

**CA**  
**PAKISTAN**



The Institute of  
Chartered Accountants  
of Pakistan

*Directive 1.03*

**TRAINING REGULATIONS AND  
GUIDELINES 2015**

TRAINING REGULATIONS AND GUIDELINES 2016

# TRAINING OUTSIDE PRACTICE

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## PREAMBLE

In exercise of the powers conferred by Section 15 of the Chartered Accountants Ordinance, 1961 read with the Chartered Accountants Bye-Laws 1983, the Council of the Institute has approved the following regulations and guideline to govern the training of a student of chartered accountancy in a firm of Chartered Accountants as prescribed under the bye-laws.

## DEFINITIONS

(1) In these Regulations, unless there is anything repugnant in the subject context:

**Bye-laws** mean Chartered Accountants Bye-laws 1983;

**Firm** means a sole practitioner or a partnership of members of the Institute engaged in professional practice;

**Institute** means the Institute of Chartered Accountants of Pakistan;

**Member** means a member of the Institute;

**Mentor** means a sole proprietor/partner or a fulltime employee of a TO responsible for guiding the Trainee Students on the matters other than technical issues;

**Member in charge** means a member in charge of an office of a firm of chartered accountants as mentioned in the Form C filed with the Institute;

**Ordinance** means Chartered Accountants Ordinance 1961;

**Prescribed** means as prescribed under the bye-laws;

**Student** means a person registered with the Institute as examinee;

**TO** means Training Organization as defined in the bye-laws;

**Trainee-on-probation** means a person who is registered with the Institute as Student and has commenced probationary period of training with a TO; and

**Trainee Student** means a Student whose contract of training has been registered with the Institute and whose period of training is not completed.

**Technical Supervisor** means a CPD compliant sole proprietor/partner or member being fulltime employee responsible for development of technical competencies of Trainee Students;

(2) Unless the context otherwise requires, all other terms and expressions used but not defined in these regulations shall have the same meaning as assigned to them in the Ordinance and Bye-Laws; and words importing the singular shall include the plural and vice versa.

## **CONTRACT, TRAINING PERIOD AND STIPEND**

### **Contract**

#### **Form of contract:**

There shall be a written contract, on the prescribed format, between the Trainee Students and their Training Organization. Training contract forms are available at:

<http://www.icap.org.pk/students/training/training-contract-form/>

#### **Execution time:**

After completion of the probationary period of training and shall be sent to the Institute for registration within the prescribed period and in the manner prescribed under the Bye-Laws.

#### **Delay in Registration:**

1. Institute shall have the power to condone delay in registration of training contract for maximum of 30 days.
2. Delay in submission of contract for more than thirty days shall be treated as non-compliance with these regulations.

### **Period of training**

The training period shall vary according to the qualification of the Students at the time of commencement of training, as follows:

<b>CAF passed or equivalent thereto</b>	3.5 years
<b>Four year Graduate / Post Graduate from Specified Degree Awarding Institutes</b>	3 years
<b>Others</b>	4 years

### **Probationary period**

1. The Students shall be required to complete a probationary period as prescribed under the Bye-Laws.
2. The engagement of a Student as a Trainee-on-probation shall be properly documented.

3. The Student shall intimate his joining to the Institute within two weeks from the date of joining. A registration as Trainee-on-probation shall be effected upon such application and payment of prescribed fee. The Institute shall send a list of such Trainee-on-probation to the TO on monthly basis.
4. TOs shall keep record of satisfactory performance during probationary period.
5. During the probationary period, the Trainee-on-probation shall be eligible for minimum stipend applicable for Trainee Students as may be specified by the Council.

Provided that this clause shall not apply to an employee under employment for more than three months in TO outside practice.

### **Stipend**

**Paid through** : Banking channels and shall not be less than the minimum stipend specified by the Council.

### **Reimbursement of out of pocket expenses**

1. TOs shall prepare and implement a policy of reimbursement of out-of-pocket expenses. Such policy shall be shared with the Trainee Students.
2. A copy of the policy shall be filed with the Institute.

### **ENTITLEMENT**

A TO outside practice shall be entitled to train five Trainee Students per member employed fulltime by the TO.

## **LEAVES, SERVICE BREAK, WORKING HOURS, OVERTIME ETC.**

### **Leave**

<u><b>Normal Leaves</b></u>	
<b>Maximum Leaves</b>	130 days in lieu of which no further training shall be required.
<b>Purpose</b>	Anything like examinations, sickness etc.
<u><b>Overtime Leaves</b></u>	
TOs may also allow leaves during the training period against overtime as specified in these regulations in lieu of which no further training shall be required.	

<u><b>Additional Leaves</b></u>	
<b>Maximum Leaves</b>	Upto 60 days
<b>Purpose</b>	sickness, examinations or any other suitable reason in lieu of which Trainee Students shall be required to undergo further training for an equivalent period.
<b>Intimation to Institute</b>	TO shall intimate such cases to the Institute upon completion of training contract.
<u><b>Further Leaves</b></u>	
Subject to prior approval of the Institute and in lieu thereof, Trainee Students shall be required to undergo further training for an equivalent period.	
<u><b>Leave Calculation Formula</b></u>	
Total Number of leaves availed -- weekends and public holidays falling at the start and the end of leave period.	

## **Service breaks**

- The training period shall be completed without any service break except in the following circumstances, under intimation to the Institute:

<u>S.No</u>	<u>Service Break</u>	<u>Reasons</u>
<b>1</b>	Six months to any trainee student	As deemed appropriate by TO
<b>2</b>	Upto one year	Female trainee students on account of marriage and/or maternity.
<b>3</b>	TO may not pay any stipend during such period(s) of absence.	

## **Service break exceeding period**

Shall be permitted with the prior approval of the Institute.

## **Working hours and overtime**

### **Accumulate Working Hours**

1,800 hours per year of training excluding standard recess time as per policy of TO.



Articles Time Period	3 Years	3.5 Years	4 Years
<b>Year : One</b>	1800 hours	1800 hours	1800 hours
<b>Year : Two</b>	1800 hours	1800 hours	1800 hours
<b>Year : Three</b>	1800 hours	1800 hours	1800 hours
<b>Last six months</b>	-	900 hours	-
<b>Year : Four</b>	-	-	1800 hours
<b>Total Hours</b>	<b>5400 hours</b>	<b>6300 hours</b>	<b>7200 hours</b>

### **Timing and working days**

1. Specified by the TO.
2. Provided it ensures that the Trainee Students completes 1800 hours per year of training.

### **Excess Working Hours**

Working hours exceed 1800 hours, the TO shall allow one day leave in lieu of each eight hours. For example:

Working hours per year	=	2000 hours
Normal Working hours per year	=	1800 hours
Excess hours	=	2000 hours – 1800 hours
	=	200 hours
<b>Credit Leaves</b>	=	200/8
	=	25 hours

### **Unadjusted Working Hours**

Any unadjusted excess hours shall be compensated by way of overtime payment. The rate of overtime payment shall not be less than the rate computed on the basis of latest monthly stipend of the individual Trainee Student.

## TRANSFER OF TRAINING CONTRACT

The training contract may be transferred:

1. By mutual agreement between the TO and the Trainee Student

2. TO ceases to exist or ceases to be a TO

3. No of trainee students engaged with TO > TO entitlement

### Transfers by mutual agreement

1. Transferring TO will send NOC issued to trainee student to Institute within 30 days of Issuance.

2. Trainee student will apply for issuance of NOC to TO.

3. TO shall not require more than three month notice period for NOC issuance.

### Transfers in case TO ceases to exist or ceases to be a TO

1. Trainee student will enter into fresh contract for residual period with another TO within 03 months of date of cessation.

2. Fresh contract will be re-registered by Institute free of cost.

### Transfers when the number of Trainee Students exceeds the entitlement

1. Shortfall reasons:
  - a. death,
  - b. resignation,
  - c. retirement and
  - d. suspension of membership of partner(s)

**Shall immediately inform the Institute of the fact.**

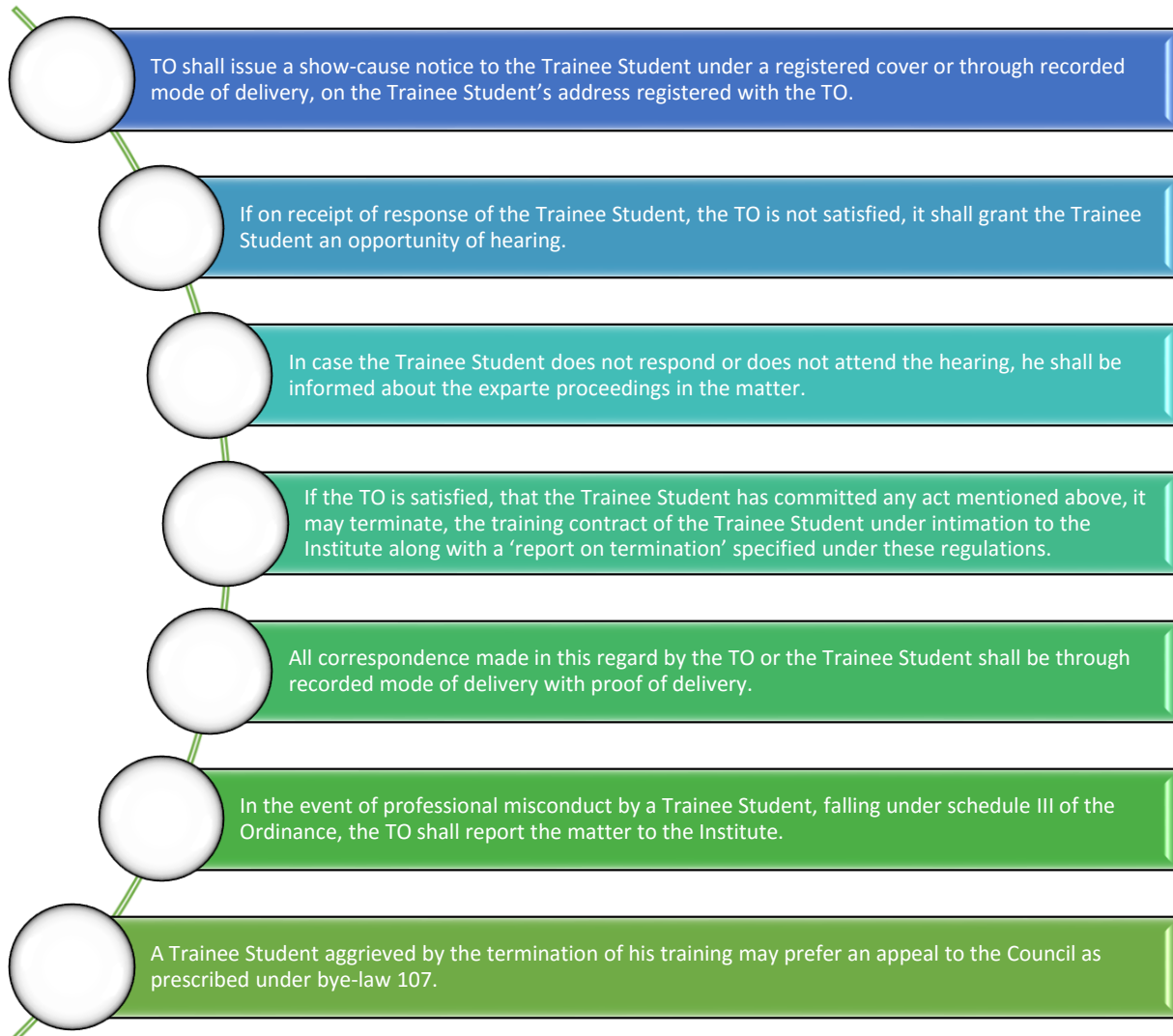
2. The Institute may direct the excess Trainee Students, most recent in order of their registration:
  - a. to enter into fresh contract for residual period with any other TO within a given time period for which no registration fee shall be charged by the Institute; or
  - b. to continue with the same TO for the residual period.

## **TERMINATION OF TRAINING CONTRACT**

TO may terminate the training contract if a Trainee Student:

- (i) is guilty of:
  - a. misconduct;
  - b. misbehavior; or
  - c. breach of any of the provisions of the Training Contract; or
- (ii) fails to progress satisfactorily as per criteria established by the TO.

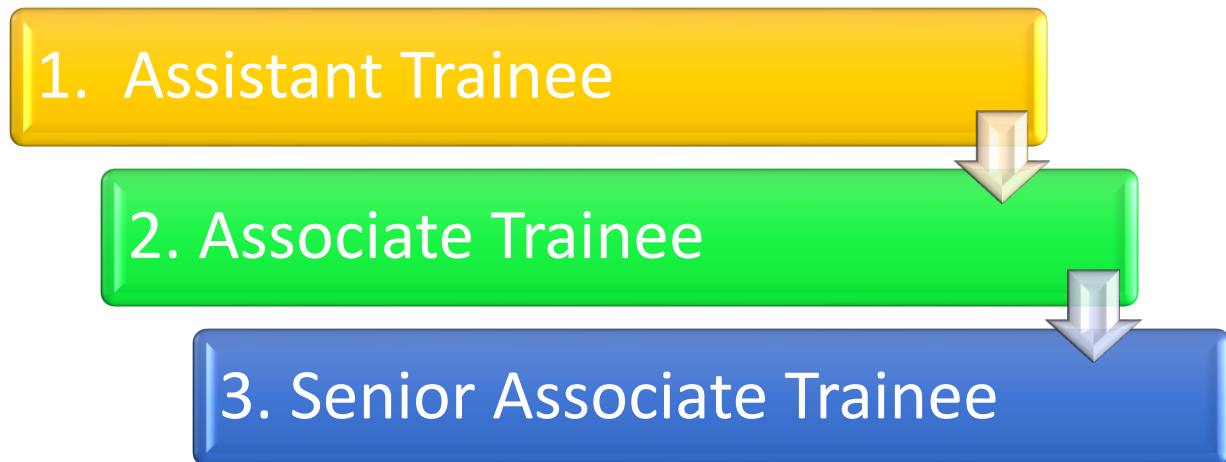
The following procedures shall be followed, if TO be satisfied that a Trainee Student has prima facie committed any act mentioned above:



## CAREER PROGRESSION, TRAINING AREA, ASSESSMENT ETC.

### Career Progression Plan

The progression of a Trainee Student shall be through the following roles or through any suitable alternate designations with prior intimation to the institute:



There shall be a Career Progression Plan (CPP) for Trainee Students which may contain the following:

1. Qualification or achievement in examinations of the Institute required by TO for each role, subject to the minimum conditions applicable under the bye-laws and under these regulations;
2. Minimum period of training required for each role;
3. Minimum achievement required for each role in the periodic assessment of professional skills and professional values ethics and attitude
4. Policy on CPP shall be submitted to the Institute within three months from the date of authorization as TO.
5. TO may amend the policy on CPP any time it deems necessary under intimation to the Institute.

### Training areas – Technical Competencies

TOs should have a formal mechanism to support the development of technical competencies through on-the-job training. It is expected that the TO shall provide the Trainee Students practical exposure in the technical areas given in this regulation. The allocation of training period to various training areas shall be as follows:

S. No	Training Area	Period Allocation
1	Accounting, financial reporting, internal audit & risk management	<b>Not less than 50%</b>
2	Taxation & Corporate Law	
3	Treasury, financial management, supply chain management & information technology	<b>Remaining Period</b>
4	Any area deemed appropriate by TO (like marketing, human resource etc)	
		<b>Not more than 20%</b>

## Training areas – Professional skills

The training outcome relating to each type of professional skills shall be as follows:

### Intellectual

- Research and evaluate information from a variety of sources and perspectives and draw appropriate conclusions.
- Identify, evaluate, and recommend solutions to unstructured, multifaceted problems.
- Apply innovative and critical thinking to solving problems.

**Minimum proficiency** : Intermediate level.

### Personal

- Apply the principles of lifelong learning.
- Set high personal standards of delivery and monitor personal performance, through feedback from others and through reflection.
- Evaluate professional commitments and manage time and resources for their achievement.
- Proactively anticipate challenges and plan potential solutions.
- Display openness to new ideas and opportunities.

**Minimum proficiency** : Intermediate level.

### Interpersonal and communication

- Promote cooperation and teamwork, working towards organizational goals.
- Communicate clearly and concisely when presenting, discussing and reporting in formal and informal situations, both in writing and orally.
- Use active listening and effective interviewing techniques.
- Use negotiation skills to reach appropriate solutions and agreements.
- Use consultative skills to minimize and resolve conflict in a work environment
- Display sensitivity to cultural and language differences in all communication.

- g. Present ideas and persuade others to provide support and commitment.

**Minimum proficiency** : Intermediate level.

## Organizational

- a. Undertake work assignments in accordance with established methodologies and within the prescribed deadlines.
- b. Review work to determine whether it complies with the organization's quality standards.
- c. Use effective people management skills to motivate and develop others.
- d. Use effective delegation skills to deliver work assignments.
- e. Demonstrate effective leadership skills.

**Minimum proficiency** : Intermediate level.

## Training areas – Professional values, ethics and attitude

There shall be the following training outcome relating to professional values, ethics and attitude:

### Professional skepticism and professional judgment

- 1. Apply a skeptical mindset to critically assess financial information and other data relevant to the role of a professional accountant.
- 2. Identify and evaluate reasonable alternatives to reach well-reasoned conclusions based on all relevant facts and circumstances.

**Minimum proficiency** : Intermediate level.

### Ethical principles

- 1. Explain the nature of ethics.
- 2. Explain the advantages and disadvantages of rules-based and principles-based approaches to ethics.
- 3. Apply the fundamental ethical principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior to ethical dilemmas and determine an appropriate resolution.
- 4. Apply the relevant ethical requirements to professional behavior and compliance with standards.

**Minimum proficiency** : Intermediate level.

## Commitment to the public interest

1. Explain the role of ethics within the profession and in relation to the concept of social responsibility.
2. Explain the role of ethics in relation to business and good governance.
3. Analyze the interrelationship of ethics and law, including the relationship between laws, regulations, and the public interest.
4. Compare the consequences of unethical behavior to the individual, to the profession, and to society at large.

**Minimum proficiency** : Intermediate level.

***Explanation:** Learning outcomes at the intermediate level relate to work situations that are characterized by moderate levels of ambiguity, complexity, and uncertainty.*

## Assessment of professional development by TO

1. The assessment of professional skills, values, ethics and attitude shall be carried out by TOs as nearly as practical on the format attached with these regulations.
2. The assessments shall be done within three months before or after completion of each year of training and finally after the completion of training.
3. The Institute may also assess professional skills, values, ethics and attitude through prescribed examinations.
4. Copy of the assessment carried out by TO shall be provided to the Trainee Student and the same shall be shared with the Institute along with completion certificate.

## Record keeping of training by Trainee Student

1. Trainee Students shall prepare the record of their training. The same shall be submitted to periodically as per policy of the TO.
2. TOs shall be responsible for custody of original record submitted by the Trainee Students.
3. TOs shall be responsible for keeping record of annual assessments as specified in these regulations.
4. The annual record shall be submitted to the Institute within three months from the date of completion of respective year of training.
5. The Institute shall perform a periodic review of the training record kept by the training organization and Trainee Students.
6. The TO shall specify the records to be maintained by its Trainee Students and the TO itself. The following minimum record shall be prepared by the Trainee Students:



### **(a) Monthly time sheet duly authenticated as per TO's policy**

1. Date
2. Nature of assignment based on the major category of technical competency required to perform the assignment
3. Name of client of TO

### **(b) Annual/Completion record duly discussed and seen by Technical Supervisor**


Major category of technical competency covered during the year

1. Value of experience gained
2. New exposure or advancement in previous exposure
3. The level of management with whom communicated and dealt
4. Any ethical issue or dilemma faced
5. Comments of Technical Supervisor

## **COURSE ON PROFESSIONAL VALUES, ETHICS AND ATTITUDE**

1. The Institute may offer an online compulsory course on professional values, ethics and attitude.
2. The Institute may consider similar in-house courses offered by TOs as equivalent to the Institute's course.

## **CERTIFICATE OF COMPLETION**

**Send by** : TO  Institute.  
**Time Line** : With 15 days of completion of training.

## **STATEMENT OF TERMS AND CONDITIONS OF ENGAGEMENT**

TO shall apprise the Trainee Students in respect of policies and procedures set forth by TO.

Such policies and procedures shall be in documented form duly acknowledged by the Trainee Student and to include the following:

1. Mentor and allocation of Trainee Students among the Mentors
2. Re-imburement of out-of-pocket expense
3. Leaves and service breaks
4. Office timing and overtime compensations
5. Transfers and procedure for issuance of no objection certificate to enable students to join other TO
6. Career Progression

7. Trainee Students rotation in different areas
8. Record to be prepared by Trainee Students
9. Grievance mechanism

## **GRIEVANCE MECHANISM**

1. TOs shall prepare and implement a policy that deals with grievances of Trainee Students and nominate a person with whom Trainee Students should contact in this regard. Such policy shall be shared with the Trainee Students.
2. A copy of the policy shall be filed with the Institute.

## **TRANSITION FOR EXISTING TOs**

1. All firms which are authorized TOs at the commencement of these regulations shall comply with the requirements of these regulations. Provided that TO shall within three months intimate to the Institute any requirement which is practically not possible to be complied with or which requires some transition time.
2. Institute shall have the power to grant waiver or relaxation from any requirement. Decision of such waiver or relaxation shall be made after recording reasons thereof.

## **COMPLIANCE AND COUNSELING REVIEW**

1. The Institute shall have the right to visit the premises of the TO.
2. The objectives of the visits shall include:
  - i. To give and take feedback on training program of the TO;
  - ii. To assist TO in performing its responsibilities towards training of Trainee Students; and
  - iii. To review documents necessary to ensure compliance with the Training Regulations.
3. The visits of representatives of the Institute shall be undertaken on the date mutually agreed between the Institute and TO.
4. A report of the visit shall be made and shared with TO.

## **NON-COMPLIANCE**

1. If default is made in complying with the requirement of these regulations, the Institute may;
  - i. direct the TO in default to comply with the requirement within a specified period;
  - ii. suspend authorization of TO in default for a specified period; or
  - iii. cancel the authorization of TO in default.
2. A TO aggrieved by the decision of the Institute may prefer an appeal to the Council.

**EFFECTIVE DATE** : **May 9th, 2016.**