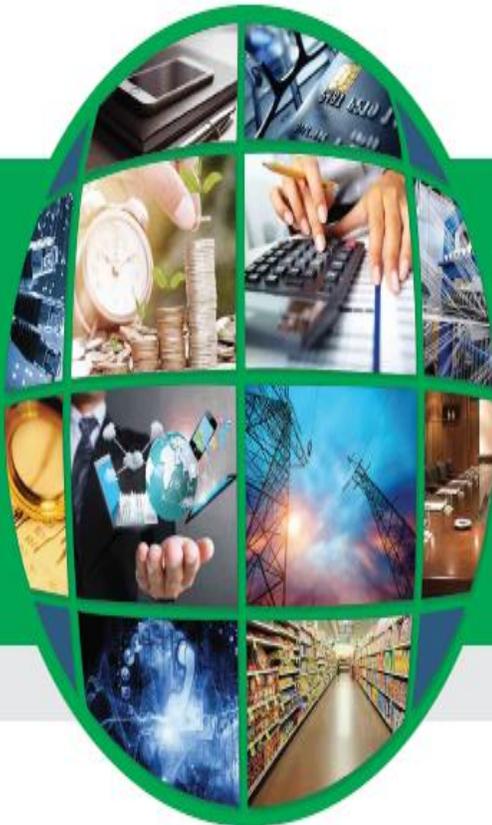




CA
PAKISTAN



TRAINING ORGANIZATIONS OUTSIDE PRACTICE

T0oP

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Industry Articles

Sounds like a buzz word these days due to its increasing demand among ICAP students who want to join training to be eligible for CFAP examinations and finally to become a qualified Chartered Accountant.

The concept of industrial training was not new. Earlier 6 months to 12 months industrial training is allowed as per training regulations. It was the post ear of 2008 when ICAP start deliberation into the concept of industrial training due to its prevalent practice around the world and most importantly the current professional demand.

Earlier after passing C.A. (Intermediate)/CAF examinations (normal procedure), students embark their journey to this chartered accountancy world by joining the firms where they pass through a rigorous time and get trained to handle the challenges of post article life. A race was developed between big four firms and then big ten firms and so on. This race was jeopardized by category of firms in an illusion world for a period of fifty-six years. An attempt was made to clarify the issues and concepts through all available means which was succeeded too.

Industry articles was a voice since a decade and so but this issue got catch word in last few years due to various reasons. ICAP also started working on this issue and finally be able to draft a policy on it which cannot be implemented due to some legal considerations as given in C.A. ordinance.

Finally, with the arrival and beginning of new training era i.e Industry Articles in Pakistan for Chartered Accountancy.

Before embarking into the discussion of industry articles, we need to look into the history of industry articles. The concept of industry articles is not new in the world. This emerges with the advent of industrial revolution in the world. As with firm articles, there are views favoring this novel idea and ideas rejecting this idea due to various reasons which is explained below:

Meaning of Industrial Training:

Industrial Training refers to a program which aims to provide supervised practical training within a specified timeframe. This training will be carried out in approved institutions and organizations. The industrial training shall be received under the guidance of a Chartered Accountant member of the Institute engaged in such an organization. This is subject to prior approval from the industrial organization to be served or such principal.

Please further note that industrial training suits in those countries which had specialized and full developed and self-controlled financial system. Unfortunately, Pakistan industrial sector is not that much well quipped as in case of other countries where industrial training is fully operational from inception to completion.

Benefits of Industrial Training:

Provide opportunity to get training under your field of specialization like finance, marketing, supply chain management etc.

Specialization:

1. Provide better understanding and application of regulatory framework.
2. Provide reasonable stipend and salary as per market terms.
3. Trainee gets industry exposure.

Chartered Accountancy bodies practicing industrial training worldwide:

<u>S.No</u>	<u>Institute Name</u>	<u>Period Allowed for Industrial Training</u>
1	Institute of Chartered Accountants of Nepal (ICAN)	Period not exceeding one year
2	Institute of Chartered Accountants of Sirilanka (ICAS)	Three years of practical training with a minimum of 220 working days per year.
3	Institute of Chartered Accountants of Bangladesh (ICAB)	No Industrial Training
4	Institute of Chartered Accountants of India (ICAI)	Period of industrial training may range between nine months and twelve months during the last year of the prescribed period of practical training.
5	Institute of Chartered Accountants of New Zealand (ICAN)	Three years of industrial training
6	Institute of Chartered Accountants of Ireland (ICAI)	Three years of Industrial training

These are some of the few instances where industrial training is practiced around the world.

Basic Difference between Firm Articles & Industrial Training?

<u>Differences</u>	<u>Firm Article</u>	<u>Industry Training</u>
Status	Auditor/Article Assistant	Trainee
Work	To audit client accounts	Get accounts audited by auditors
Position	Audit Trainee	Trainee employee
Place	C.A. Firms	Industry

Why ICAP prohibits industrial training till now?

ICAP prohibits industrial training due to many reasons as follows:

1. Non-existence of appropriate training in industry that is required from a chartered accountant.
2. Industries in Pakistan is not matured yet.
3. Industry practices are not aligned with regulatory framework.

The notion that ICAP not allow industrial training doesn't mean any of the following descriptions:

1. ICAP council members are partners of the firm.
2. Mostly presidents'/vice presidents of ICAP are blessed with high positions in audit firms after retirement from ICAP as a reward to their corruption.
3. They pay to trainees 9600 per month without over time which is worth less than an office peon.
4. Any other related prevalent perception.

ICAP is not enemy to anyone. There is a way to be done.

HOW TO SELECT RIGHT INDUSTRY ORGANISATION:

The rule to select the right industry organization is very critical to your career. This will affect your career in long term after completion of your training and qualification. Once the selection is confirmed by industry organization, you must discuss (if possible) with your Member Responsible for Student Affairs (MRS).

- **What kind of work are they offering?**

The prospective trainee should be aware of kind of work offered by industrial training organization. Since you are a trainee who will probably leave the organization once your training period will be completed, this is highly likely that you will not be given any key work. You will of course be deployed in finance or accounts or treasury department for minor work like bank reconciliation or agreement drafting but you will never be able to enter into core work of the organization whose responsibility lies exclusively on the employee and they are and will be accountable for that. The work assigned to you might result in development of frustration in you since you will be deprived of that. Deprivation will also be due to organization secrecy. Please weigh the pros and cons between your current articleship experience and the one offered by the Company.

In my opinion, leaving audit or tax exposure (here-in-after referred to as firm training) for industrial training would make sense only when you get good quality work or in a situation where you are not satisfied with your current employer.

- **Be upfront to ask about the work profile**

Be very clear asking for your work profile with the interviewer. In my personal opinion, recruiters liked candidates who are clear in their thoughts and like to know why would they join the organization. Asking for the work profile is your right, which should be exercised every time.

- **Is it a Company or a Bank and the division in it**

Lot of banks also hire industrial trainees for a lot of their departments like corporate finance, private banking, wealth banking etc. You should therefore, be clear which division would you work for and what kind of work would they offer you.

- **Other miscellaneous things like leave policy, office working hours etc**

There is no harm in candidly asking the above questions from the interviewer. Since you would be needing leaves for your study preparation, asking about their leave policy, working hours etc would be helpful in determining your decision to join that organization.

The CA firm will give you 45 days of study leave whereas the company may offer you less and therefore, you would have to take a call what suits you. There is no set mechanism to take a decision and it would purely depend upon your circumstances in that moment.

Please note that even in extreme circumstances, firm don't give you exam leave and ask you to appear in exam while working. As firm can do anything, so in the case of industrial training organization. Anything can happen in the firm and industry with any trainee anytime.

Don't join with an expectation to be absorbed

There is a misconception in the minds of students that once you complete your industrial training, the chances of you getting hired by the same company are very high. This may not be completely true. Majority of the good companies hire chartered accountants at the central level. There might be a possibility that industry training organisation will hire industrial trainees, but to get absorbed on their payroll you have to follow a completely different process. Yes, if your credentials are strong and you satisfy the requirements of their hiring process, you would definitely be preferred. But don't take absorption in that organization for granted.

Wishing you all green lights in life...

<u>S.No</u>	<u>Firm Article</u>	<u>Industry Article</u>
<u>Audit Right</u>	You can get audit rights after completion of training.	You will never get audit right after industry training.
<u>Duration</u>	Three years & 6 months	Three years & 6 months

FIRM

Advantages

1. Opportunity to do various kinds of audits, ranging from Internal, Statutory, Bank, etc.
2. Suitable for people having their core interest in auditing.
3. My choice is audit firm because specific industry would not provide such level of audit, taxation and ERP knowledge which is required for professional CAs. Training in CA firms enables our CAs to compete internationally.
4. My first preference would be Audit firm because audit firm lets you have experience of working in different sectors like public sector, private sector, manufacturing, services industry like banks etc. However if I am not able to get inducted in any reputable audit firm I would go for Specific Sector Entity. Basically nowadays students seeking articles are more than the CA firms' requirement and they really are discouraged if they could pass CAF with 6 or more attempts or if they don't have a good reference. Allowing students to have such choice would provide the student more open ground to play and would not be discouraged by the firms' strict criteria. Therefore I am in support of allowing this option.
5. Current structure of audit firms sending students to diversified jobs is the competitive edge of CA students over other bodies' students. This should be carried on. Any industry specific move will make them experts there but on the cost of scope limitation.

Disadvantages

1. Knowledge with regard to the working of the companies one is auditing is confined to basic minimal.
2. Focus only on what's not correct, no learning of how to improve things for better future.
3. No onus, so the suggestions are mostly impractical and not implemented by clients.
4. Learning is limited to financial and tax related matters.
5. Lack of time for studies and lesser study leave.
6. Monotonous work.
7. Lesser future job prospects. Employer wants taxation knowledge too due to increasing complexity in taxation system of the country.

INDUSTRY ARTICLES

Advantages

- **Industry Exposure**

Trainee gets better industry exposure compare to audit trainee in any chartered accountancy firm. The role and job to be done by industry trainee is not defined and chalked out. Trainee will have to deal with normal industry routine. You will get the superb industry exposure & you will be assigned such tasks which will give you proper exposure of corporate finance relevant to that industry only.

- **Better Income**

You will get the market rates compare to the prescribed stipend rates by ICAP. That income will depend on number of hours work or as decided between the two parties in accordance with ICAP stipulations.

- **Better Career in industry**

Those who are planning to join the industry after completion of their articles will find it easy and favourable to do industry articles. And just think of that perfect moment when you are being retained by that particular organization only in which you were undergoing your industrial training. Bingo!!!

If you are a **fresher**, the company might prefer recruiting employees who have undergone training in their own company

- **Helps you grow in your field of Specialization**

This is one of the best Benefits of Industrial Training for CA Students. Since today everyone is moving towards Specialization so having the perfect skill for a particular field will give you a fair chance to develop in your career better than anyone else. And if you opt for industrial training then you can gain this specialization in your field. Don't you think it's quite an easy task?

- **Get a Break from the Articleship (New Working Environment)**

Well this may sound a bit weird, but yes there are some people, who wish to take transfer from their existing Articleship (or Accounting firm) because they want different exposure and new working environment. Earlier I thought not to mention this one but then you know we have different people carrying different perspectives and CA Pakistan respects every perspective.

OTHER MERITS

1. One specializes in the core working of a particular industry, which guarantees a good job in that industry later.
2. As part of the Company, you share a responsibility for its future growth.
3. Senior management is top class, extremely versatile crowd, opportunities to grow are plenty
4. Learn to take decisions using all your financial and compliance knowledge.
5. You get to interact with people from different departments and hence, there is a scope to learn a lot more than just the financial laws and conventions.
6. You learn about how to work towards improving the future instead of finding out mistakes of past – setting up processes, removing inefficiencies, taking preventive measures for non-compliances, analysing financial decisions with respect to their future impact and much more.
7. You get trained in office management, document filing, handling office politics, working in a team etc and get paid for it too !
8. If you do good work in a corporate during Industrial Training, you are likely to get placed in the same company post qualification. You will get better compensation because of your experience in that company as a trainee and hence you get a better start in your career. Though money is not an important decision making factor in the learning stages of career, one should know that what he or she gets paid is also decided on the basis of value of his or her work to a particular organisation. A corporate will surely put more worth to your work than a CA firm, even more than a BIG4.
9. Corporate experience ahead of your peers.

10. Résumé enhancer.
11. Also, you become the first among equals for employers in your prospective job interviews.
12. Moreover, students can also go to that industry, which they want to do when they will be qualified. E.g Telecom sector ,Oil n gas sector etc

Disadvantages

1. Lack of time for studies and lesser study leave.
2. sometimes you need to get involved in unnecessary extra-curricular activities
3. It can be overwhelming if you're not used to working 45-55 hour weeks. (Highly unlikely- You will get used to this during your A'ship.)
4. Reason yeh kay Main khud Module D tak clear ker chuka hun. Shadi ker le, bachay b hogaye, Job kesay chor dun itnay say stipend kay lian, family ko kon dekhay ga. Stipend berhanay kay lian aap kuch kertay he nahi.. Minimum wage rate, even humara Bhangi b is say zyada kamata hay, ager aapka aisa prog hota to shayed ab tak CA ker b chuka hota.. but article ship nahi to wahin stuck, dusray options dekhay but CA nahi ker saka.
5. Trainees are not treated well in audit firms. It will surely increase value of Trainees.
6. If specific sector training is enabled, students' experience will be increased (In audit firm, we only do Audit).

Other Views

1. Doing industrial training is not mandatory for an article, however it adds value to your profile as you get exposed to some real work which you have to do once you become CA. If you are planning to do a job after clearing than you should go for it.
2. Further if you are doing your articleship from a very reputed firm than doing industrial training may not add much value as you already have much exposure to corporate work.
3. Just make sure that you do it for adding value and not for the sake of just doing it.

Concluding Remarks.....

Articles in industry, is it good or bad? Instead of taking sides let's see this objectively. If articles in industry are allowed the choices will increase, both for students and employers. Movement from one training organisation to another will become easier. Let me explain with an example. ABC has passed CAF and is now looking for a training organisation. ABC can choose between audit firm or an employer in the industry. ABC knows that in firm ABC will get more exposure and therefore he decides to join a firm. After 2 years in the firm ABC applies for remaining training in a multinational company ABC has always dreamed of working for. That company instead of hiring a fresh intern will prefer ABC as he has 2 years of experience in the firm already. So now 3.5 years have been completed and this will appear in the CV of ABC. Two years' experience in audit firm, 1.5 years experienced in multinational company. Plus it will also cause firms to improve their attitude towards students as students will be free to move to industry any time (the demand is there). Now in theory a student can move from one firm to another with an NOC but in reality it's close to impossible, especially in the case of Big 4. Overall it's a good thing, the one who thinks firm is better he should stay there and one who thinks industry is better should go there. It's a matter of choice not a debate. The more choices there are the better.

Both have their own upsides and downsides to them. An Audit Firm for breath of knowledge and experience and Specific Sector for depth of knowledge and experience. So an Audit Firm would be like an MBBS and Specific Sector like Dermatologist, Neurologist etc