   - statement of financial position.

1.3 Give an overview of the organisation’s business and its critical external relationships with stakeholders.

1.4 Explain how the accounting systems are affected by the organisational structure, systems, procedures and business transactions.

1.5 Explain the effect on users of changes to accounting systems caused by:
   - external regulations
   - organisational policies and procedures.

2. Understand the importance and use of internal control systems

2.1 Identify external regulations that affect accounting practice.

2.2 Describe the causes of, and common types of, fraud and the impact of these on an organisation.

2.3 Explain methods which can be used to detect fraud within an accounting system.

2.4 Explain the types of controls that can be put in place to ensure compliance with statutory or organisational requirements.

2.5 Explain how an internal control system can support the accounting function.

3. Evaluate the accounting system and identify areas for improvement

3.1 Identify an organisation’s accounting system requirements including hardware and software packages.

3.2 Review record keeping systems to confirm whether they meet an organisation’s requirements.

3.3 Identify weaknesses in the accounting system and potential for improvements. Consider the impact of these on the operation of the organisation.

3.4 Identify potential areas of fraud arising from lack of control within the accounting system evaluating the risk.

3.5 Review methods of operating for cost effectiveness, reliability and speed.
4. Conduct an ethical evaluation of the accounting systems

4.1 Evaluate the accounting system against ethical principles.
4.2 Identify actual or possible breaches of professional ethics.

5. Conduct a sustainability evaluation of the accounting system

5.1 Evaluate the accounting system against sustainable principles.
5.2 Identify where improvements could be made to improve sustainability.

6. Make recommendations to improve the accounting system

6.1 Make recommendations for changes to the accounting system, including ethical and sustainability considerations, with a clear rationale and an explanation of any assumptions made.
6.2 Identify the effects that any recommended changes would have on the users of the system.
6.3 Enable individuals to understand how to use the accounting system by use of:
   • training
   • manuals
   • written information
   • help menus.
6.4 Identify the implications of recommended changes in terms of time, financial costs, benefits and operating procedures.
Internal control and accounting systems assessment plan

To help you complete your report within the agreed timescale it’s crucial to plan and schedule your work and agree it with your assessor before you start.

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<th>Target date</th>
<th>Achieved date</th>
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<td>1. Identify theme</td>
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<td>2. Find a mentor for your report</td>
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<td>3. Prepare report outline</td>
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<td>4. Meet with assessor</td>
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<td>5. Complete research</td>
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<td>6. Complete first submission</td>
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<td>7. Prepare final report</td>
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<td>8. Proofread your report (and if possible, ask friends or family to check your work)</td>
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<td>9. Obtain manager’s authentication</td>
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<td>10. Submit final report</td>
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<td>11. Assessment interview (if needed)</td>
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Declaration

I confirm I have agreed the proposed dates as listed and that I will endeavour to meet these targets.

Your name (please print)  

Assessor’s name (please print)

Date  dd/mm/yyyy

Your signature

Assessor’s signature
“Remember, you’re nearly there so don’t give up – when I completed my project I felt on top of the world because all the hard work had finally paid off and I was qualified.”

Ben Scott MAAT
University Student
Any questions?

Call our Membership Support team on **+44 (0)20 3735 2468**.
Lines are open 09.00 to 17.00 (UK time), Monday to Friday.