

Chartered Accountants

Mentor Practical Experience Guidelines

September 2006

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**Chartered
Accountants**

NUMBER ONE IN NUMBERS

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Welcome

Practical Experience to achieve real business benefits

In today's competitive business environment with the reality of skills shortages in the profession, attracting and motivating committed staff has never been more important to delivering effective accounting services and sustaining organisational growth.

In recognising these challenges, the Institute of Chartered Accountants in Australia (the Institute) has designed a new approach to Practical Experience to assist employers in developing their accounting staff so that they can learn and adapt quickly and achieve consistent, quality results at work.

Practical Experience is the three-year period of on-the-job training which, together with previous undergraduate study and enrolment in the Chartered Accountants Program, constitute the journey to membership of the Institute.

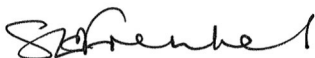
In Practical Experience there are three key roles: that of mentor, line manager and candidate. The mentor's role is to support and guide the candidate to learn in the workplace and develop the knowledge, skills and attributes required for a successful Chartered Accountant career. The Mentor's Guidelines we have provided offer advice and structure to assist mentors fulfil this responsibility. With these resources we have made every effort to minimise the compliance requirements and provide flexibility so that the tracking of a candidate's practical experience can be easily integrated within existing staff performance systems.

While no one definition fits all candidates, it is likely that they are starting out on their accounting career, have limited work experience, are in a full-time job and are studying part-time at postgraduate level in the Chartered Accountants Program.

It is easy to see from this that candidates need as much support as possible to achieve the learning and development they need. The Candidate Guidelines and Activity Log are designed to help candidates set development goals, and plan a structured approach to achieve the workplace competencies they need to become fully productive employees and qualified Chartered Accountants.

Research has shown that while training alone improves productivity, when coupled with the support of a mentor or coach, it can achieve three times as much. I am hoping that the benefits of a more structured approach to Practical Experience will deliver results to your business that make the investment in time worthwhile.

Sheena Frenkel



General Manager, Chartered Accountants Program & Admissions

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1. Purpose of practical experience

Combining formal accounting education with practical experience develops competent Chartered Accountants capable of making a positive contribution to the profession and society. An important objective of the profession is to also ensure Chartered Accountants have the appropriate values, ethics and attitudes.

Practical experience is important in the development of each candidate and your role as a mentor is a key part in ensuring its effectiveness. Combining working and learning under your guidance will prepare your candidate for the dynamic and demanding world of business and help them to balance their study and work commitments.

1.1 Structured approach

The International Federation of Accountants (IFAC) prescribes the practical experience that candidates of member bodies need to complete before they qualify as accountants. As a member of IFAC, the Institute of Chartered Accountants in Australia has adopted this new international framework that requires a structured approach to practical experience by both the candidate and mentor. To ensure that our members and you, as a mentor, are equipped to participate in this more formalised approach to practical experience, we have developed these guidelines and the *Mentors and Managers Practical Experience Assessment Workbook*.

1.2 Best way to learn

Practical experience has proven to be the best way to learn and develop professional competence. IFAC states that practical experience enables candidates to:

- > enhance their understanding of organisations, of how business works, and of work relationships
- > relate accounting work to other business functions and activities
- > develop their awareness of the environment in which services are provided
- > develop the appropriate professional values, ethics and attitudes in practical, real-life situations
- > provide them with the opportunity to work at progressive higher levels of responsibility.

Under IFAC's International Education Standard 5, practical experience needs to be:

'long enough and intensive enough to permit candidates to demonstrate they have gained the professional knowledge, professional skills and professional values, ethics and attitudes required for performing their work with professional competence and for continuing to grow throughout their careers'.

The mentoring function is critical to practical experience because it provides essential guidance and support to ensure the ultimate success of the candidate.

1.3 Assessment of candidate competence

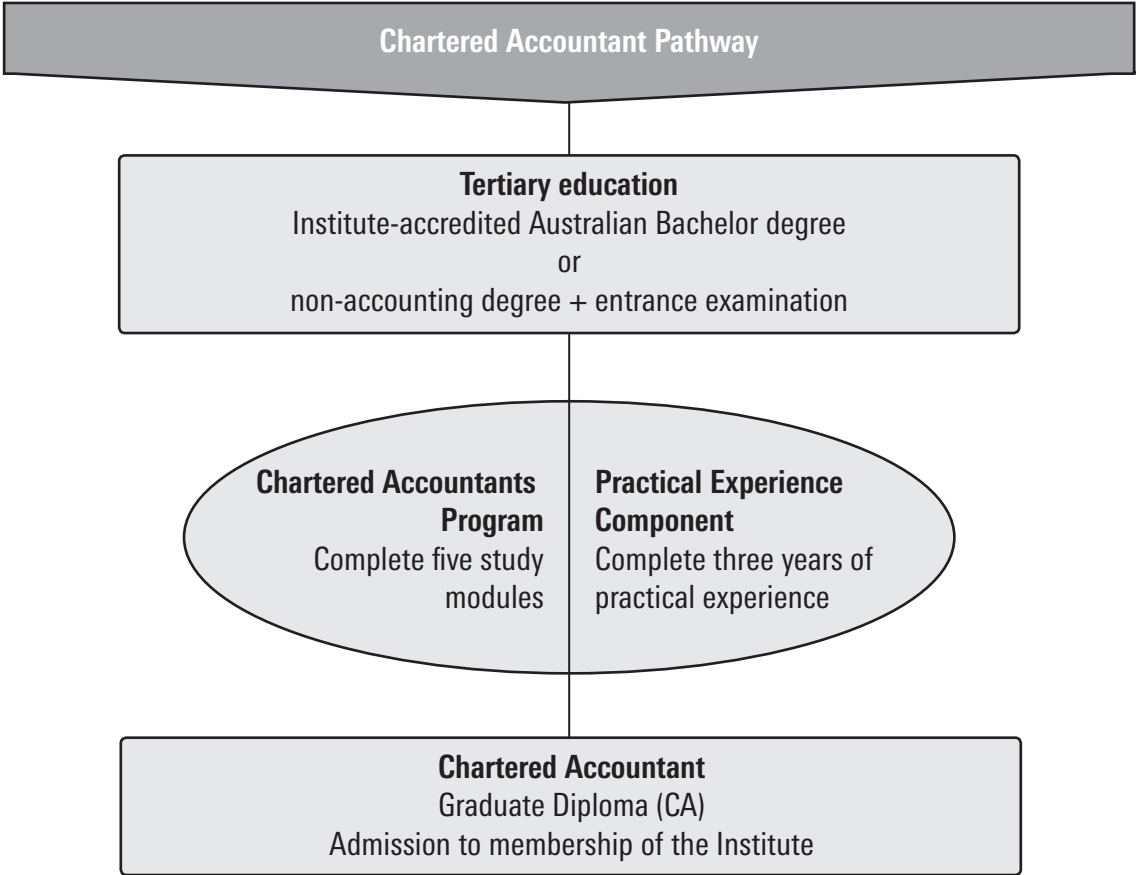
As a mentor you will assess the overall competence of your candidate at the end of their three-year Practical Experience Component. Your assessment will be contained in a written report to the Institute to support your candidate's admission to membership on the basis that they have reached the level of competence expected of an entry-level Chartered Accountant.

The day-to-day monitoring of a candidate's performance against Practical Experience competencies should be undertaken by the line or project manager they report to. As the Chartered Accountant mentor, we recommend that you meet with your candidate quarterly to provide a high level review of their progress toward achieving this end competency goal.

2. Chartered Accountant Pathway

The Chartered Accountant Pathway combines general education (through tertiary studies), professional education (through the Chartered Accountants Program), and work experience (through the Practical Experience Component).

The competencies expected of a Chartered Accountant at the point of admission to membership gained across these three stages are mapped in the Institute’s Chartered Accountant Competency Framework. Further information regarding this framework is available via the Institute’s website <www.charteredaccountants.com.au/caprogram>.



3. Competencies

3.1 What is competency?

As defined by IFAC, a competency is the ability to perform a work role or task to a demonstrated defined standard. To meet a competency standard, the activity is performed under specified conditions to the specified standard of performance.

The Institute has developed a Competency Framework to map the full range of competencies expected of a Chartered Accountant at the point of admission to membership.

3.2 Choosing areas of competency

During the Practical Experience Component candidates are expected to develop competence in the following five areas:

1. Accounting and finance-related areas
2. Organisational and business areas
3. Information technology
4. Professional skill
5. Professional values, ethics and attitudes.

Because the accounting and finance-related areas are the most significant in the overall development of competence, they are sub-divided into the following six technical areas. In addition to developing competence in the above non-technical areas, candidates will also be required to develop competence across one or more of the following technical areas:

- 1.1 Financial accounting and reporting
- 1.2 Management accounting and control
- 1.3 Taxation
- 1.4 Business and commercial law
- 1.5 Audit and assurance
- 1.6 Finance and financial management

When candidates register their completed Letter of Agreement with the Institute (see section 4.2 of these guidelines) they will receive an Activity Log and mentors and managers will receive an Assessment Workbook. These documents will provide more detailed information on each of the required competency areas. Their purpose is to enable you and your candidate to track their progress in developing the required competencies.

4. Key parties

4.1 Roles and responsibilities

There are five key parties involved in the Practical Experience Component, with the following roles and responsibilities:

- > **Candidate** undertakes the Practical Experience Component as part of the requirements to become a qualified Chartered Accountant. Refer to the *Candidate Practical Experience Guidelines*.
- > **Employing organisation** ensures the candidate is supported, mentored and given the opportunities to complete the necessary activities/tasks in their daily role to gain the competencies required. The employing organisation is also responsible for submitting an application for recognition of the inhouse performance appraisal system as an alternative for candidates to completing the Institute's Activity Log. Refer to Section 7 of these guidelines for more information.
- > **Direct line manager or supervisor** takes day-to-day responsibility for ensuring the candidate receives the right experience at the right time to acquire the knowledge and skills required to demonstrate competence. They also have the responsibility for signing off on the evidence the candidate records in their Activity Log. Refer to the *Line Manager Practical Experience Guidelines*.
- > **Chartered Accountant Mentor** guides the candidate through the Practical Experience Component and supports them to complete the Chartered Accountants Program. Mentors play a significant role in providing high level career advice and performance review against Chartered Accountant competencies. It is expected that candidates meet quarterly with their Chartered Accountant mentor. Importantly, mentors are responsible for the final sign-off on the candidate's achievement of the required level of workplace competence for admission to Institute membership. Refer to the *Mentor Practical Experience Guidelines*.
- > **The Institute** issues the Practical Experience Guidelines, provides the required documentation to all parties, and administers the Chartered Accountant Pathway of which the Practical Experience Component is a significant part. The Institute ensures adherence to the guidelines by all parties and is responsible for quality control.

4.2 Letter of Agreement

The roles and responsibilities of the key parties in the Practical Experience Component are formalised in the Letter of Agreement. Candidates have the responsibility to ensure that each party signs the Letter of Agreement. They must then register it with the Institute to signify the start date of their Practical Experience Component.

Chartered Accountants Program Letter of Agreement – Practical Experience Program

Date mentoring commenced: / /

Candidate name:

Candidate ID number:

Candidate position/title:

Employment start date: / /

Full time

Part time at

hours per week

Note: if part time, must be at least 17.5 hours per week

Organisation name:

Business street address:

Business phone number:

Business fax number:

Mentor name:

GAA body/member number:

Mentor position/title:

Mentor email address:

Is the mentor working at the same site and organisation as the candidate? Yes No

(If no, please provide company details)

Organisation name and address:

Line manager name:

GAA body/member number:
(if applicable)

Line manager position/title:

Line manager email address:

Employer representative name:

e.g. Partner/GM/CEO/HR

GAA body/member number:

(if applicable)

Employer representative position/title:

Employer representative email address:

Continued overleaf – please turn over

The Institute of Chartered Accountants in Australia (the Institute) confirms the agreement made between the abovementioned parties regarding the conduct and completion of the Practical Experience Program in the Chartered Accountant Pathway.

The Practical Experience Guidelines outline the roles and responsibilities of each party within the Practical Experience Program.

By signing this agreement each party commits to fulfilling their role within the Practical Experience Program and acknowledges they have read and understood the guidelines relevant to them. The Institute should be notified when any change is made to the conditions prevalent at the time of signing.

Signed as acknowledgement of the agreement:

Candidate

Mentor

Direct line manager

Employer representative

Date: / /

Please return by fax, post or scanned email to the Chartered Accountants Program Coordinator in your local Institute office (see section 8 of these guidelines for contact details).



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5. About mentoring

5.1 What is mentoring?

Mentoring is a term that is widely used in business. For our purpose mentoring is defined as:

‘a process by which a more experienced person takes a younger person under his or her wing, freely offering advice, support and encouragement. The experienced person (mentor) becomes among other things, a role model who inspires the younger person.’

Mentoring benefits businesses because it:

- > develops future leaders
- > retains high performers
- > manages organisational knowledge.

5.2 How should I approach mentoring?

As a mentor we recommend you use this effective four-step process:

- > Build a relationship with your candidate.
- > Develop a plan with your candidate to develop the competencies identified.
- > Work together to track the achievement of key competencies agreed.
- > Report to the Institute on your candidate’s competency at the end of the Practical Experience Component.

5.3 What is my role as a mentor?

Your role is to regularly review the practical experience gained by your candidate and the extent to which they demonstrate competence.

To fulfil this role, you will need to work with your candidate to:

- > design and plan the Practical Experience Component for the three-year period
- > find suitable activities where your candidate can demonstrate competence in the workplace
- > check that your candidate’s practical experience is meeting the required level of competence as set out in their Activity Log
- > review your candidate’s Activity Log quarterly to sign off on their development
- > conclude on your candidate’s overall level of competence at the end of the Practical Experience Component and submit a written report to the Institute
- > ensure the Practical Experience Component is undertaken in an efficient and cost effective mode for your organisation.

5.4 What attributes should I demonstrate?

Your candidate will expect you as a mentor to be:

- > willing to share your knowledge and experience
- > supportive and encouraging
- > achievement and goal oriented
- > open and honest in your communication
- > technically respected.

We recommend that candidates do not have their line manager as their mentor as this can detract from the benefits of an 'independent' mentor.

5.5 Why do candidates need line managers and mentors?

Candidates need mentors because practical experience is gained in the workplace where candidates face real-life situations and use their knowledge and skills to solve issues, make decisions, work in a team, build relationships, and communicate with others. In doing this they also test and apply their values, ethics and attitudes. To do this successfully they need the guidance and support of someone who has worked in business, has experience as a Chartered Accountant, will share their knowledge openly, and can challenge the candidate's thinking.

The line manager and mentor roles offer equally important, yet different benefits to the candidate during their three-year service period.

The line manager will ensure the candidate has day-to-day exposure to the required activities/tasks needed to develop required competence. They will provide continuous monitoring of performance against these competencies and provide feedback on achievements and development areas. The line manager is the technical specialist in the area of competence a candidate is working on achieving and depending on how many projects or roles the candidate works in, it is likely they will be assessed by a number of line managers during their first three years of experience.

The Chartered Accountant mentor's role is to provide more high level workplace support and guidance to the candidate. This involves providing advice and insight into career options, sharing their own experience as a Chartered Accountant and encouraging candidates to think beyond the here and now.

Mentors assess and report on the overall competence of the candidate at the end of the three-year Practical Experience Component. They submit a written report to the Institute. Mentors play a significant role in assessing candidates' level of readiness to be granted membership of the Institute. Candidates need mentors to undertake this assessment role on behalf of the Institute.

5.6 How do candidates benefit from mentors?

Candidates may find that the relationship with their mentor is the safest and most supportive relationship they can have while completing the Practical Experience Component. This relationship should benefit your candidate, personally and professionally, by:

- > addressing obstacles and barriers that are preventing your candidate from gaining the relevant experience
- > keeping your candidate on track with the development of their competencies by suggesting activities/tasks that they could complete in the workplace
- > supporting your candidate's study in the Chartered Accountants Program
- > seeking extra support on your candidate's behalf from their line manager when necessary
- > building a strong and influential relationship that can benefit your candidate's career
- > developing your candidate's confidence in their ability to engage with senior people in the organisation
- > sharing workplace and study experiences that provide insight
- > supporting your candidate's key performance indicators
- > identifying future career opportunities.

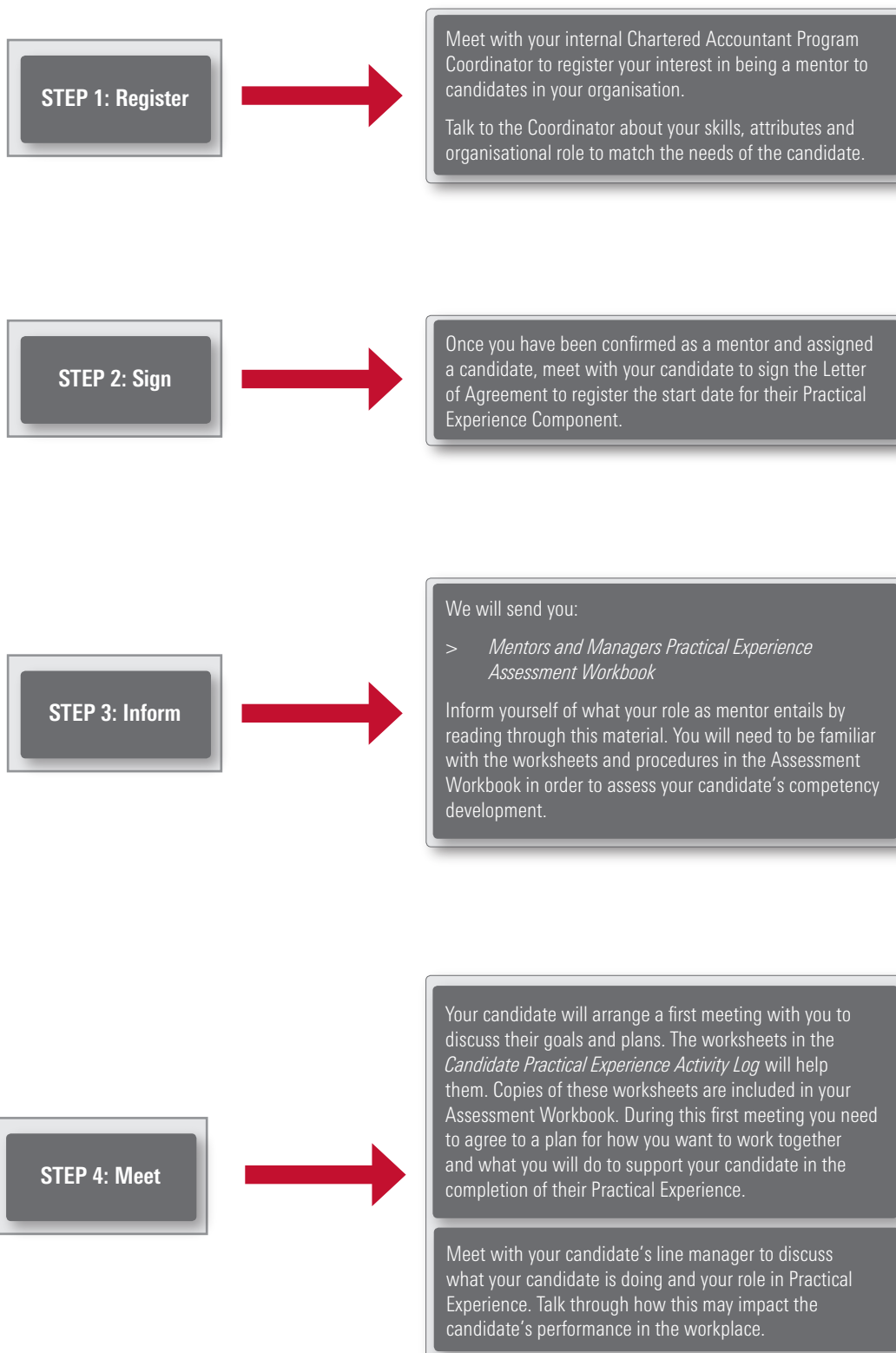
5.7 When can I be an external mentor?

Candidates have been advised that if there are no available Chartered Accountants working within their organisation, they can look at the option of working with an external Chartered Accountant mentor. As with all mentors, an external mentor must be an experienced member of the Institute and be willing to take on the same responsibilities of quarterly and final assessments of candidate competence. Any external mentoring arrangement must be agreeable to the mentor, the candidate and the employing organisation. All parties signing a new Letter of Agreement and lodging with the Institute would demonstrate such agreement. (See Section 4.2 of these guidelines)

If a candidate changes employment during their three-year practical experience period and wishes to continue a mentoring relationship they have built with a Chartered Accountant in a former organisation, they have been advised to discuss this with both their new employer and their mentor and if all parties are agreeable, a new Letter of Agreement should be completed and lodged with the Institute.

Due to the benefits of greater accessibility and understanding of internal structures and policies, we recommend to candidates that they work with a Chartered Accountant mentor within the same organisation wherever possible. However, where this is not an option or an effective mentoring relationship has been established with an existing mentor over a period of time, external mentoring provides a very workable alternative where you, your candidate and their employing organisation are in complete agreement.

6. Key activities and milestones



STEP 5: Sign off



Monthly sign off – Line Manager

Your candidate has responsibility to ensure that regular, preferably monthly, meetings are held with their line manager so the line manager can sign off on the competencies they have developed to date. They will take their completed Activity Log with them to these meetings.

Quarterly sign off – Mentor

A quarterly review meeting with your candidate is a useful way to track their progress for the period just completed and set up the plan for the next quarter. Candidates have a worksheet in their Activity Log to prepare for the meeting and you will be asked to also sign off on competencies achieved to date.

Final sign off – Mentor

At the end of the three-year period, your candidate will arrange a final sign-off meeting. During this meeting you will need to review the competencies they have developed. Discuss with your candidate the final assessment report you plan to submit to the Institute on their performance in the Practical Experience Component. Complete and sign the report and give the original to your candidate to send to the Institute with their application form for membership.

STEP 6: Keep



We recommend that you keep your meeting records and Assessment Workbook until you are advised that your candidate has been admitted into membership.

7. Performance management system

Unless you are an external mentor your candidate is also an employee of your organisation and you and/or their line manager are likely to be involved in monitoring their performance as part of the organisation's inhouse performance appraisal system. Evidence gathered from the performance management system can be used to substantiate their development of competencies in the Practical Experience Component. As the mentor you can assist your candidate to integrate this assessment into the worksheets in their Activity Log.

The professional skill competencies, such as interpersonal and communication skills and ability to work in teams, are examples of competency development that can be mapped from your organisation's performance reports. Ask your organisation's Chartered Accountant Program Coordinator to keep you informed of your candidate's development in these competencies. Where there is strong alignment between the competencies assessed as part of your organisation's inhouse performance appraisal system and the Chartered Accountants Practical Experience framework, your organisation may like to apply for Institute recognition of the inhouse system to avoid unnecessary duplication.

Further details on this recognition process can be found at www.charteredaccountants.com.au/caprogram.

8. Contact details

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