



Sector Guidance to the Pathways Examinations

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Sector Guidance to the Pathways Examinations

Introduction

This document provides further guidance to senior members who wish to use the Examination of Experience route to obtain ZICA membership. It is designed specifically for those candidates who have completed the examinations and are exempted from the ZICA examinations and who wish to use their experience as evidence for the ZICA practical training component.

The Pathways examination recognises that members would have developed careers in different sectors. These routes to experience are also reflected in the current ZICA qualification where at Advisory level there are 3 routes

Public Practice Route

- 3.4 Advanced Taxation
- 3.7 Public Sector Audits and Assurance

Business Route

- 3.5 Advanced Management Accounting
- 3.6 Advanced Financial Management

Public Sector Route

- 3.7 Public Sector Audits and Assurance
- 3.8 Public Sector Financial Management

This document provides guidance for the routes identified in undertaking the Examination of Experience.

It should be noted that the questions in the Examination of Experience remain the same for all applications but that the answers will depend on the experience gained subsequent to the examination success. It is the purpose of this document to support senior members in answering questions in the best manner possible, using the experience they have gained dependent on whether they established their careers in public practice, business or in the public sector.

Guidance offered

Applicants should refer to the *ZICA Examination and documentation* to identify specific question guidance and what supporting documentation would be appropriate to submit as evidence for the Examination of Experience.

This document provides additional guidance to answer the questions in the Examination of Experience and further information as to what documentary or other evidence might be acceptable.

What you should consider in answering the examination questions

The examination questions deal with three areas

- The challenges and issues faced: their complexity, importance, scale. What was your role in helping identify problems, challenges, issues?
- Actions undertaken to resolve the challenges and issues faced: action that develop responses in the face of difficulty, technical or other requirements, uncertainty. What was your role in these?

- Resolution and how the outcomes were assessed: were the actions successful? What assessment was made of the outcomes? What did the project achieve/not achieve? What was your role in these?

These questions are the same for all applicants. It is important that you are able to interpret and apply your own experience to the questions asked. This document will support you in this task.

The Public Practice Route

Introduction

This section will allow you to find out more about how your experience gained in public practice can be used in your application for the Examination of Experience.

Your experience would then reflect the capabilities and skills you have acquired in public practice.

What might be important in public practice?

Only you can answer this correctly based on your own experience. However, the key to answering the questions is to re-frame your experience in terms of the questions asked.

This is best shown by example and the following illustration uses assessing the effectiveness of an audit as an exemplar.

Assessing audit effectiveness must be an activity that every audit is judged by. Whilst this is likely to be a senior level review, and hence suitable for senior members applying for the Examination of Experience, audit effectiveness will be a concern for all personnel involved in an audit.

The question is then how to map and make appropriate correspondences between audit effectiveness and the examination areas.

Audit quality

There are a number of ways to measuring audit quality and what follows is based on guidance produced by IFAC in its document *A Framework for Audit Quality (2014)*.

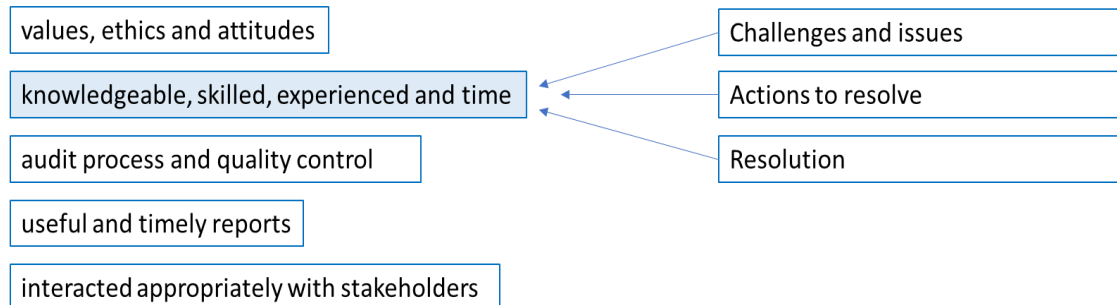
The process of a quality audit would be undertaken by an engagement team that

- exhibited appropriate values, ethics and attitudes;
- was sufficiently knowledgeable, skilled, and experienced and had sufficient time allocated to perform the audit work;
- applied a rigorous audit process and quality control procedures that complied with law, regulation and applicable standards;
- provided useful and timely reports; and
- interacted appropriately with relevant stakeholders.

As a member of the engagement team and an applicant for CA Zambia membership through the Experience route, you will immediately recognise the commonalities of the quality audit process identified above with the key question areas asked of you in the examination.

In looking at the relationship between your experience, the examination questions, and the audit quality process it will be useful to provide a diagram that would allow you to identify an area where your experience can be used to help you pass the Examination of Experience.

We can provide an example by focussing on whether the engagement team that you were involved in exhibited was *sufficiently knowledgeable, skilled, and experienced and had sufficient time allocated to perform the audit work.*



Questions to help you shape your examination answers: audit quality

The diagram focuses attention on a key part of a quality audit process and then suggests what questions you might raise in your own mind about your involvement in the audit process and how this activity might help you address the questions.

For example, focussing on *knowledgeable, skilled, experienced and time*, it would be useful to begin to raise questions such as

Challenges and issues

- Was the audit appropriately staffed?
- What grading of staff was used?
- Were staff deployed appropriately to audit areas/tasks?
- Was there an audit issue that consumed unexpected time?

Actions to resolve

- What direction was given to staff to help resolve difficulties?
- Was a decision made to exceed the budget to ensure audit quality?
- Was there a different level of engagement with client staff proposed to help resolve the audit workload?
- How was the audit plan changed to respond to the issue?
- What discussions took place with more senior firm staff about the issue?

Resolution

- What was the detail of the outcome and how was the outcome shaped specifically by actions taken to resolve the issue?
- Was audit quality maintained?
- How was the experience gained in facing the issue documented or filed for future reference?
- How were key communication skills used to resolve the challenge?
- Was the client satisfied?
- Were firm values and policies adhered to?

In answering these questions, your experience will raise further questions and the process will then help you provide content and help shape your answer to the examination questions.

As always, all answers to questions in the Examination of Experience are treated confidentially but we do expect you to observe client confidentiality and your employer's confidentiality guidelines in answering the question.

Business Route

Introduction

This section will allow you to find out more about how your experience gained in business can be used in your application for the Examination of Experience.

What might be important in business?

There are many areas of business that are priorities and which will depend on many factors such as the age of the company; size, sector and market and product focus. Your role will also have particular emphasis concerning what is important: for example, the important business problems that you face will not be faced by everyone.

An example will be used to illustrate how to think about your experience in terms of the examination questions that you will face. The problem presented will not be yours but the method indicated should suggest to you one way of approaching the examination.

The focus of the examinations you may have faced will be used to frame an example problem and an example of raising finance will be used.

Raising finance

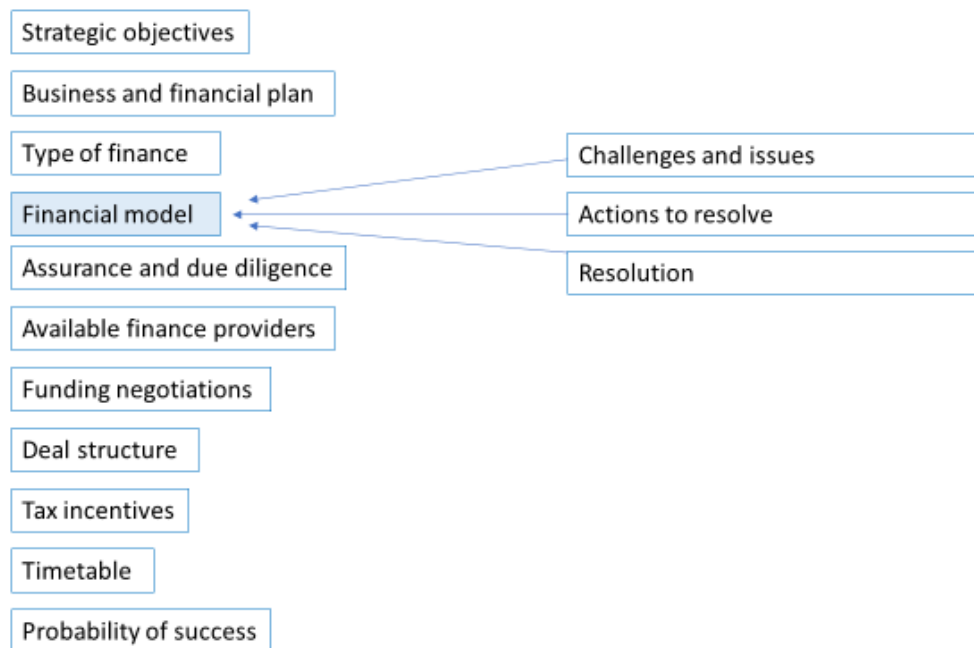
There are a number of issues in raising finance and they are dependent on many factors, particularly in relation to whether the business is new or has a track record of successfully repaying loans, for example.

The following represents some of the steps and challenges that a new business, seeking finance, must overcome.

1. How does the raising of finance fit-in with the business' strategic objectives?
2. Is there a business and financial plan that details financing needs?
3. What type of finance is going to be needed?
4. Is there a detailed financial model that assesses financing options, business outcomes, and risk evaluation? Is there a detailed scenario plan?
5. What assurance and due diligence has taken place?
6. What finance providers are available and appropriate? How might an introduction to them be achieved?
7. How will negotiations with potential funders be undertaken?
8. What will a deal structure look like?
9. Have tax incentives been discussed?
10. What is the timetable?
11. Is the funding likely to be successful?

Within each of the stages or steps, there will be many issues to resolve and as a senior staff member you may have had oversight of the entire process and been responsible for the review of the outcomes of each stage or you may have been responsible for just one element.

As an example of what might be expected in responding to the questions in the Examination of Experience, we can turn our focus to just one element to illustrate how a funding situation can be used to map onto the examination requirements. The following diagram and text illustrates the detail and challenges that might be involved in the development of a financial model.



The components of a financial model will essentially detail the cash flows arising from the business that will be used to repay the financing. If, for example, the financing is in the form of debt, then the purpose of the financial model is to calculate, month by month exactly how the interest and principal repayments are going to be achieved for the duration of the loan. Other financing methods will give rise to different financial models.

In terms of the development of a financial model a number of issues and challenges will arise and it is these that will need to be detailed in your response to the examination questions and is dealt with in the next section.

Questions to help you shape your examination answers: raising finance

The diagram focuses attention on a key part of raising finance and then suggests what questions you might raise in your own mind about your involvement and how this activity might help you address the questions.

For example, focussing on the *financial model*, it would be useful to begin to raise questions such as Challenges and issues

- Can we forecast accurately the business cash flows for the duration of a loan?

- What assumptions are necessary and are they realistic given what we know about the business?
- Does the financial model capture everything that is needed in supporting an assessment of whether to take a loan?
- Are there other, non-quantitative factors that we need to account for in assessing the financial model?

Actions to resolve

- What actions were undertaken to ensure that the assumptions underlying the model were accurate and comprehensive?
- Was any testing (scenario development) undertaken to examine the robustness of the model?
- What discussions or assessment took place to consider the non-financial implications of the model not captured by the figures? For example, did the business require a reorganisation following the raising of finance? How was the strategic direction of the company changed?
- Was any overall assessment made as to whether the model represented the outcomes that the business was likely to face? Who else reviewed the model? What other challenges and issues were raised and what actions were taken to resolve them?

Resolution

- What was the detail of the outcome and how was the outcome shaped specifically by actions taken to resolve the issue?
- Did individuals act with integrity and transparency in the development and finalisation of the model outcomes? That is, were the judgements made about the business' capability to repay the finance ethical?
- How was the experience gained in facing the issue documented or filed for future reference?
- How were disputes and disagreements addressed in the development of the model and its underlying assumptions? What conflicts arose and what skills were used in their resolution?
- Was the finance raised or rejected? What alternatives were considered?

In answering these questions, your experience will raise further questions and the process will then help you provide content and help shape your answer to the examination questions.

As always, all answers to questions in the Examination of Experience are treated confidentially but we do expect you to observe client confidentiality and your employer's confidentiality guidelines in answering the question.

The Public Sector Route

Introduction

This section will allow you to find out more about how your experience gained in the public sector can be used in your application for the Examination of Experience.

What might be important in the public sector?

Government has many responsibilities, as reflected in the extensive syllabus coverage of the public sector in the CA Zambia syllabus.

An example will be used to illustrate how to think about your experience in terms of the examination questions that you will face. The problem presented will not be yours but the method indicated should suggest to you one way of approaching the examination.

The focus of the examinations you may have faced will be used to frame an example problem and an example of a public sector infrastructure project will be used.

Public sector infrastructure projects

Government is often deeply involved in large scale projects, such as the development of roads, airports, railways, schools, hospitals, and universities. The evaluation of such proposals is a difficult task and the costs and cash flows involved are nearly always substantial. The risk relating to such projects is substantial and it is a feature of many such projects, around the world, that they suffer from cost-overruns.

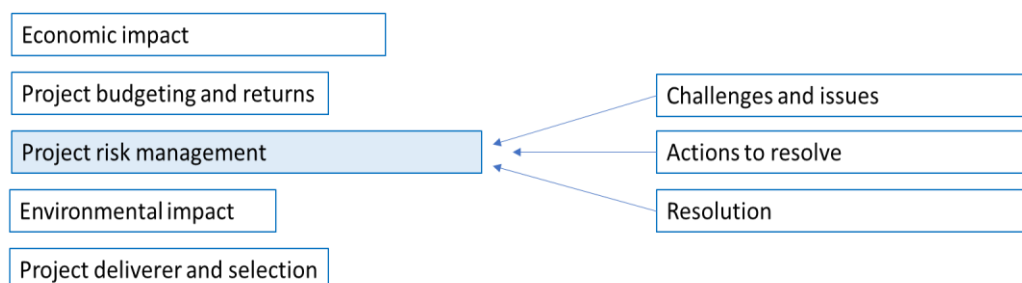
The following represents some of the factors that might be considered as key project questions before an infrastructure project is approved:

- What are the costs?
- What are the project constraints, such as resources and time?
- What are the benefits, both financial and non-financial (for example, better traffic management)?
- Who will deliver the project?
- How is the project to be appraised?

Component parts of projects become major activities because of the scale typically involved in infrastructure and related investments. Some key areas then emerge about what might feature:

1. Economic impact such as higher growth in surrounding businesses, new employment opportunities
2. Budgeting and estimating financial returns
3. How will the project's risk be managed? What project management methods will be use and what monitoring and project control will take place?
4. Impact on the environment and management of the related risk
5. Who will deliver the project and what selection process is in place?

The following diagram and text illustrates the detail and challenges that might be involved in the development of a financial model.



In terms of the development of a financial model a number of issues and challenges will arise and it is these that will need to be detailed in your response to the examination questions and is dealt with in the next section.

Questions to help you shape your examination answers: infrastructure projects

The diagram focuses attention on some key features public sector infrastructure projects and then suggests what questions you might raise in your own mind about your involvement and how this activity might help you address the questions.

For example, focussing on the *project risk management*, it would be useful to begin to raise questions such as

Challenges and issues

- What are the key risks in the project and when might they arise?
- What might be the impact of the identified risks? What is the probability or assessment of these risks crystallising?
- What risk mitigations can be put in place? How effective will the mitigations be? How can they be measured, if at all?
- What plans are in place for the ongoing management and monitoring of project risks?

Actions to resolve

- Was there a project management team put in place to manage risk?
- What was the expertise of the project management team? What was the expertise of advisors, if any?
- How were risks identified? What process was in place to make sure that risk identification procedures were comprehensive?
- How was risk evaluated? What impact assessments took place?
- What was the process and decision making that took place to decide on risk mitigations? As there a process of risk sharing or delegation? How were responsibilities establish for the management of the mitigations?
- What assessments of risk took place and how were measures of success established, monitored and managed?

Resolution

- What was the detail of the outcome and how was the outcome shaped specifically by actions taken to resolve the issue?
- Was there an overall assessment of the success or failure of risk management of the project? What lesson were learned and how was such information captured for future use?
- How were disputes and disagreements addressed? Did any disagreements put the management of project risk to the point of failure? Who made key decisions and how were they implemented?
- Was the project successful? What criteria were used to provide evidence of success?

In answering these questions, your experience will raise further questions and the process will then help you provide content and help shape your answer to the examination questions.