

## WHAT IS “DEVELOPMENT”, AND WHEN IS IT REQUIRED?

One of the most important elements of the SAICA assessment process is the regular 6-monthly ANA meeting between the trainee and their evaluator. This meeting serves as a status check on the trainee’s progress towards demonstrating the competence requirements expected of an entry-level CA (SA).

One of the key questions to be answered in this ANA meeting by the Evaluator is “What is the trainee’s current level of accumulated demonstrated competence to date in each of their designated tasks?”

If this demonstrated competence to date is at level 4 (advanced, for compulsory and elective tasks or basic, for residual task), then, provided the evaluator believes this level to be sustainable, a recommendation can be made to the assessor to sign that task off as “competent”. Under these circumstances, the trainee would then not need to submit any further evidence of their ability to perform these tasks.

If however the demonstrated competence to date is *not* at level 4, then we start to enter the realm of potential “development” and related development plans.

### A common misconception

It is commonly believed that a trainee automatically requires development if their demonstrated cumulative competence to date is not yet at level 4. This is not true.

A trainee who is not yet demonstrating level 4 competence is clearly “not yet competent” from a summative assessment perspective, but this does not necessarily mean that they “require development”.

### Defining “development”

Development is only required under the following two circumstances:

- a. Given a trainee’s current cumulative exposure (or lack thereof!) to opportunities to demonstrate competence in a task, the trainee is demonstrating a lower level of competence than what we would have expected of them.
- b. Given the remaining period of their training contract, and the work assignments that we expect them to still receive exposure to, a trainee is unlikely to obtain sufficient exposure to a task to enable them to demonstrate level 4 competences.

During the course of their contract, the fact that a trainee is not yet at the final levels of competence required to enter the profession does not imply that development is automatically required.

One needs to remember that trainees will follow a natural path of development during their 3 to 5 year training contract that will expose them to appropriate experience and training at set points during this period. The consideration of whether development is required or not therefore always needs to be seen in the context of whether the trainee, at that specific point in time in their training contract, is demonstrating a level of competence that is appropriate for that stage or is expected at that point, given their cumulative exposure to date to the task being considered.

The nature of “development” is that it is *remedial*. Typically where development is highlighted as being required, specific (additional / out of the norm / non-standard) action needs to be taken to address a situation that requires correction. If the trainee will develop the required abilities to demonstrate level 4 competence in the normal course of the progression of their training contract, then development is not required.

### Let's consider an example...

A trainee is completing their training contract in an audit environment and has Audit & Assurance as their elective. In the first 6 months of their training contract, they are assigned to several audits and in those assignments are required to perform fairly straightforward substantive testing.

3 TSRs were completed during the 6 month period and they reflected the following ratings for task AA6.2 ("Performs and documents the planned substantive tests of detail and identifies situations where follow-up / extended work is required")

The trainee's reviewer documented the following levels of competence for the trainee:

TSR 1 (first 2 months, covering 2 different assignments)	- level 2 (basic complexity)
TSR 2 (middle 2 months, covering 2 different assignments)	- level 3 (basic complexity)
TSR 3 (final 2 months, covering 3 different assignments)	- level 3 (basic complexity)

These reviewer ratings off these 3 TSRs would be transferred into the ANA and the evaluator would need to determine and rate the current level of demonstrated competence for this trainee for this task. Given these TSR ratings, the overall evaluator rating of competence for this trainee in this task at the end of the first 6 months of their contract (ANA 1) will probably be a "level 3, basic".

Now, is there a developmental need? Is development required?

Remember that development is not automatically required simply because the trainee is not yet at the final "level 4 advanced" competence that they would need to reach for this task by the end of their training contract. They are clearly "not yet competent" in this task but is development required?

The question to be asking is whether it is expected that a trainee who has worked on "fairly straightforward" substantive sections for 7 different audit assignments over a 6 month period should be demonstrating a "level 3 basic" competence for this task at this point in time?

What do you think?

I expect that most of you are likely to be thinking that there is a problem with this trainee... You would probably argue that this trainee should have mastered this task after 7 assignments and should probably be at a level 4 basic by now?

There is however no correct answer to this question without first considering the context of the trainee... Consider the following questions, and the impact that different answers to them may have on your initial decision regarding whether development is required or not for this trainee...

#### 1. *Is the trainee on a 3 year, 4 year or 5 year contract?*

If they are on a 5 year contract, this situation may be acceptable given that they still have another 4 ½ years to go and given the expectation that their learning curve is likely to be less steep? If however they are on a 3 year contract, a level 3 basic after this amount of exposure probably indicates a problem.

**2. *Have they studied the theory of auditing at university yet?***

If they are a 5 year trainee, they will not yet have studied any auditing theory at university and a level 3 competency after 6 months might be quite acceptable. If however they are a 3 year trainee they will have studied auditing theory fairly extensively (at least to an undergraduate level) and you would perhaps therefore expect them to get up to speed sooner than this trainee is demonstrating.

**3. *What training has the trainee received to date?***

If the 5 year trainee mentioned above has been through rigorous in-house training on substantive procedures during their first 2 months, the expectation of their level of competence after 6 months may well be that it should be higher than level 3 basic (regardless of whether they have studied auditing or not)? If the 5 year trainee has not yet attended any training (because rightly or wrongly, they are only scheduled to attend such training in their 2<sup>nd</sup> year), then they are performing pretty well perhaps at a level 3 basic.

A 3 year trainee who has received training in substantive testing and has written and passed auditing theory at an undergraduate level (at a minimum) would surely be expected to operate at a level above 3 basic.

**4. *Does the trainee have any specific learning disabilities that should be taken into account?***

If so, it may be completely acceptable that the trainee is progressing more slowly than their peers. That is very likely to be part of the “plan” for this trainee.

**5. *To what degree did they receive on-the-job training?***

Were they left on their own to figure things out (in which case there would be lower expectations of competence) or did they receive detailed guidance and / or supervision on what to be doing (in which case there would be higher expectations of competence)?

**6. *What are the future opportunities that this trainee is likely to have in terms of exposure to this task going forward?***

If they are unlikely to receive much further exposure to the task through the normal progression of their contract, then there is a problem here! On the other hand, if the trainee will be scheduled onto numerous audit engagements still, then perhaps there is nothing to worry about as development is likely to happen naturally over time.

**7. *There may well be other circumstances you can think of that may also influence the decision as to whether development is required or not for this individual trainee accountant.***

As you can see, the identification of developmental needs is not a clear cut decision where one simply says “they aren’t at level 4, therefore development is required!”

Developmental needs HAVE to be considered in light of where you would have expected that *individual* trainee to be, in terms of their current demonstrated levels of competence, in the context of at least the following:

- who the trainee is;
- what the firm’s normal progression plan for that trainee is;
- what assignments the trainee been exposed to so far in that task; and
- whether the trainee still has adequate opportunity to demonstrate competence.