



# *Practice Assurance guidance*

## **PRACTICE ASSURANCE STANDARD 3: COMPETENCE**

Your firm should ensure that all principals, staff and subcontractors are competent to carry out their work.

Set out below is some guidance and ICAEW Quality Assurance observations as well as support, including our top tips to help you comply.

To ensure that principals and staff (including subcontractors) are competent, your firm will need to have appropriate arrangements in place for:

- development and training;
- access to up-to-date technical and non-technical reference material and information sources; and
- provision of consultation where necessary.

For firms with staff:

- recruitment;
- allocation of staff to assignments consistent with their capabilities; and
- appropriate supervision and review of work.

### **Development and training**

The level of skills and knowledge required of an individual depend on the work to be carried out and the level of responsibility.

Your firm should ensure the development needs of all principals and members of staff are formally assessed on a regular basis through, for example, manager reviews and appraisals and informally through peer discussions.

Your firm should ensure that staff keep up to date and undertake appropriate development and training to enable them to carry out their work competently. We recommend that all staff have a formal performance appraisal at least once a year that includes a discussion of their development and training needs.

### **Continuing professional development**

All professional staff should comply with the continuing professional development requirements of their own professional bodies. ICAEW members should record their CPD in the reflect, act, impact format.

## Technical reference material

Your firm should ensure that staff have access to the relevant technical and other information they need.

## Consultation

Your firm should encourage staff and subcontractors to consult with others in the firm on technical, ethical and other issues whenever appropriate. It may be necessary to seek external advice if the appropriate expertise is not available within the firm.

Sole practitioners may find it helpful to set up arrangements with another firm or consultancy organisation in order to seek advice and information, as well as making full use of ICAEW's [website](#), [helplines](#) and [Library and Information Service](#).

## Recruitment

The recruitment process should include an assessment of the fit and proper status and integrity of applicants and their competence and relevant experience to carry out the work that will be assigned to them. The firm is advised to take up references, including those of previous employers. It is also advisable to see original rather than photocopied certificates providing evidence of qualifications.

Below are some of the practices your firm may put in place to help it comply with this standard. These are divided between what we consider to be essential practice and best practice that further assist with a firm's quality and risk management. We have also added our top tips to help you comply.

To help you assess whether you have adequate procedures in place to enable you to comply with this standard you can complete the [Practice Assurance compliance review checklist](#).

## TOP TIPS TO HELP YOU COMPLY

- Sign up to a block of courses provided by a training provider.
- Make use of the webinar versions of courses as this saves travel time. It is a good idea to watch these with someone else so you can discuss issues arising. If you are a sole practitioner with no staff you could watch with other accountants in practice that you know.
- Look for local events run by our [local societies](#).
- Join one of our [faculties](#) or [communities](#) to keep yourself up to date with topics relevant to your practice. These all provide newsletters, helpsheets and webinars.
- There is a plethora of free resources on [the new UK GAAP](#) and other topics on our website.
- Use the helpsheets listed below to help you with recruitment of staff and subcontractors.

## ESSENTIALS

### Development and training

- Comply with CPD requirements and keep records on file. ICAEW members should record their CPD in the reflect/act/impact style.
- Relevant technical reference material should be available and kept up to date.

## **Consultation**

- Keep names of potential external consultants on file (not necessarily a formal agreement with each one).
- Keep written records of consultations on significant issues.
- Use **ICAEW's technical and other helplines**.

## **Recruitment**

- Conduct interviews and keep each applicant's CV on file.
- Obtain written or oral references.
- Fit and proper, independence and confidentiality forms should be signed and put on file at date of joining. These should be updated if circumstances change.
- Give a written statement of employment (including job description and the principal terms and conditions) to the employee and keep a copy on file.

## **Subcontractors**

- Put a process in place to satisfy yourself that subcontractor has adequate level of competence and that competence is maintained.
- Subcontractor agreements should be put in place and they should include a confidentiality clause.

## **BEST PRACTICE**

- Obtain relevant technical reference material and subscribe to updating services.
- Internal (or external) consultation may be required in specific situations.
- Have a signed external consultant agreement on file.

### **For firms with staff**

#### **Recruitment**

- Require each applicant to complete an application form.
- Obtain written references and verify qualifications.
- New staff should have a probationary period.
- Maintain a personnel file for each member of staff.
- Annual fit and proper, independence and confidentiality forms should be signed and kept on file. Principals and staff should declare any changed circumstances when they happen.
- A signed contract of employment and job description should be retained on file and reviewed annually.
- Produce and follow induction programmes.

#### **Development and training**

- Have a development process in place that encourages consideration of professional expectations, key risks and requirements of key stakeholders.
- Record the results of key development and training activities.
- Follow-up of training needs and record of follow-up.
- Learning and development points emerging from any quality review process are fed in training and development assessments.

## HELPSHEETS AND OTHER SUPPORT

The following **helpsheets** relevant to standard 3 are available.

### **Practice helpsheets**

- Consultation arrangements
- Contracts of employment
- Employing a subcontractor
- Employment references
- Fit and proper declaration

Members can **record their CPD online** in the reflect, act, impact format and **make their annual declarations online**.

- **Access information about our faculties**
- **Access information about our communities**
- **Access information about our courses**