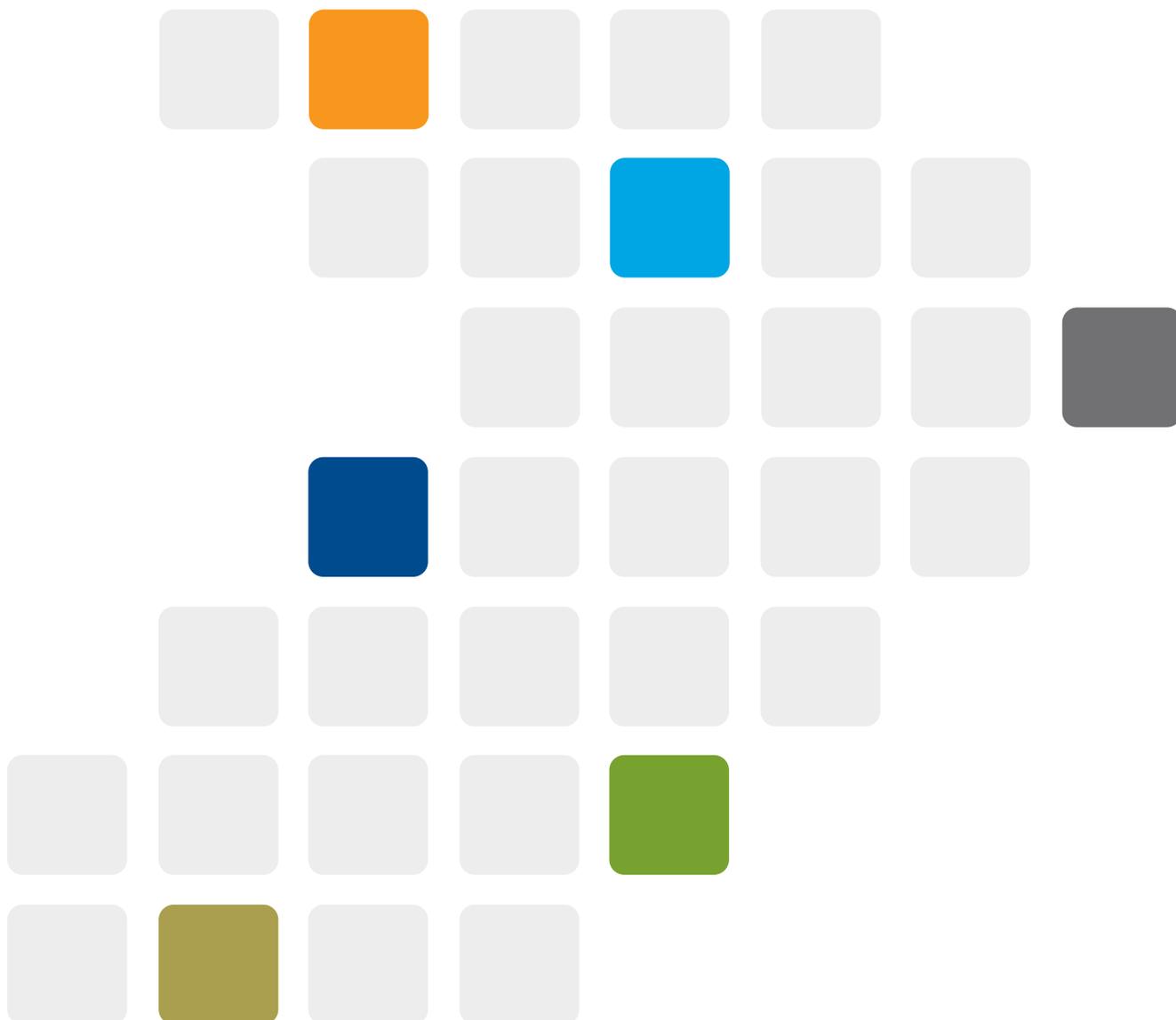




THE CHARTERED PROFESSIONAL ACCOUNTANT COMPETENCY MAP

Understanding the competencies a candidate must demonstrate to become a CPA



CPA

CHARTERED
PROFESSIONAL
ACCOUNTANTS

COMPTABLES
PROFESSIONNELS
AGRÉÉS

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The Chartered Professional Accountant Competency Map

Understanding the competencies a candidate must demonstrate to become a CPA

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Introduction

Overview

CPA Certification: The Foundation for Accounting Careers in Canada and Around the World

The Chartered Professional Accountant (CPA) certification program provides the foundation on which to build a successful business career. The program is designed to meet the needs of public practice, industry, and government by ensuring that all CPAs have a strong foundation of ethics, knowledge and skill to succeed and lead in any professional accounting role or position. By preparing aspiring professional accountants for positions of leadership, trust and authority, it will enable them to pursue opportunities that suit their areas of interest, whether that be as an auditor, chief financial officer, entrepreneur, or other positions where financial decision-making with integrity is essential.

The Canadian CPA profession commits to meeting the standards as set out in the IAESB's *Handbook of International Education Pronouncements*. The standards focus on the professional knowledge, skills and professional values, ethics and attitudes which a professional accountant must demonstrate. The CPA certification program is in accordance with the International Federation of Accountants (IFAC) standards for professional accountants. The program also prepares CPAs to embark on global careers through reciprocal agreements with the world's leading accounting organizations.

Vision for the CPA Profession
To be the pre-eminent, internationally recognized Canadian accounting designation and business credential that best protects and serves the public interest.

The CPA Competency Map and Its Stakeholders

The CPA Competency Map (or Competency Map) is the map for the CPA profession. It profiles the competencies required of a CPA on the path to, and upon, certification. The Competency Map will also form the basis for experience requirements which will be set out in a separate document entitled *Practical Experience Requirements* (or PER).

The Competency Map describes the competencies for all the elements of the CPA program. The Competency Map:

- helps guide candidates in understanding what is expected of them when enrolled in the CPA professional education program;
- establishes the body of competencies developed through an integrated certification process that includes education, evaluation and experience;
- provides guidance to post-secondary educators and program developers for the further development of learning objectives for the professional education program modules; and
- provides guidance to employers for the further development of competency objectives for practical experience (see the *Practical Experience Requirements* document).

The Information Contained in the CPA Competency Map

The Competency Map defines the specific competencies developed during the CPA certification program, including both the professional education program component and practical experience component. However, the practical experience component is detailed in a separate document.

Section 1 provides an overview of the CPA certification program, of which the professional education program is one part.

Section 2 describes the interrelationships among the CPA enabling competencies, the technical competencies, and the proficiency levels expected for entry into the profession. CPAs at the point of certification are not yet seasoned professionals. Therefore, proficiency levels for CPAs at the point of certification are individually set for each competency. More information on how to interpret each of the three proficiency levels and how they should be applied to certification is found in **Appendix A**. The definitions of the verbs most frequently used in the competency descriptions are found in **Appendix B**.

Section 3 describes the five areas of enabling competencies, those professional skills that are essential to the CPA profession.

The professional education program covers a wide spectrum of technical competencies. To provide maximum guidance to both educators and candidates, the Competency Map provides two views of the CPA technical competencies.

Sections 4 and 5 present the technical competencies by the six technical competency areas. This allows readers to distinguish those competencies that all CPAs must develop from those that are part of the elective modules. The competency area view also highlights the progression in development that occurs from the beginning to the end of the professional education program.

Section 6 presents the CPA technical competencies by program module. The second view highlights the integration between the technical competency areas, and contains more detailed learning outcomes for each competency.

See *The CPA Competency Map Knowledge Supplement* (a separate document) for more information on CPA knowledge entry requirements by topic area.

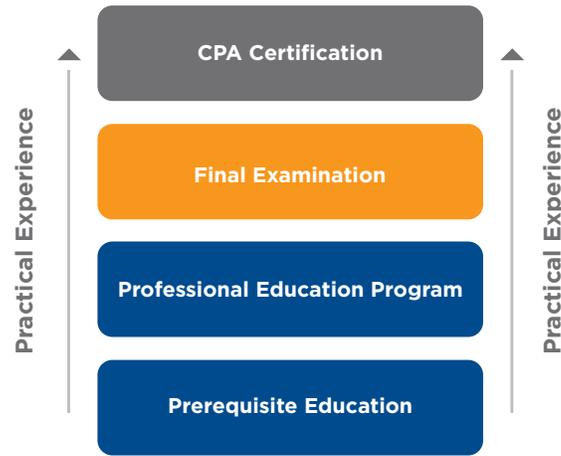


SECTION 1

Certification and the Professional Education Program

Certification and the Professional Education Program

The Path to Certification



The CPA Certification Program

The CPA certification program comprises the following:

Prerequisite Education: There are academic prerequisites for admission to the CPA certification program. Before entering the program, candidates must complete an undergraduate degree and cover specific subject areas. The specific subject areas may be covered during the undergraduate program, or through additional courses offered by universities, colleges, or various bridging programs. A separate guidance document is provided for educators to further describe the subject area requirements. See *The CPA Competency Map Knowledge Supplement*.

Professional Education Program: CPA candidates must complete a professional program. It consists of a series of modules that develop professional competence. Ethics and other enabling competencies, and prerequisite subject matter in areas such as IT, are integrated throughout the program.

Practical Experience: Relevant practical experience enhances the education component of the CPA program. Completion of the professional education program may run concurrently with the period of practical experience. A separate document outlines how the CPA competencies apply to practical experience requirements.

Final Examination: In addition to formative examinations throughout the program, the CPA certification program culminates in a summative final examination that evaluates candidates on the competencies defined by the Competency Map.

A CPA's learning continues through post-qualification professional development courses and specializations, as life-long learning is an important part of the profession.

The Professional Education Program



The professional education component of the CPA program consists of the following:

Core Modules (C1 and C2): There are **two** modules that are **common to all** candidates. One focuses on financial accounting and reporting, and the other focuses on management accounting, planning, and control. The main objective of these core modules is to build the enabling and the technical competencies required of a professional accountant. They are fully integrative. The core modules draw on the disciplines of law, economics, finance, strategy, statistics, IT and others. They develop competence in incorporating and applying aspects of all areas of the competency map (i.e., financial reporting, strategy and governance, management accounting, audit and assurance, finance, and taxation).

The foundation of a CPA's competencies is formed while earning an undergraduate degree and obtaining the coverage of specific subject areas, and is then refined and honed during the professional education program and the mandatory practical experience period.

CPA candidates are expected to draw upon a body of knowledge covering certain topic areas when demonstrating their professional competence. Some of that knowledge will have been previously acquired, and some will be newly acquired in the respective modules. *The CPA Competency Map Knowledge Supplement*, a separately issued document, outlines the general body of knowledge that supports the CPA Certification Program, and describes the expected levels of proficiency at the point of entry into the professional program, in the Core modules and in the Elective modules. See *The CPA Competency Map Knowledge Supplement* for more information on CPA knowledge entry requirements by topic area.

Elective Modules (E1 to E4): After completion of the two mandatory core modules, candidates will choose two elective modules which allow them to explore a field of their choice. Four elective modules will be offered, and candidates must choose two based on their interests and career aspirations:^{*}

1. Performance management
2. Finance
3. Assurance
4. Taxation

^{*} Candidates who plan to practise public accounting are required to take the Assurance and Taxation electives.

Capstone Integrative Module (Cap 1): This module is **common to all** CPA candidates. Candidates learn about team management and how to communicate in a professional environment, and they deepen their strategic leadership competencies using the knowledge they have acquired in the prerequisites and earlier modules.

Capstone Examination Preparation Module (Cap 2): The final examination preparation module is **common to all** CPA candidates. The module focuses on preparing candidates for entry into the profession by requiring them to apply the competencies they have acquired throughout the CPA program in complex and highly integrative cases. Candidates continue to develop their enabling competencies in situations which simulate real-life projects and assignments that newly certified CPAs may encounter in their careers.

In summary, the CPA program modules include:

Core:

C1 – Financial Accounting and Reporting

C2 – Management Accounting, Planning, and Control

Elective:

E1 – Performance Management

E2 – Finance

E3 – Assurance

E4 – Taxation

Capstone:

Cap 1 – Capstone Integrative Module

Cap 2 – Capstone Exam Preparation Module



SECTION 2

Enabling Competencies, Technical Competencies, and Proficiency Levels

Enabling Competencies, Technical Competencies, and Proficiency Levels

FIVE ENABLING COMPETENCY AREAS

1. Professional and ethical behaviour
2. Problem-solving and decision-making
3. Communication
4. Self-management
5. Teamwork and leadership

SIX TECHNICAL COMPETENCY AREAS

1. Financial Reporting
2. Strategy and Governance
3. Management Accounting
4. Audit and Assurance
5. Finance
6. Taxation

Their Interrelationship



Figure 1: Competency Interrelationships — The CPA Competency Map separately presents, in the next sections, the enabling and technical competencies as well as the proficiency levels. However, to demonstrate competence, CPAs must connect the enabling and technical competencies at the required proficiency level.

The CPA Enabling Competencies

The CPA enabling competencies provide the essential skills for ethical behaviour, decision-making, problem-solving, communication, and leadership as a professional accountant. The CPA candidate draws heavily upon the enabling competencies in demonstrating each of the specific competencies. The enabling competencies are grouped into five broad competency areas.

1. **Professional and Ethical Behaviour:** CPAs draw on their ability to act with honesty, integrity, credibility, self-confidence, and independence, while coping with ambiguity, conflicts of interest, and the need to protect the public interest. CPAs do more than adhere to the rules of professional conduct, through ethical behaviour that exemplifies and enhances the reputation of the profession.
2. **Problem-Solving and Decision-Making:** CPAs draw on strong analytical and problem-solving skills and their capacity for innovative and integrative thought, as well as their ability to both connect and dissect “parts” and “wholes,” identify and manage priorities, and adopt a broad view to arrive at a recommended solution.
3. **Communication (both written and oral):** CPAs must communicate effectively through listening, understanding, speaking, and writing with clarity, and through the art of persuasion and negotiation. CPAs must be able to clearly communicate complex matters to all levels of an entity.

4. **Self-Management:** CPAs must demonstrate the ability to manage their own performance, solicit feedback from others, reflect and act upon it to improve behaviour, as well as recognize their limits and seek advice when needed.
5. **Teamwork and Leadership:** CPAs have the ability to work within, build, and lead teams. They must develop competence in goal setting, planning and organization, collaboration, process management, empathy, flexibility, responding to feedback, and conflict management.

The CPA Technical Competencies

Technical competencies reflect the abilities expected of professional accountants and performed by professional accountants in public practice, industry, the public sector, and more.

The CPA competencies are grouped into six areas.

1. **Financial Reporting:** Includes the role of financial reporting, the application of reporting frameworks, the reporting of routine and non-routine transactions in different circumstances, and an understanding of the role of internal control, tax, and finance in financial reporting.
2. **Strategy and Governance:** Includes the role of corporate governance within an organization, as well as the formulation of strategies, the translation of those strategies into specific business objectives and actions, and their implementation.
3. **Management Accounting:** Includes identifying management information needs and developing the systems required to meet those needs; planning, forecasting, budgeting, cost and revenue management for an entity; and performance measurement systems.
4. **Audit and Assurance:** Includes enhancing the reliability of information through internal activities such as internal control, internal and comprehensive auditing, and through external third-party assurance services such as auditing.
5. **Finance:** Includes financial analysis and planning, treasury management, capital budgeting, business valuation, and corporate finance transactions.
6. **Taxation:** Includes tax compliance and reporting, and tax-planning and implementation strategies for both corporate and personal taxpayers, and an understanding of the administrative processes in Canadian taxation.

Proficiency Levels

CPA candidates are expected to demonstrate competence at defined levels of proficiency. Three distinct and increasingly higher levels of proficiency are described, recognizing that candidates' abilities increase throughout the program. Level C is the lowest proficiency required, whereas Level A is the highest.

Level C: To achieve competence at a C level, candidates must demonstrate retrieval and comprehension skills and be able to explain, describe, and demonstrate knowledge that is low to moderate in complexity for a routine situation.

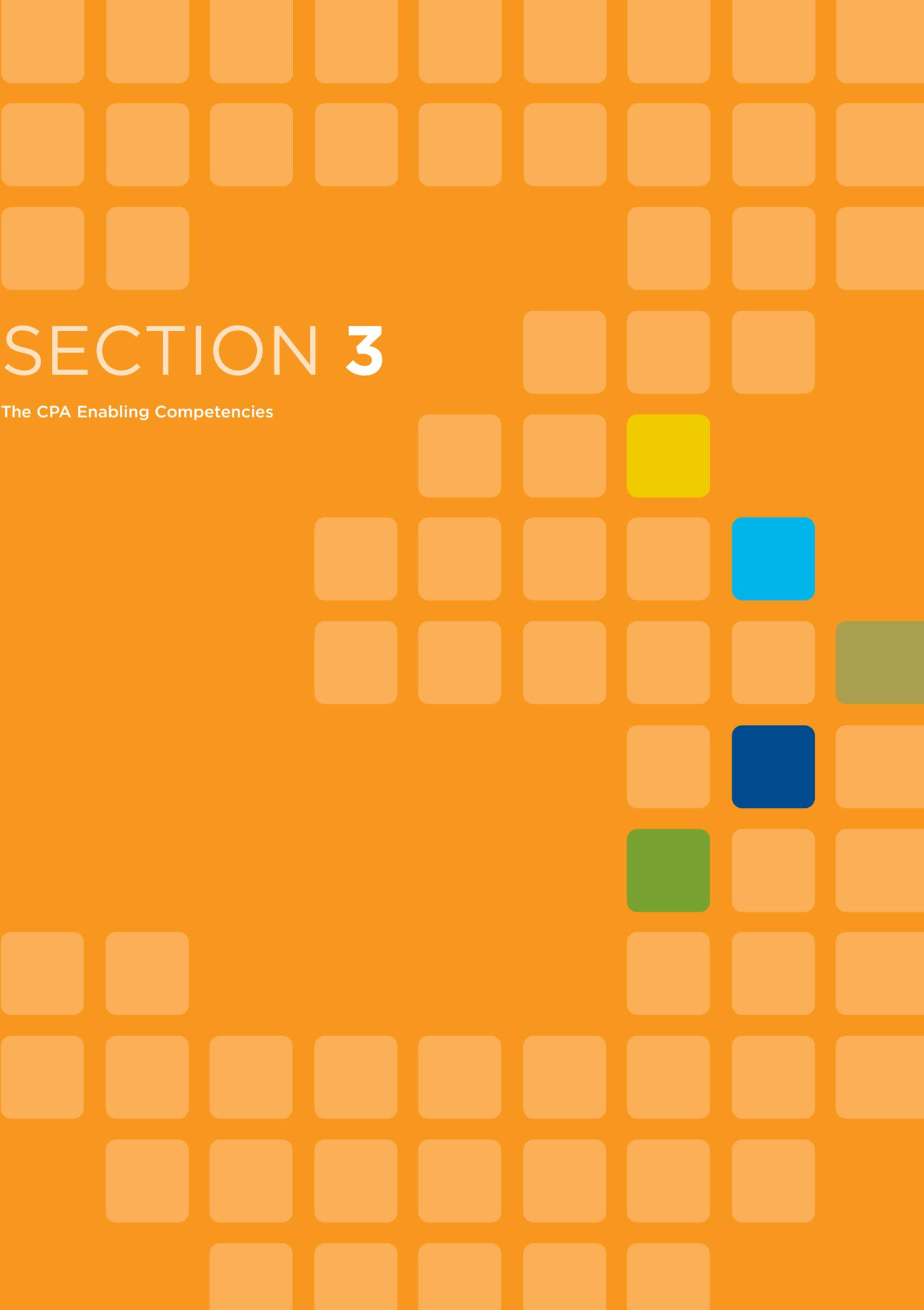
Level B: This level of proficiency incorporates Level C proficiency. To achieve competence at a B level, candidates must be able to demonstrate knowledge, analyze problems, and draw logical conclusions in routine situations that have low to moderate complexity. Candidates must be able to perform a preliminary analysis of an issue, but the work will require the involvement of more senior professionals to review the analysis or provide the necessary guidance before the candidates are able to complete the work.

Level A: This level of proficiency incorporates both Level C and Level B proficiencies. To achieve competence at an A level, candidates must be able to demonstrate knowledge, analyze problems in sufficient depth and draw conclusions in routine situations that have low to moderate complexity. In cases of non-routine and moderate complexity, candidates are expected to be able to see some, but not all, of the interrelationships. In these situations, candidates will require some guidance from a more experienced professional to complete the task. [Highly complex and non-routine situations are assumed to be handled by more seasoned professionals.]

The terms complex and routine/non-routine are defined further in Appendix A.

SECTION 3

The CPA Enabling Competencies



The CPA Enabling Competencies

Enabling competencies reflect the personal attributes of being a CPA. A critical aspect of enabling competencies is that they are pervasive to a CPA's work and behaviour. Enabling competencies allow a CPA to function as a competent professional in an increasingly complex and demanding environment. Enabling competencies also allow a CPA to develop skills that can be transferred across different operating environments, different issues, and different roles. Possession of these competencies enables the CPA to make successful use of the knowledge gained through their education, and to become a broad-minded professional who thinks logically, undertakes appropriate analysis, exercises good judgment, communicates effectively and acts to protect the public interest. The acquisition of these competencies early in a CPA's training begins the process of professional growth and forms a strong foundation for life-long learning.

CPA candidates are expected to draw upon the enabling skills when demonstrating the technical competencies.

1. Professional and Ethical Behaviour

1.1 Uses an ethical reasoning process.

- 1.1.1 Identifies situations involving existing or potential ethical issues.
- 1.1.2 Clarifies and uses appropriate professional values for choosing or recommending an ethical course of action.
- 1.1.3 Reports ethical issues to higher levels of management, legal or regulatory authorities, or others when appropriate.

1.2 Adopts the profession's values.

- 1.2.1 Exhibits honesty and integrity.
- 1.2.2 Performs work competently and with due care.
- 1.2.3 Maintains objectivity, independence in mental attitude, and professional skepticism.
- 1.2.4 Adopts an attitude of life-long learning and stays abreast of current trends and emerging issues.

1.3 Maintains a stakeholder focus.

- 1.3.1 Protects stakeholder interests by maintaining confidentiality, focusing on the public interest, and avoiding conflicts of interest.
- 1.3.2 Maintains and enhances the profession's reputation.
- 1.3.3 Contributes to the community at large through, for example, acts of philanthropy, social responsibility, and environmental stewardship.

1.4 Adheres to laws, professional standards, and policies when exercising professional judgment.

- 1.4.1 Complies with laws and regulations.
- 1.4.2 Acts in accordance with the rules of professional conduct.
- 1.4.3 Fulfills all relevant professional standards.
- 1.4.4 Complies with organizational policies.

2. Problem-Solving and Decision-Making

2.1 Demonstrates a cohesive process for using professional judgment to solve problems and make decisions.

- 2.1.1 Defines the scope of the problem.
 - 2.1.1.1 Obtains an initial understanding of the problem and its context.
 - 2.1.1.2 Divides larger problems into appropriate sub-problems to facilitate analysis.
 - 2.1.1.3 Exercises judgment in determining whether an issue requires attention.
 - 2.1.1.4 Differentiates problems having a single viable solution/conclusion from problems having multiple potentially viable solutions/conclusions.
- 2.1.2 Collects and verifies relevant information.
 - 2.1.2.1 Identifies the purpose and type(s) of information to be gathered.
 - 2.1.2.2 Uses appropriate methods to gather or develop relevant information.
 - 2.1.2.3 Verifies/corroborates/tests information and evaluates the quality of information sources, as needed, to satisfy the purpose of the analysis.
 - 2.1.2.4 Gathers additional relevant information, as needed, to explore unexpected or inconsistent findings.
- 2.1.3 Performs appropriate analyses.
 - 2.1.3.1 Identifies the purpose of computations and analyses, and considers qualitative factors.
 - 2.1.3.2 Determines whether precise calculations, estimates, forecasts, or projections are required.
 - 2.1.3.3 Uses information technology to support and improve analysis.
 - 2.1.3.4 Chooses and applies appropriate analysis techniques.
 - 2.1.3.5 Explains how trends, relationships, or other patterns affect conclusions or lead to the need for further analysis.
 - 2.1.3.6 Performs and interprets sensitivity analysis.
 - 2.1.3.7 Considers whether data are sufficiently complete, valid, and reliable for the purpose of the analysis.
- 2.1.4 Integrates information to investigate each potentially viable solution or conclusion.
 - 2.1.4.1 Explores potentially viable solutions or conclusions.
 - 2.1.4.2 Analyzes cause-and-effect relationships and makes logical inferences.
 - 2.1.4.3 Considers alternative interpretations of quantitative and qualitative information.
 - 2.1.4.4 Analyzes and synthesizes the views of others to develop a more complete understanding of issues and/or implications of alternatives.
 - 2.1.4.5 Integrates information and the results of quantitative and qualitative analyses to evaluate alternative solutions/conclusions.
 - 2.1.4.6 Extends analyses beyond immediate, short-term effects to evaluate longer-term, indirect implications.
 - 2.1.4.7 Explicitly articulates and justifies assumptions.

- 2.1.5 Recommends and justifies a solution or conclusion based on an integrative view of information for the situation.
 - 2.1.5.1 Develops appropriate decision criteria and uses the criteria to select and justify a preferred solution/conclusion or to rank potential solutions.
 - 2.1.5.2 Determines whether the information collected and the work performed are sufficient to support conclusions.
 - 2.1.5.3 Develops implementation plans for recommendation(s).
- 2.1.6 Uses creativity and innovation to enhance problem-solving and decision-making.
 - 2.1.6.1 Identifies and sets aside preconceived ideas that might bias or limit analyses and conclusions.
 - 2.1.6.2 Uses brainstorming or other techniques to search for alternatives, issues, perspectives, and implications not already identified.
 - 2.1.6.3 Investigates potential use of unconventional approaches to gather information, perform analyses, or reach conclusions.

3. Communication

3.1 Obtains accurate and relevant information through listening, interviewing, and discussing.

- 3.1.1 Accurately summarizes the key points of information obtained through oral communications.
- 3.1.2 Asks appropriate questions to gather relevant information and clarify meaning.

3.2 Writes and speaks to enhance work performed.

- 3.2.1 Communicates logically, clearly, and concisely in one of the two official Canadian languages (English and French).
- 3.2.2 Selects appropriate media for communications.
- 3.2.3 Formats and organizes financial and non-financial information to enhance understandability and usefulness.
- 3.2.4 Exhibits professionalism in written and spoken communications.

3.3 Adapts communications to meet audience needs.

- 3.3.1 Identifies the intended purpose, context, intended users, and users' needs for communications.
- 3.3.2 Adapts terminology, information content, and degree of detail for intended user(s).
- 3.3.3 Identifies the need for confidentiality and considers whether the distribution of communications should be restricted.

4. Self-Management

4.1 Monitors and improves work performance.

- 4.1.1 Self-assesses and implements strategies to improve work performance.
- 4.1.2 Evaluates whether work meets others' expectations.
- 4.1.3 Solicits and acts upon feedback from others.
- 4.1.4 Manages time effectively.

4.2 Engages in professional development.

- 4.2.1 Defines career goals.
- 4.2.2 Creates a professional development plan that reflects life-long learning.
- 4.2.3 Develops and participates in professional networks.

4.3 Recognizes limits to professional competence.

- 4.3.1 Provides expert advice in areas of capability and qualification only.
- 4.3.2 When appropriate, seeks advice from other professionals and experts.

5. Teamwork and Leadership

5.1 Plans and effectively manages teams and projects.

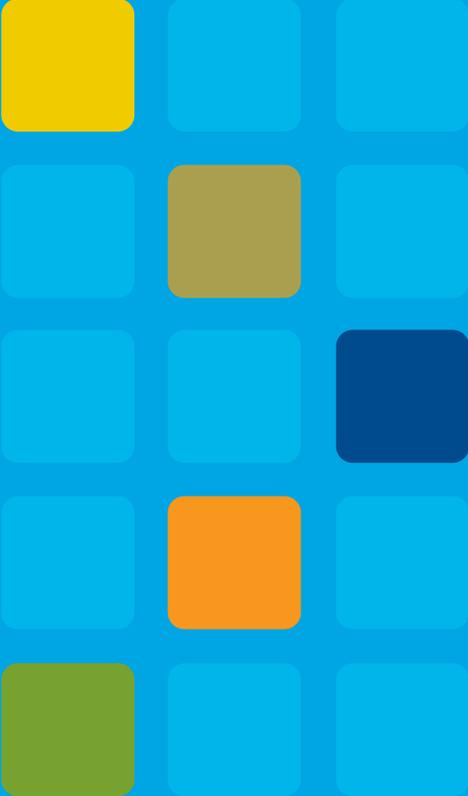
- 5.1.1 Establishes project plans, including goals and priorities, tasks to complete goals, resources likely to be needed, team assignments, and timelines or other milestones.
- 5.1.2 Identifies stakeholders whose perspectives and input should be sought.
- 5.1.3 Monitors project performance and revises plans as needed.
- 5.1.4 Conducts effective meetings.
- 5.1.5 Communicates with appropriate stakeholders about progress and whether objectives are being achieved.

5.2 Works effectively as a team member.

- 5.2.1 Demonstrates knowledge of group processes and dynamics.
- 5.2.2 Recognizes the value of and supports working with diverse and cross-functional teams.
- 5.2.3 Assists team members and encourages participation by all team members.
- 5.2.4 Commits to team success and takes an active role in team activities.
- 5.2.5 Evaluates performance of team members and provides timely and constructive feedback.
- 5.2.6 Manages conflict between individuals and across teams.

SECTION 4

Reading the CPA Competency Map by Competency Area



Reading the CPA Competency Map by Competency Area

Column A	Column B	Columns C to E			Columns F to I				Columns J and K		
Competency	Entry	Core		Core	Electives				Capstone		
		C1	C2	Core	E1 PM	E2 FIN	E3 AS	E4 TAX	Cap 1	Cap 2	
6. TAXATION											
6.1 Corporate Tax											
6.1.1	Assesses a corporate entity's general tax issues	B	B		B				A	>	>
6.1.2	Determines taxes payable for a corporation in routine situations	B	B		B				A	>	>
6.1.3	Determines taxes payable for a corporation in non-routine situations	—			—				B	>	>
6.1.4	Advises on tax consequences or specific tax-planning opportunities for shareholders and their closely held corporations	C	C		C				A	>	>
6.1.5	Analyzes the tax consequences or planning opportunities for complex corporate transactions	—	C		C				B	>	>
6.1.6	Describes the tax consequences of other corporate and partnership restructuring transactions								C	>	>
6.2 Personal Tax											
6.2.1	Assesses general tax issues for an individual	B			B				A	>	>
6.2.2	Determines income taxes payable for an individual in routine situations	B			B				A	>	>
6.2.3	Determines income taxes payable for an individual in non-routine situations	—			—				B	>	>
6.2.4	Advises on specific tax-planning opportunities for individuals	C	C		C				A	>	>
6.2.5	Analyzes estate-planning opportunities for individuals	—	C		C				B	>	>
6.2.6	Analyzes tax consequences for non-residents	—	C		C				B	>	>
6.3 Assessments and Appeals											
6.3.1	Advises taxpayers with respect to assessment, notice of objection, and appeals	C	C		C				B	>	>
— Indicates no prerequisite.											
> ENABLING COMPETENCIES											
I.	Professional and Ethical Behaviour										
II.	Problem-Solving and Decision-Making										
III.	Communication										
IV.	Self-Management										
V.	Teamwork and Leadership										
> Indicates coverage and progressive development of professional skills and behaviour.											

Figure 2: Sample section of the CPA Competency Map.

Competency (Column A): Describes the qualifying skill to be developed by the completion of the CPA certification program. The wording of the competency reflects the highest level of proficiency attainable in one of the available modules in the professional education program.

Prerequisite (Column B): Describes the level of proficiency with which candidates are expected to enter the professional education program.

Core (Columns C, D and E): C1 and C2 describe the competencies all CPAs must develop. They focus on the application of knowledge, begin to introduce the concept of integration across different competency areas, and foster higher levels of problem-solving and decision-making abilities. For competencies that show the same exit level as entry level, there is no new material or concepts being introduced, however, the material and concepts previously acquired are integrated into the module. Column E simply summarizes the level to be reached at the end of C1 and C2 for each competency.

Electives (Columns F, G, H and I): E1, E2, E3, and E4 introduce new knowledge where it is relevant, and explore the competency areas in more depth. The development of enabling skills continues. Candidates must choose two of the four available. However, candidates who plan to practise public accounting are required to choose Assurance and Taxation as electives.

Capstone (Columns J and K): The final two modules are common to all candidates. The capstone modules are integrative. Capstone 1 focuses on strategic leadership, further developing, through teamwork, the enabling competencies, and integrating them with technical competencies. Capstone 2 prepares candidates for the final examination using complex case studies.

Proficiency Level (Level A, B, or C as colour-coded): The level of proficiency that is expected to be demonstrated by a CPA upon qualifying to enter the profession for a particular competency at a particular point in the professional education program is indicated by A, B, or C. Candidates increase their proficiency level as they progress through the program. See **Appendix A** for more information on proficiency level progression.

Enabling Competencies (shown at the bottom): The enabling competencies are the foundational competencies. They are developed simultaneously with the technical competencies. Their continuous development, and a candidate's increased level of proficiency, is reflected in the shading, indicating a progression in learning throughout the program.

The CPA Competency Map by Competency Area

The following table includes the full list of CPA competencies, by competency area.

Competency	Entry	Core		Core	Electives				Capstone		
		C1	C2		E1 PM	E2 FIN	E3 AS	E4 TAX	Cap 1	Cap 2	
TECHNICAL COMPETENCIES											
1. FINANCIAL REPORTING											
1.1 Financial Reporting Needs and Systems											
1.1.1	Evaluates financial reporting needs	B	A		A					>	>
1.1.2	Evaluates the appropriateness of the basis of financial reporting	B	A		A					>	>
1.1.3	Evaluates reporting processes to support reliable financial reporting	B	A		A					>	>
1.1.4	Explains implications of current trends and emerging issues in financial reporting	C	C		C			B		>	>
1.1.5	Identifies financial reporting needs for the public sector	C	C		C					>	>
1.1.6	Identifies specialized financial reporting requirements for specified regulatory and other filing requirements	—	C		C					>	>
1.2 Accounting Policies and Transactions											
1.2.1	Develops or evaluates appropriate accounting policies and procedures	B	A		A			A		>	>
1.2.2	Evaluates treatment for routine transactions	A	A		A			A		>	>
1.2.3	Evaluates treatment for non-routine transactions	B	B		B			A		>	>
1.2.4	Analyzes treatment for complex events or transactions	C	C		C			B		>	>
1.3 Financial Report Preparation											
1.3.1	Prepares financial statements	A	A		A					>	>
1.3.2	Prepares routine financial statement note disclosure	B	A		A			A		>	>
1.4 Financial Statement Analysis											
1.4.1	Analyzes complex financial statement note disclosure	C	C		C			B		>	>
1.4.2	Evaluates financial statements including note disclosures	B	A		A			A		>	>
1.4.3	Analyzes and provides input in the preparation of the management communication (e.g., management discussion and analysis (MD&A))	C	B		B	B		B		>	>
1.4.4	Interprets financial reporting results for stakeholders (external or internal)	B	A		A					>	>

Competency	Core				Electives				Capstone		
	Entry	C1	C2	Core	E1 PM	E2 FIN	E3 AS	E4 TAX	Cap 1	Cap 2	
1.4.5	Analyzes and predicts the impact of strategic and operational decisions on financial results	C	B	B	B	A				>	>
2.	STRATEGY AND GOVERNANCE										
2.1	Governance										
2.1.1	Evaluates the entity's governance structure (policies, processes, codes)	C		B	B	A		B		>	>
2.1.2	Evaluates the specific role of the audit committee in governance	C		B	B			A		>	>
2.1.3	Evaluates mechanisms used for compliance purposes	C		B	B	A		A		>	>
2.1.4	Analyzes the specific role of the board in an entity's social responsibility strategy and sustainability	C			C	B				>	>
2.2	Mission, Vision, Values, and Mandate										
2.2.1	Assesses whether management decisions align with the entity's mission, vision, and values	B		B	B	A				>	>
2.3	Strategy Development										
2.3.1	Evaluates the entity's strategic objectives and related performance measures	B		B	B	A				>	>
2.3.2	Evaluates the entity's internal and external environment and its impact on strategy development	B		B	B	A				>	>
2.3.3	Evaluates strategic alternatives	B		B	B	A				>	>
2.4	Strategy Implementation										
2.4.1	Analyzes the key operational issues and alignment with strategy	C		B	B	A				>	>
2.5	Enterprise Risk Management										
2.5.1	Designs an effective risk management program and evaluates its impact on shareholder value	C		B	B	A				>	>
3.	MANAGEMENT ACCOUNTING										
3.1	Management Reporting Needs and Systems										
3.1.1	Evaluates management information requirements	B		A	A					>	>
3.1.2	Evaluates the types of information systems used and the role they play in an organization	C		B	B					>	>
3.1.3	Recommends improvements to reporting systems to meet information needs	C		B	B	A				>	>
3.1.4	Identifies ethical and privacy issues related to information technology	C		B	B	A				>	>

Competency	Entry	Core			Electives				Capstone		
		C1	C2	Core	E1 PM	E2 FIN	E3 AS	E4 TAX	Cap 1	Cap 2	
3.2 Planning, Budgeting, and Forecasting											
3.2.1	Develops or evaluates information inputs for operational plans, budgets, and forecasts	B		A	A					>	>
3.2.2	Prepares, analyzes, or evaluates operational plans, budgets, and forecasts	B		A	A					>	>
3.2.3	Computes, analyzes, or assesses implications of variances	B		A	A					>	>
3.3 Cost Management											
3.3.1	Evaluates cost classifications and costing methods for management of ongoing operations	A		A	A					>	>
3.3.2	Evaluates and applies cost management techniques appropriate for specific costing decisions	B		B	B	A				>	>
3.3.3	Recommends changes identified by applying process improvement methodologies	B		B	B	A				>	>
3.3.4	Recommends cost management improvements across the entity	B			B	A				>	>
3.4 Revenue Management											
3.4.1	Evaluates sources and drivers of revenue growth	C		B	B	A				>	>
3.5 Profitability Management											
3.5.1	Performs sensitivity analysis	B		A	A					>	>
3.5.2	Evaluates sustainable profit maximization and capacity management performance	B		A	A					>	>
3.6 Organizational Performance Measurement											
3.6.1	Evaluates performance using accepted frameworks	B		B	B	A				>	>
3.6.2	Evaluates performance of responsibility centres	B			B	A				>	>
3.6.3	Evaluates root causes of performance issues	B			B	A				>	>
3.7 Individual Performance Measurement											
3.7.1	Analyzes the implications of management incentive schemes and employee compensation methods	B		B	B	A				>	>

Competency	Core			Electives				Capstone			
	Entry	C1	C2	Core	E1 PM	E2 FIN	E3 AS	E4 TAX	Cap 1	Cap 2	
4. AUDIT AND ASSURANCE											
4.1 Internal Control											
4.1.1	Assesses the entity's risk assessment processes	B	A		A			A		>	>
4.1.2	Evaluates the information system, including the related processes	C	B		B	A		A		>	>
4.2 Internal and External Audit Requirements											
4.2.1	Advises on an entity's assurance needs	B			B			A		>	>
4.2.2	Explains the implications of pending changes in assurance standards	C			C			B		>	>
4.3 Internal Audit Projects and External Assurance Engagements											
4.3.1	Assesses issues related to the undertaking of the engagement or project	B	B		B			A		>	>
4.3.2	Assesses which set of criteria to apply to the subject matter being evaluated	B			B			A		>	>
4.3.3	Assesses or develops which standards or guidelines to apply based on the nature and expectations of the assurance engagement or project	B	B		B			A		>	>
4.3.4	Assesses materiality for the assurance engagement or project	B	B		B			A		>	>
4.3.5	Assesses the risks of the project, or, for audit engagements, assesses the risks of material misstatement at the financial statement level and at the assertion level for classes of transactions, account balances, and disclosures	B	B		B			A		>	>
4.3.6	Develops appropriate procedures based on the identified risk of material misstatement	B	B		B			A		>	>
4.3.7	Performs the work plan	B	B		B			A		>	>
4.3.8	Evaluates the evidence and results of analysis	B	B		B			A		>	>
4.3.9	Documents the work performed and its results	B			B			A		>	>
4.3.10	Draws conclusions and communicates results	B			B			A		>	>
4.3.11	Prepares or interprets information and reports for stakeholders	B	B		B			A		>	>

Competency	Entry	Core			Electives				Capstone	
		C1	C2	Core	E1 PM	E2 FIN	E3 AS	E4 TAX	Cap 1	Cap 2
4.4 Comprehensive Audit Projects										
4.4.1	Applies comprehensive auditing techniques	C		C			B		>	>
5. FINANCE										
5.1 Financial Analysis and Planning										
5.1.1	Evaluates the entity's financial state	B		A	A		A	A	>	>
5.1.2	Develops or evaluates financial proposals and financing plans	C		B	B		A		>	>
5.2 Treasury Management										
5.2.1	Evaluates the entity's cash flow and working capital	B		A	A		A		>	>
5.2.2	Evaluates the entity's investment portfolio	C	B		B		A		>	>
5.2.3	Evaluates sources of financing	C		B	B		A		>	>
5.2.4	Evaluates decisions affecting capital structure	C		B	B		A		>	>
5.2.5	Evaluates the entity's cost of capital	C		B	B		A		>	>
5.2.6	Evaluates decisions related to distribution of profits	C			C		A		>	>
5.3 Capital Budgeting										
5.3.1	Develops or evaluates capital budgeting processes and decisions	B		B	B		A		>	>
5.4 Valuation										
5.4.1	Determines the value of a tangible asset	C	B		B		A	B	>	>
5.4.2	Applies appropriate methods to estimate the value of a business	C	B		B		A	B	>	>
5.4.3	Estimates the value of an intangible asset	C			C		B	B	>	>
5.5 Financial Risk Management										
5.5.1	Develops or evaluates financial risk management policies	C	B		B		A		>	>
5.5.2	Analyzes the use of derivatives as a form of financial risk management	—	C		C		B		>	>
5.6 Corporate Finance Transactions										
5.6.1	Evaluates the purchase, expansion, or sale of a business	C	B		B		A		>	>
5.6.2	Advises a financially troubled entity	C		B	B		A		>	>

Competency	Entry	Core			Electives				Capstone		
		C1	C2	Core	E1 PM	E2 FIN	E3 AS	E4 TAX	Cap 1	Cap 2	
6. TAXATION											
6.1 Corporate Tax											
6.1.1	Assesses a corporate entity's general tax issues	B	B		B				A	>	>
6.1.2	Determines taxes payable for a corporation in routine situations	B	B		B				A	>	>
6.1.3	Determines taxes payable for a corporation in non-routine situations	—			—				B	>	>
6.1.4	Advises on tax consequences or specific tax-planning opportunities for shareholders and their closely held corporations	C	C		C				A	>	>
6.1.5	Analyzes the tax consequences or planning opportunities for complex corporate transactions	—	C		C				B	>	>
6.1.6	Describes the tax consequences of other corporate and partnership restructuring transactions	—			—				C	>	>
6.2 Personal Tax											
6.2.1	Assesses general tax issues for an individual	B			B				A	>	>
6.2.2	Determines income taxes payable for an individual in routine situations	B			B				A	>	>
6.2.3	Determines income taxes payable for an individual in non-routine situations	—			—				B	>	>
6.2.4	Advises on specific tax-planning opportunities for individuals	C	C		C				A	>	>
6.2.5	Analyzes estate-planning opportunities for individuals	—	C		C				B	>	>
6.2.6	Analyzes tax consequences for non-residents	—	C		C				B	>	>
6.3 Assessments and Appeals											
6.3.1	Advises taxpayers with respect to assessment, notice of objection, and appeals	C	C		C				B	>	>

— Indicates no prerequisite.

> ENABLING COMPETENCIES

I. Professional and Ethical Behaviour	
II. Problem-Solving and Decision-Making	
III. Communication	
IV. Self-Management	
V. Teamwork and Leadership	

> Indicates coverage and progressive development of professional skills and behaviour.

SECTION 6

Learning Outcomes by Module



Learning Outcomes by Module

Exploring the Program Modules

The CPA professional education program is a modular program. The Competency Map, therefore, presents an alternate view of the competencies, by module. Along with the predefined proficiency levels that are set against each of the technical competencies, a list of competency outcomes has been presented. Outcomes are the broad goals that describe what candidates are supposed to know or be able to do to demonstrate the competency.

Reading the Modular View of the CPA Competency Map

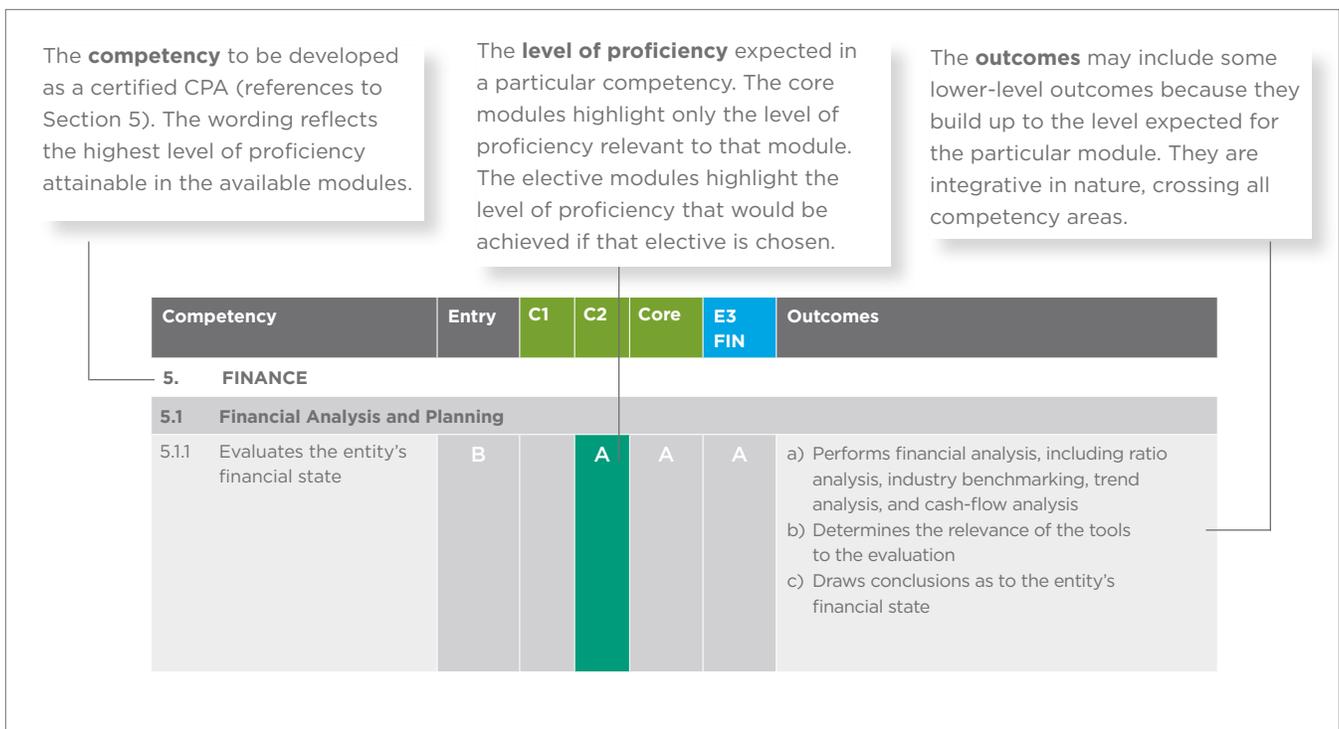


Figure 3: Sample of a modular view of an elective section of the CPA Competency Map.

Each module is presented separately, along with a brief description of the purpose and content of that particular module. Each modular table presents the relevant competencies along with the proficiency level at entrance and the expected level to be achieved upon exiting the module.

There is a description of the learning outcomes for each competency listed. The outcomes elaborate on the particular competency, providing additional information as to what is expected of the CPA candidate for each competency. The details of the outcomes may vary by module depending on

- the focus of the particular module;
- the elements on which emphasis is being placed; and
- the expected proficiency level to be reached.

The separation and grouping found within each module is for the ease of managing the information and is not meant to infer a defined line between modules. For example, when exploring an accounting issue, candidates will be taught to contemplate the tax, along with other considerations, as the modules are highly integrative in nature. It is assumed that the prior knowledge with which the candidate enters the professional education program, as a result of the prerequisite requirements, can and will be used in a module even though it is not explicitly listed. In addition, anything learned in a previous common module is assumed to be retained and will be discussed and expanded upon in the elective modules.

The body of knowledge that is drawn upon, in conjunction with the enabling competencies, to demonstrate the learning outcomes is described separately.

Common Core Module 1 (C1) — Financial Accounting and Reporting

The objective of the C1 module is to provide candidates with a complete understanding of the most fundamental concepts in financial accounting and reporting. Technically complex accounting issues are introduced. The module provides many opportunities for candidates to consider the audit, tax, finance, and performance management implications of financial accounting and reporting issues. Candidates gain an appreciation of how financial accounting integrates with decision-making and strategies through case scenarios that provide a rich professional context.

Notice to Reader: The competencies have been divided into C1 and C2 in an attempt to illustrate how the core modules might be delivered. A program developer will develop the actual module content, which may result in a different split and mix of competencies than presented here.

Competency	Entry	C1	C2	Core	Outcomes	
1. FINANCIAL REPORTING						
1.1 Financial Reporting Needs and Systems						
1.1.1	Evaluates financial reporting needs	B	A		A	<ul style="list-style-type: none"> a) Analyzes the economic and fiscal context in which the entity operates and its impact on financial reporting b) Assesses and prioritizes stakeholders in a financial reporting environment and their information needs in a decision-making context c) Determines and resolves conflicts/biases within a reporting environment
1.1.2	Evaluates the appropriateness of the basis of financial reporting	B	A		A	<ul style="list-style-type: none"> a) Explains how accounting standards are set and evolve over time b) Based on financial reporting needs and the economic context of the entity, determines and justifies whether generally accepted accounting principles (GAAP) are a constraint c) Assuming a GAAP constraint, determines and justifies which GAAP should be applied, considering financial reporting needs and the economic context of the entity (IFRS, ASPE, NFP, PSAB) d) Assuming a non-GAAP environment, determines and justifies the basis for financial reporting, considering financial reporting needs and the economic context of the entity (e.g., cash flow versus accrual) e) Evaluates the impact of the basis of financial reporting on stakeholders in a decision-making context f) Explains the legislation that affects accounting (e.g., SOX, Bill 198)

Competency		Entry	C1	C2	Core	Outcomes
1.1.3	Evaluates reporting processes to support reliable financial reporting	B	A		A	<ul style="list-style-type: none"> a) Evaluates an existing financial reporting structure in the context of the entity's key processes b) Develops a robust financial reporting structure in the absence of an existing structure c) Assesses appropriate internal controls over the financial reporting structure, giving recognition to the implications of an entity's risk profile d) Assesses the overall reliability of the financial reporting structure
1.1.4	Explains implications of current trends and emerging issues in financial reporting	C	C		C	<ul style="list-style-type: none"> a) Explains shortcomings/limitations of current standards in the context of emerging issues b) Identifies current trends, and recent updates, in financial reporting standards c) Explains the implications of exposure drafts, impending changes, their rationale, and their impact on an entity and its financial statements <p>NOTE: Knowledge expectation varies depending on the level of complexity of the standard.</p>
1.1.5	Identifies financial reporting needs for the public sector	C	C		C	<ul style="list-style-type: none"> a) Recognizes the different reporting requirements for the public sector b) Recognizes the different reporting objectives for the public sector as they relate to different user objectives and information needs c) Explains the unique aspects of the PSAB Handbook
1.1.6	Identifies specialized financial reporting requirements for specified regulatory and other filing requirements	—	C		C	<ul style="list-style-type: none"> a) In situations where specialized financial reports are necessary, identifies components and information required for the report b) Considers the non-financial reporting components of specialized reporting requirements
1.2 Accounting Policies and Transactions						
1.2.1	Develops or evaluates appropriate accounting policies and procedures	B	A		A	<ul style="list-style-type: none"> a) Explains the economic substance of the transaction or event b) Identifies, analyzes, and critically evaluates accounting policy choices and alternatives c) Selects or assesses the policy that most fairly presents the underlying economic reality of the entity within a decision-making context d) Applies a conceptual framework approach in situations involving choice of accounting policy and procedure e) Integrates any tax, audit, and finance implications into the evaluation of accounting policies and procedures

Competency	Entry	C1	C2	Core	Outcomes
1.2.2 Evaluates treatment for routine transactions	A	A		A	<ul style="list-style-type: none"> a) Identifies routine transactions by making reference to the business model and industry, knowing that a transaction that is routine in one environment may not be routine in another b) Assesses a variety of source documents or information about routine events to determine accounting implications c) Records or assesses routine transactions into an accounting system d) Explains when accounting decisions have subsequent tax consequences e) Integrates any tax, audit, and finance implications into the evaluation of treatment for routine transactions
1.2.3 Evaluates treatment for non-routine transactions	B	B		B	<ul style="list-style-type: none"> a) Identifies non-routine transactions by making reference to the business model and industry, knowing that a transaction that is non-routine in one environment may be routine in another b) Assesses a variety of source documents or information about non-routine events to determine accounting implications c) Records non-routine transactions into an accounting system d) Explains when accounting decisions have subsequent tax consequences e) Integrates any tax, audit, and finance implications into the evaluation of treatment for non-routine transactions <p>NOTE: Examples of non-routine transactions could include measurement of share-based payment (including use of option-pricing model), discontinued operations, restructuring, and fair-value estimation.</p>
1.2.4 Analyzes treatment for complex events or transactions	C	C		C	<ul style="list-style-type: none"> a) Identifies presence of complex transactions <p>NOTE: Examples of complex events could include wind-up, M&A, securitization of assets, curtailments of pensions, embedded derivatives, and financial reorganizations.</p>
1.3 Financial Report Preparation					
1.3.1 Prepares financial statements	A	A		A	<ul style="list-style-type: none"> a) Prepares financial statements for various entities (e.g., partnership, sole proprietorship, private or public company, etc.)
1.3.2 Prepares routine financial statement note disclosure	B	A		A	<ul style="list-style-type: none"> a) Prepares note disclosure for routine financial statement elements

Competency	Entry	C1	C2	Core	Outcomes
1.4 Financial Statement Analysis					
1.4.1 Analyzes complex financial statement note disclosure	C	C		C	a) Identifies and explains required information content for complex note disclosure
1.4.2 Evaluates financial statements including note disclosures	B	A		A	a) Evaluates completeness, fair presentation, and transparency of financial statements b) Evaluates whether the underlying economic reality is fairly presented c) Integrates any finance, strategy, audit, and tax implications into the evaluation of financial statements
1.4.3 Analyzes and provides input in the preparation of management communication (e.g., management discussion and analysis (MD&A))	C	B		B	a) Describes the main financial components of the MD&A (FSD&A in the public sector) b) Assists in the preparation or evaluation of the financial components disclosed in the management communication c) Analyzes whether the financial information in the management communication enhances the fair presentation of the entity's financial performance
1.4.4 Interprets financial reporting results for stakeholders (external or internal)	B	A		A	a) Prepares and interprets financial statement analysis (e.g., ratios and trend analysis) to support decision-making b) Analyzes, interprets, and explains financial statement information to or for stakeholders
1.4.5 Analyzes and predicts the impact of strategic and operational decisions on financial results	C	B	B	B	a) Analyzes and predicts the impact of strategic and operational decisions on an entity's performance, financial position, and cash flow b) Explains the financial impact of strategic and operational decisions c) Explains the impact of tax-planning on an entity's financial statement reporting (e.g., replacement property, preferred shares, and related-party transactions)
4. AUDIT AND ASSURANCE					
4.1 Internal Control					
4.1.1 Assesses the entity's risk assessment processes	B	A		A	a) Assesses the operational or financial reporting implications arising from the identification of the entity's key operations b) Assesses the operational or financial reporting implications of the entity's risks and related controls c) Assesses and documents the actual operational processes in use
4.1.2 Evaluates the information system, including the related processes	C	B		B	a) Identifies the controls needed to ensure reliable financial reporting b) Evaluates the design and effectiveness of internal controls c) Assesses the financial reporting implications of identified deficiencies in internal control

Competency	Entry	C1	C2	Core	Outcomes
4.3 Internal Audit Projects and External Assurance Engagements					
4.3.1 Assesses issues related to the undertaking of the engagement or project	B	B		B	<ul style="list-style-type: none"> a) Integrates the implications of financial reporting issues into the assessment of the engagement or project b) Describes the planning and acceptance requirements for the engagement
4.3.3 Assesses or develops which standards or guidelines to apply based on the nature and expectations of the assurance engagement or project	B	B		B	<ul style="list-style-type: none"> a) Integrates the audit implications of financial reporting issues into the assessment of the standards or guidelines
4.3.4 Assesses materiality for the assurance engagement or project	B	B		B	<ul style="list-style-type: none"> a) Assesses materiality with reference to financial statement users, acknowledging the decision-making context b) Applies the concept of materiality to financial reporting
4.3.5 Assesses the risks of the project, or for audit engagements, assesses the risks of material misstatement at the financial statement level and at the assertion level for classes of transactions, account balances, and disclosures	B	B		B	<ul style="list-style-type: none"> a) Completes risk assessment procedures, obtaining sufficient understanding of the entity, its control environment, its industry, the economic environment, its objectives and strategies, and key stakeholders to accurately assess risk areas, fraud risk factors, and other issues (e.g., financial instability and/or debt covenants, intense competition, unstable supply or demand, and significant regulation) b) With repeat audit engagements or projects, reviews the results of prior audits for problem areas or potential issues that may have an impact on risk c) Completes risk assessment procedures, such as preliminary analysis of current financial statements and other information, to identify possible risk factors, including the appropriateness of the going concern assumption and the risk of fraud d) Assesses the risk of material misstatement or exception based on relevant risks and issues e) Assesses the risk of the assertion level for classes of transactions, account balances, and disclosure f) Evaluates the impact of the risk assessment on the nature, timing, and extent of assurance work to be performed g) Identifies risks related to tax assessments

Competency	Entry	C1	C2	Core	Outcomes
4.3.6 Develops appropriate procedures based on the identified risk of material misstatement	B	B		B	a) Identifies potential sources of evidence to support the reliability of financial reporting
4.3.7 Performs the work plan	B	B		B	a) Evaluates the financial reporting components of the audit work plan and documents and performs the work with due care b) Evaluates whether the work performed address the risks identified and comply with the accounting standards
4.3.8 Evaluates the evidence and results of analysis	B	B		B	a) Interprets the outcome of the audit findings on financial reporting
4.3.11 Prepares or interprets information and reports for stakeholders	B	B		B	a) Interprets assurance-related communications and their implications on financial reporting

5. FINANCE

5.2 Treasury Management

5.2.2 Evaluates the entity's investment portfolio	C	B		B	a) Compares various types and features related to financial instruments, for example: <ul style="list-style-type: none"> • Forward and future contracts (including swaps) • Put and call options (including warrants) and other derivatives • Securitization, investor or creditor rights, conversion, or other features b) Describes the suitable use of the various types of financial instruments and, in general, their impact on risks c) Assesses the risks associated with an investment portfolio of financial instruments d) Explains the appropriate accounting treatments, including all disclosures
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5.4 Valuation

5.4.1 Determines the value of a tangible asset	C	B		B	a) Explains the valuation methods that apply for financial reporting of tangible assets b) Identifies the acceptable valuation alternatives c) Understands the pros and cons of each valuation alternative d) Identifies the critical assumptions and facts that underlie the valuation estimate e) Applies the appropriate valuation alternative
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Competency	Entry	C1	C2	Core	Outcomes
5.4.2 Applies appropriate methods to estimate the value of a business	C	B		B	<p>a) Applies different valuation methods to analyze, calculate, or forecast a plausible range of values for a business for review by others. Methods include the following:</p> <ul style="list-style-type: none"> • Asset-based approaches • Transaction-based approaches (e.g., discounted cash flow) • Market-based approaches <p>b) Identifies the critical assumptions and facts that underlie the valuation estimate</p> <p>c) Identifies the need for business valuation techniques in the preparation of financial statements</p> <p>d) Describes the use of financial statements for the purposes of business valuation</p>
5.5 Financial Risk Management and Portfolio Management					
5.5.1 Develops or evaluates financial risk management policies	C	B		B	<p>a) Explains the basics of hedging</p> <p>b) Describes the suitable use of the various types of financial instruments and, in general, their impact on risks</p> <p>c) Evaluates the risk associated with an investment portfolio of financial instruments (for advice on policies, not on financial reporting issues)</p>
5.5.2 Analyzes the use of derivatives as a form of financial risk management		C		C	<p>a) Describes the significant risks, including interest rate risks, foreign exchange risks, and commodity risks</p> <p>b) Identifies appropriate derivative instruments that mitigate risks</p>
5.6 Corporate Finance Transactions					
5.6.1 Evaluates the purchase, expansion, or sale of a business	C	B		B	<p>a) Explains how alternative forms of ownership (e.g., public versus private corporations, proprietorships, and partnerships) can be used</p> <p>b) Recognizes that there are tax and legal considerations when evaluating a transaction</p> <p>c) Explains issues that can arise from a change in control or ownership structure (e.g., tax, due diligence, governance, and strategic issues)</p>

Competency	Entry	C1	C2	Core	Outcomes	
6. TAXATION						
6.1 Corporate Tax						
6.1.1	Assesses a corporate entity's general tax issues	B	B		B	a) Assesses the implications of non-compliance with required government remittances, including related fines and penalties and the impact on financial reporting
6.1.2	Determines taxes payable for a corporation in routine situations	B	B		B	a) Assesses current and deferred/future tax implications of various transactions b) Integrates tax implications of routine situations into financial reporting
6.1.4	Advises on tax consequences or specific tax-planning opportunities for shareholders and their closely held corporations	C	C		C	a) Integrates implications of various tax-planning opportunities for closely held corporations into the financial reporting
6.1.5	Analyzes the tax consequences or planning opportunities for complex corporate transactions		C		C	a) Integrates the tax consequences from complex corporate transactions into the financial reporting
6.2 Personal Tax						
6.2.4	Advises on specific tax-planning opportunities for individuals	C	C		C	a) Integrates the implications of various tax-planning opportunities for individuals into the financial reporting
6.2.5	Analyzes estate-planning opportunities for individuals		C		C	a) Identifies and explains the role of trusts and deferred income plans as planning tools b) Identifies and explains tax-planning opportunities related to estate planning
6.2.6	Analyzes tax consequences for non-residents		C		C	a) Explains the taxation of Canadian sources of income for non-residents (e.g., tax payable under Part I and Part XIII) b) Explains the principles of taxation of part-year residents (e.g., deemed acquisitions or dispositions and tax payable rules under Part I)
6.3 Assessments and Appeals						
6.3.1	Advises taxpayers with respect to assessment, notice of objection, and appeals	C	C		C	a) Explains <ul style="list-style-type: none"> • filing deadlines for objections and appeals; and • consequences of missing filing deadlines b) Discusses access to CRA documents to assess risks and support the entity's position

Common Core Module 2 (C2) — Management Accounting, Planning, and Control

The objective of the C2 module is to develop competence in the areas of governance, strategy, risk management, and management decision-making. Candidates gain an appreciation for the role of corporate governance, learn how to formulate deliberate and emergent strategies, and translate those strategies into specific objectives and actions. Emphasis is also placed on equipping candidates with the competence required to build good monitoring and control systems and perform financial analysis for different types of entities. Candidates gain an appreciation of how decision-making and strategies integrate with financial accounting and reporting, finance and taxation through case scenarios that provide a rich, professional context.

Competency	Entry	C1	C2	Core	Outcomes
1. FINANCIAL REPORTING					
1.4 Financial Statement Analysis					
1.4.5 Analyzes and predicts the impact of strategic and operational decisions on financial results	C	B	B	B	a) Analyzes and predicts the impact of strategic and operational decisions on the entity's performance, financial position, and cash flows b) Explains the financial impact of strategic and operational decisions c) Explains the impact of tax-planning on an entity's financial statement reporting (e.g., replacement property, preferred shares, and related party transactions)
2. STRATEGY AND GOVERNANCE					
2.1 Governance					
2.1.1 Evaluates the entity's governance structure (policies, processes, codes)	C		B	B	a) Explains that the form of the entity may impact the governance structure (e.g., public versus private company, for-profit versus public sector) b) Evaluates the effectiveness of the board's structure, considering the following factors: <ul style="list-style-type: none"> the board's composition the board's legal liability and accountability the mandate of the compensation committee the importance of the leadership processes implemented by the board or other governing body c) Explains the principles of good governance to stakeholders
2.1.2 Evaluates the specific role of the audit committee in governance	C		B	B	a) Explains the mandate of the audit committee b) Explains the legal liability and accountability of the audit committee c) Analyzes the audit committee composition

Competency	Entry	C1	C2	Core	Outcomes
2.1.3 Evaluates mechanisms used for compliance purposes	C		B	B	<p>a) Examines and reviews the effectiveness of codes of conduct and various policies</p> <p>b) Suggests control processes to ensure filing deadlines are met</p> <p>c) Evaluates the mechanisms for information flow within the entity</p> <p>NOTE: Examples include</p> <ul style="list-style-type: none"> • selecting committees and board members; • keeping board members fully informed on the changing dynamics of the operating environment; • conducting effective discussion, analysis, synthesis, and decision-making based on accurate and timely information; • building an open and constructive relationship between the board and management; • evaluating relationships and performance of external advisors (i.e., lawyers, actuaries, and auditors); and • reviewing the entity's strategic direction on a regular basis and assessing performance through ongoing monitoring <p>d) Identifies the need for an independent audit function</p> <p>e) Identifies the need for an accountability program</p> <p>f) Identifies the need for a conflict of interest policy</p>
2.2 Mission, Vision, Values, and Mandate					
2.2.1 Assesses whether management decisions align with the entity's mission, vision, and values	B		B	B	<p>a) Explains that the entity's context (e.g., private versus public sector) influences the definition of its overall objective: to provide sustainable value to the entity and its stakeholders</p> <p>b) Assesses the alignment of the entity's mission, vision, values, and mandate with the overall objective defined</p> <p>c) Critiques the alignment of specific decisions and strategies with the entity's mission, vision, values, and mandate (e.g., in areas such as taxation)</p>

Competency	Entry	C1	C2	Core	Outcomes
2.3 Strategy Development					
2.3.1 Evaluates the entity's strategic objectives and related performance measures	B		B	B	<ul style="list-style-type: none"> a) Recognizes that the form of the entity may have an impact on the measures chosen (e.g., public versus private company, public versus private sector) b) Analyzes the nature of the entity and identifies key financial and non-financial performance indicators (KPIs) that are in line with the entity's strategies, including industry- or sector-specific tracking needs c) Identifies the leading and lagging KPIs that might be suitable for evaluating the entity's effectiveness d) Uses accepted best practices in providing input on the formulation of KPIs that fit with long-term strategies e) Assists in developing an action plan to implement the various measurement and tracking methods, (e.g., activity-based costing, balanced scorecard, and benchmarking)
2.3.2 Evaluates the entity's internal and external environment and its impact on strategy development	B		B	B	<ul style="list-style-type: none"> a) Evaluates the external part of competitive position (e.g., using analysis of value proposition, customers/target markets, and competitive offerings) b) Evaluates the implications of the entity's ownership structure: legal form (e.g., corporation versus partnership, public versus private sector) and types of ownership c) Incorporates, where appropriate, entity-level and functional-level strategies in evaluation of the entity's internal and external environment
2.3.3 Evaluates strategic alternatives	B		B	B	<ul style="list-style-type: none"> a) Analyzes the strategic alternatives presented using a set of qualitative and quantitative criteria

Competency	Entry	C1	C2	Core	Outcomes
2.4 Strategy Implementation					
2.4.1 Analyzes the key operational issues and alignment with strategy	C		B	B	<ul style="list-style-type: none"> a) Investigates the effectiveness of control systems and accountability structures in aligning resources with strategy b) Identifies the existence of tools such as a code of conduct, a code of ethics, and training and reward systems used to communicate, reinforce, and renew the entity's stated strategies and values c) Analyzes the effectiveness of initiatives in addressing key human resource management issues d) Identifies the existence of the key components of corporate culture and the impact on the entity's decision-making practices (e.g., tone of the entity's leadership, human resource policies, management-union relationship, and corporate social responsibility) e) Evaluates the advantages and disadvantages of various reward and recognition systems and their effects on the entity's decision-making policies and/or practices
2.5 Enterprise Risk Management					
2.5.1 Designs an effective risk management program and evaluates its impact on shareholder value	C		B	B	<ul style="list-style-type: none"> a) Identifies the consistency of risk management policies and procedures with the entity's stated mission and strategies b) Discusses the potential impact of significant changes in the entity's environment on the entity's risk profile c) Analyzes risks; risk tolerance and exposure; risk mitigation responses; and the risk monitoring process d) Discusses the possible consequences of having an ineffective risk management program e) Identifies and suggests courses of action to help manage risks

Competency	Entry	C1	C2	Core	Outcomes	
3. MANAGEMENT ACCOUNTING						
3.1 Management Reporting Needs and Systems						
3.1.1	Evaluates management information requirements	B		A	A	<ul style="list-style-type: none"> a) Determines or evaluates relevant information to support decisions made by management and the governing body b) Understands management and strategic uses of information and technology
3.1.2	Evaluates the types of information systems used and the role they play in an organization	C		B	B	<ul style="list-style-type: none"> a) Explains the importance of system control and feedback b) Identifies the impact of IT on an organization's decision-making and performance c) Identifies the need for management information, accounting information or other systems d) Evaluates the quality of the data and knowledge management within an organization (database management systems, data warehousing, data mining, knowledge management systems)
3.1.3	Recommends improvements to reporting systems to meet information needs	C		B	B	<ul style="list-style-type: none"> a) Evaluates ability of suggested information technology (IT) solutions to address management information requirements b) Identifies and evaluates decision criteria for alternative IT solutions c) Analyzes alternative IT solutions to meet the entity's objectives d) Participates in system planning and analysis process (e.g., feasibility and cost-benefit analysis, selection criteria, financing options, and process re-engineering) e) Explains how an information system can be successfully implemented
3.1.4	Identifies ethical and privacy issues related to information technology	C		B	B	<ul style="list-style-type: none"> a) Identifies the need to adhere to privacy legislation when evaluating or implementing an information technology system

Competency	Entry	C1	C2	Core	Outcomes
3.2 Planning, Budgeting, and Forecasting					
3.2.1 Develops or evaluates information inputs for operational plans, budgets, and forecasts	B		A	A	a) Examines information inputs for the creation of operational plans, budgets, and forecasts b) Evaluates supporting information from internal and external sources and identifies gaps and anomalies c) Ensures that the information used to prepare budgets and forecasts is relevant, accurate, and timely
3.2.2 Prepares, analyzes, or evaluates operational plans, budgets, and forecasts	B		A	A	a) Using the information supplied, prepares <ul style="list-style-type: none"> • operating budgets (sales and marketing, production, procurement, and general and administrative) over an appropriate period of time; • financial budgets (capital expenditures, working capital) over an appropriate period of time; • short-term cash flow projections; • long-term cash flow forecasts; • financing and investing needs; • tax-planning projections; • special project budgets to be included in strategic plans or project proposals; and • other forecasts b) Critically reviews the information prepared in light of the entity's strategies
3.2.3 Computes, analyzes, or assesses implications of variances	B		A	A	a) Analyzes actual performance against budget, or another relevant benchmark, including <ul style="list-style-type: none"> • variances between budgeted revenue and realized revenue; • variances between standard and actual costs; and • variances between KPI targets and realized outcomes b) Explains results of variance analysis to appropriate levels of management c) Provides insights based on findings and recommends courses of action

Competency	Entry	C1	C2	Core	Outcomes
3.3 Cost Management					
3.3.1 Evaluates cost classifications and costing methods for management of ongoing operations	A		A	A	<ul style="list-style-type: none"> a) Classifies and compares various types of costs and describes their behaviour within the context of their respective classifications (e.g., fixed/variable, direct/indirect, and discretionary) b) Distinguishes and calculates the various types of operational costs and program costs (e.g., cost of goods sold, cost of capacity, and other costs related to ongoing expenses, overhead allocation) c) Distinguishes the various types of costs when researching and analyzing particular problems and issues d) Classifies and communicates cost information according to standard conventions and uses judgment to determine which costs are relevant to the decision at hand e) Analyzes cost data using established and cutting-edge costing systems and methods (e.g., standard costing, activity-based costing, process costing, joint cost allocation, departmental costing, and job costing) f) Identifies the need for innovative costing techniques: Just in time, LEAN, etc. g) Describes costing systems for for-profit, not-for-profit, and public sector entities, and explains how such systems are typically applied
3.3.2 Evaluates and applies cost management techniques appropriate for specific costing decisions	B		B	B	<ul style="list-style-type: none"> a) Applies methods such as activity-based costing, process costing, joint cost allocation, departmental costing, and job costing when appropriate to the specific costing decision (e.g., in make vs buy, acquisition vs sourcing decisions)
3.3.3 Recommends changes identified by applying process improvement methodologies	B		B	B	<ul style="list-style-type: none"> a) Explains the advantages and weaknesses of continuous improvement methodologies as they relate to profitability and performance b) Critically evaluates the effectiveness of continuous improvement methodologies in improving profitability and performance c) Calculates the cost of quality initiatives d) Recognizes that public sector and not-for-profit organizations' process improvements may have different measures than profitability

Competency	Entry	C1	C2	Core	Outcomes
3.4 Revenue Management					
3.4.1 Evaluates sources and drivers of revenue growth	C		B	B	a) Analyzes alternative revenue model options (e.g., asset sale, leasing, subscription) to assess which best meet the entity's objectives b) Analyzes financial and other information in support of pricing decisions: <ul style="list-style-type: none"> market sensitivity to price competitive structure of the industry short- versus long-term horizon relevant costs in the evaluation of revenue growth c) Identifies and evaluates pricing alternatives (e.g., cost-based and market-based) d) assesses division and national multi-location transfer pricing options
3.5 Profitability Management					
3.5.1 Performs sensitivity analysis	B		A	A	a) Calculates cost-volume profit (CVP), undertakes a sensitivity analysis for a given entity, and assesses the implications for profitability b) Performs and communicates the significance of a CVP (e.g., break-even analysis or contribution margin analysis), and performs a sensitivity analysis in relation to operational and strategic goals c) Incorporates CVP and sensitivity analysis when suggesting improvements to operational and strategic plans
3.5.2 Evaluates sustainable profit maximization and capacity management performance	B		A	A	a) Applies quantitative tools to analyze performance problems b) Incorporates the results into the entity's profitability and capacity management objectives c) Designs investigative strategies to uncover root causes of performance issues
3.6 Organizational Performance Measurement					
3.6.1 Evaluates performance using accepted frameworks	B		B	B	a) Applies accepted frameworks and scorecards to assess performance b) Applies the measures, assesses the actual performance level against established objectives, and explains the differences c) Investigates the underlying factors that cause performance differences d) Concludes as to the financial or non-financial performance level

Competency	Entry	C1	C2	Core	Outcomes
3.7 Individual Performance Measurement					
3.7.1 Analyzes the implications of management incentive schemes and employee compensation methods	B		B	B	<ul style="list-style-type: none"> a) Identifies the strengths and weaknesses of applicable incentives b) Analyzes the effectiveness of incentive schemes in contributing to achievement of the entity's objectives c) Identifies the tax consequences of the management incentive schemes; also considers the financial accounting and assurance implications d) Suggests the most appropriate scheme in the circumstances
5. FINANCE					
5.1 Financial Analysis and Planning					
5.1.1 Evaluates the entity's financial state	B		A	A	<ul style="list-style-type: none"> a) Performs financial analysis, including ratio analysis, industry benchmarking, trend analysis, and cash flow analysis b) Determines the relevance of the tools to the evaluation of the entity's financial state c) Draws conclusions as to the entity's financial state
5.1.2 Develops or evaluates financial proposals and financing plans	C		B	B	<ul style="list-style-type: none"> a) Identifies the intended purpose and audience and the underlying assumptions b) Develops a portion of a financial proposal or financing plan that is supported with well-reasoned assumptions and up-to-date information c) Identifies the strengths and weaknesses of the financial proposal or financing plans d) Reviews the alignment of proposal or plan with strategic objectives
5.2 Treasury Management					
5.2.1 Evaluates the entity's cash flow and working capital	B		A	A	<ul style="list-style-type: none"> a) Monitors cash flow to ensure the entity's needs are met b) Develops strategies for working capital management and monitors working capital c) Manages working capital levels, including bank balances, receivable balances, inventory levels, and payable balances (i.e., the cash investment cycle) d) Formulates policies for granting credit to customers, determining appropriate inventory levels, and making payments to suppliers

Competency	Entry	C1	C2	Core	Outcomes
5.2.3 Evaluates sources of financing	C		B	B	<ul style="list-style-type: none"> a) Identifies possible sources of financing b) Compares the advantages and disadvantages of the financing options identified c) Identifies the tax implications of the financing options d) Identifies suitable options based on the objectives of the entity (whether private or public sector)
5.2.4 Evaluates decisions affecting capital structure	C		B	B	<ul style="list-style-type: none"> a) Discusses the capital structure of the entity and how to maximize value b) Quantitatively analyzes the capital structure of an entity c) Discusses the appropriate debt-to-equity ratio d) Provides input into the advice on public share offerings, debt structure, and asset securitization strategy e) Assesses lease versus buy decisions
5.2.5 Evaluates the entity's cost of capital	C		B	B	<ul style="list-style-type: none"> a) Calculates the cost of capital b) Explains the use of the cost of capital in capital budgeting decisions
5.3 Capital Budgeting					
5.3.1 Develops or evaluates capital budgeting processes and decisions	B		B	B	<ul style="list-style-type: none"> a) Classifies and applies various methods of evaluating capital projects b) Applies accepted tools and benchmarks in analyzing capital projects, incorporating the tax considerations c) Discusses an appropriate course of action, considering the entity's objectives
5.6 Corporate Finance Transactions					
5.6.2 Advises a financially troubled entity	C		B	B	<ul style="list-style-type: none"> a) Analyzes the entity to determine the severity of the situation b) Analyzes the factors that contributed to the situation c) Examines the possible courses of action to rectify the situation d) Identifies the tax implications of the possible courses of actions e) Suggests an appropriate course of action

Elective Module 1 (E1) — Performance Management

The objective of Elective 1 is to equip CPA candidates with the ability to contribute to strategic decision-making, support effective governance, manage and mitigate risk, and assess overall performance management. Candidates apply conceptual frameworks for strategy, governance, risk, and performance in more complex settings than dealt with previously, developing competencies used to focus an entity on improving performance and delivering sustainable value.

Competency	Entry	C1	C2	Core	E1 PM	Outcomes	
1. FINANCIAL REPORTING							
1.4 Financial Statement Analysis							
1.4.3	Analyzes and provides input in the preparation of the management communication (e.g., management discussion and analysis (MD&A))	C	B		B	<ul style="list-style-type: none"> a) Assists in the preparation of the financial and non-financial components of the management communication b) Analyzes and evaluates the information contained in the MD&A to ensure it accurately reflects management's activities 	
1.4.5	Analyzes and predicts the impact of strategic and operational decisions on financial results	C	B	B	A	<ul style="list-style-type: none"> a) Determines and mitigates the impact on financial results of the strategic and operational decisions made b) Assesses the impact of decisions on the entity's sustainability c) Recommends actions to take as a result of strategic and operational decisions 	
2. STRATEGY AND GOVERNANCE							
2.1 Governance							
2.1.1	Evaluates the entity's governance structure (policies, processes, codes)	C		B	B	A	<ul style="list-style-type: none"> a) Assesses the appropriateness of the composition of the board and related committees (diversity, independence) and suggests improvements b) Evaluates the effectiveness of the board and its subcommittees in a governance context, considering the following factors: <ul style="list-style-type: none"> • the board's legal liability and accountability • the mandate of the subcommittees c) Assesses the relevance of the information provided to the board and committees for effective governance of areas under their oversight d) Analyzes the compensation and management incentive policies with regard to stakeholder interests

Competency	Entry	C1	C2	Core	E1 PM	Outcomes
2.1.3 Evaluates mechanisms used for compliance purposes	C		B	B	A	<ul style="list-style-type: none"> a) Evaluates the processes for ensuring compliance b) Assesses the appropriateness of the policies and procedures used for compliance purposes and makes recommendations for improvement c) Explains the need for ethical guidelines, codes of conduct, and regulatory requirements for compliance purposes d) Assists in addressing compliance issues with outside regulators e) Suggests improvements to the entity's related reporting structures
2.1.4 Analyzes the specific role of the board in an entity's social responsibility strategy and sustainability	C			C	B	<ul style="list-style-type: none"> a) Determines alignment of an entity's core values and board responsibilities with the entity's strategies for sustainability and social responsibility
2.2 Mission, Vision, Values, and Mandate						
2.2.1 Assesses whether management decisions align with the entity's mission, vision, and values	B		B	B	A	<ul style="list-style-type: none"> a) Evaluates compatibility of recommendations with the entity's mission, vision, values, and mandate
2.3 Strategy Development						
2.3.1 Evaluates the entity's strategic objectives and related performance measures	B		B	B	A	<ul style="list-style-type: none"> a) Evaluates the alignment of performance measures with the entity's strategy b) Identifies the relevant social performance measures needed by public sector entities
2.3.2 Evaluates the entity's internal and external environment and its impact on strategy development	B		B	B	A	<ul style="list-style-type: none"> a) Employs accepted methods to scan the external and internal environments b) Determines where the entity and/or product is positioned on its life cycle c) Determines value proposition d) Evaluates the significance of market analysis insights on existing operations and plans e) Determines key success factors f) Integrates functional-level and entity-level strategies with corporate-level strategy g) Assesses the impact of public sector strategies on the general public, regulators, and public sector bodies

Competency	Entry	C1	C2	Core	E1 PM	Outcomes
2.3.3 Evaluates strategic alternatives	B		B	B	A	<ul style="list-style-type: none"> a) Evaluates implications of ownership structure alternatives: legal form (e.g., corporation versus partnership) and types of ownership (e.g., private versus public) b) Evaluates relative merits of strategic investment or divestiture alternatives (e.g., alliance versus acquisition) c) In a public sector entity, evaluates the impact of alternatives on the well-being of society
2.4 Strategy Implementation						
2.4.1 Analyzes the key operational issues and alignment with strategy	C		B	B	A	<ul style="list-style-type: none"> a) Evaluates the effectiveness of the entity's control systems (i.e., policies, directives, codes, and guidelines) in aligning operations with strategy and values b) Evaluates the entity's decision-making processes and accountability structures c) Makes recommendations that flow from an analysis of the effectiveness of initiatives in addressing key human resource management issues d) Analyzes the effectiveness of the entity's culture and structure for strategy implementation e) Applies best practices for managing strategy implementation (e.g., strategy mapping)
2.5 Enterprise Risk Management						
2.5.1 Designs an effective risk management program and evaluates its impact on shareholder value	C		B	B	A	<ul style="list-style-type: none"> a) Assesses the scope of the risk management program (e.g., classification of risks managed) and processes (e.g., identify, assess, mitigate, and monitor) b) Assesses risks using appropriate methodologies c) Advises on the entity's risk tolerance approach and risk exposure d) Monitors environment (internal/external) and advises on potential implications for risk management e) Recommends risk management strategies (avoidance, transference, mitigation, acceptance) that align with the entity's strategies, resources, and risk tolerance approach f) Maintains and monitors the risk management program

Competency	Entry	C1	C2	Core	E1 PM	Outcomes	
3. MANAGEMENT ACCOUNTING							
3.1 Management Reporting Needs and Systems							
3.1.3	Recommends improvements to reporting systems to meet information needs	C		B	B	A	<ul style="list-style-type: none"> a) Evaluates alternatives for addressing gaps in information or for generating improvements to existing management information, and makes specific recommendations b) Develops an implementation plan and assesses the impact on current systems and processes
3.1.4	Identifies ethical and privacy issues related to information technology	C		B	B	A	<ul style="list-style-type: none"> a) Addresses IT ethical and privacy issues by recommending an appropriate course of action
3.3 Cost Management							
3.3.2	Evaluates and applies cost management techniques appropriate for specific costing decisions	B		B	B	A	<ul style="list-style-type: none"> a) Recommends or selects the appropriate cost management technique to be used for planning and making a specific decision, e.g., establishing a transfer price b) Creates, monitors, and improves cost management techniques with a view to maintaining a sustainable operation
3.3.3	Recommends changes identified by applying process improvement methodologies	B		B	B	A	<ul style="list-style-type: none"> a) Develops recommendations for process improvements, e.g., ERP b) Develops recommendations that improve quality control processes like TQM
3.3.4	Recommends cost management improvements across the entity	B			B	A	<ul style="list-style-type: none"> a) Creates, monitors, and improves cost management processes with a view to maintaining a sustainable operation b) Selects and adapts costing systems to the entity's operations c) Recommends improvements to operational processes based on operational cost considerations, e.g., supplier relationship management, ABM, etc.
3.4 Revenue Management							
3.4.1	Evaluates sources and drivers of revenue growth	C		B	B	A	<ul style="list-style-type: none"> a) Determines the sources and drivers of the entity's revenue growth b) Applies relevant analytical techniques and makes recommendations to improve revenue growth (e.g., pricing strategy, product and product-mix strategies, and distribution strategies, outsourcing, business alliances or other arrangements)

Competency	Entry	C1	C2	Core	E1 PM	Outcomes
3.6 Organizational Performance Measurement						
3.6.1 Evaluates performance using accepted frameworks	B		B	B	A	<ul style="list-style-type: none"> a) Adapts framework to particular circumstances and clearly identifies differences to be explained further b) Distinguishes theoretical and realistic expectations of performance c) Analyzes significant variances and recommends remedial actions d) Monitors the ongoing suitability of the existing framework in light of changing circumstances e) Recommends alternatives for performance measurement frameworks
3.6.2 Evaluates performance of responsibility centres	B			B	A	<ul style="list-style-type: none"> a) Creates guidelines for responsibility centres b) Participates in the establishment of responsibility centres and the choice of appropriate guidelines
3.6.3 Evaluates root causes of performance issues	B			B	A	<ul style="list-style-type: none"> a) Analyzes the possible impact of unusual circumstances on performance
3.7 Individual Performance Measurement						
3.7.1 Analyzes the implications of management incentive schemes and employee compensation methods	B		B	B	A	<ul style="list-style-type: none"> a) Provides oversight on incentives and compensation strategies, ensuring that practices are fair and sustainable b) Sets standards for measurement and analysis c) Assesses incentive schemes to highlight/avoid conflicts of interest, potential legal or tax liability, and measures contrary to shareholder interests d) Identifies ethical issues related to compensation and fair pay

Competency	Entry	C1	C2	Core	E1 PM	Outcomes	
4. AUDIT AND ASSURANCE							
4.1 Internal Control							
4.1.2	Evaluates the information system, including the related processes	C	B		B	A	<ul style="list-style-type: none"> a) Identifies the appropriate recognized framework to apply and evaluates internal control in the context of that framework b) Identifies, gains an understanding of, and evaluates the design and effectiveness of key controls c) Identifies and evaluates the adequacy of compensating controls d) Documents the entity's procedures for reporting compliance with approved internal controls e) Assesses the implications of control deficiencies identified (including any financial reporting implications) and recommends improvements f) Communicates weaknesses in internal controls to the appropriate level of management and/or the audit committee or equivalent g) Integrates IT security requirements and tools h) Identifies and evaluates opportunities to enhance controls through the application of IT, and collaborates with specialists as needed to implement enhancements

Elective Module 2 (E2) – Finance

The objective of the Elective 2 module is to equip candidates with the competencies necessary to develop overall finance policies and to identify, analyze, evaluate, and recommend investment and financing decisions. Candidates learn to apply the appropriate finance principles and conceptual approaches to determine appropriate courses of action. Candidates develop the capabilities to provide finance-related services for their entity, either individually or as part of a larger team, to understand when the advice of a finance specialist is required, and to understand and communicate with other finance professionals.

Competency	Entry	C1	C2	Core	E2 FIN	Outcomes	
5. FINANCE							
5.1 Financial Analysis and Planning							
5.1.1	Evaluates the entity's financial state	B		A	A	A	<ul style="list-style-type: none"> a) Performs financial analysis, including ratio analysis, industry benchmarking, trend analysis, and cash flow analysis b) Determines the relevance of the tools to the evaluation of the entity's financial state c) Draws conclusions as to the entity's financial state
5.1.2	Develops or evaluates financial proposals and financing plans	C		B	B	A	<ul style="list-style-type: none"> a) Determines the intended purpose and audience b) Evaluates the validity of the underlying assumptions c) Evaluates the strengths and weaknesses of the various alternatives d) Performs a sensitivity analysis, scenario analysis, and/or simulation analysis e) Evaluates the risk/return profile of the various alternatives f) Determines the alignment of various alternatives with strategic objectives g) Develops the financing aspects of the plan or proposal from start to finish, pulling together the various components h) Recommends an appropriate course of action based on the analysis

Competency	Entry	C1	C2	Core	E2 FIN	Outcomes
5.2 Treasury Management						
5.2.1 Evaluates the entity's cash flow and working capital	B		A	A	A	<ul style="list-style-type: none"> a) Monitors cash flow to ensure the entity's needs are met b) Develops strategies for working capital management and monitors working capital c) Manages working capital levels, including bank balances, receivable balances, inventory levels, and payable balances (i.e., the cash investment cycle) d) Formulates policies for granting credit to customers, determining appropriate inventory levels, and making payments to suppliers
5.2.2 Evaluates the entity's investment portfolio	C	B		B	A	<ul style="list-style-type: none"> a) Evaluates the entity's investments in debt and equity using accepted methods and benchmarks b) Assesses the entity's more sophisticated financial instruments (e.g., derivatives, swaps, future and forward contracts, warrants, options, and convertible securities) using accepted methods and benchmarks, and understands the suitable uses and the risks associated with such instruments c) Evaluates the entity's other investments (e.g., real estate, other businesses, and life insurance assets) using accepted methods and benchmarks d) Evaluates the relationship between the investments in the investment portfolio and the associated risk and return profile
5.2.3 Evaluates sources of financing	C		B	B	A	<ul style="list-style-type: none"> a) Evaluates an entity's financing needs, based on its strategic and operating environment b) Analyzes capital markets (e.g., availability of project finance and the role of ratings) and the feasibility of particular financing alternatives c) Evaluates financing alternatives considering the consequences, relative costs and benefits, and implications for operational and future financing decisions (including any tax implications) d) Recommends an appropriate financing source based on the analysis e) Determines the key milestones in the process leading to a successful financing outcome

Competency	Entry	C1	C2	Core	E2 FIN	Outcomes
5.2.4 Evaluates decisions affecting capital structure	C		B	B	A	<ul style="list-style-type: none"> a) Evaluates the capital structure of an entity (quantitatively and qualitatively) b) Determines the optimal debt-to-equity ratio c) Evaluates the entity's ability to access the capital markets d) Provides supporting information for decisions regarding corporate investments and for actions influencing capital structure
5.2.5 Evaluates the entity's cost of capital	C		B	B	A	<ul style="list-style-type: none"> a) Determines an entity's cost of capital using a range of methodologies b) Evaluates the sensitivity of an entity's cost of capital to potential changes in its operations, underlying risk factors, and capital structure
5.2.6 Evaluates decisions related to distribution of profits	C			C	A	<ul style="list-style-type: none"> a) Evaluates the manner in which an entity distributes profits to shareholders, following accepted best practices b) Incorporates tax considerations c) Recommends the most appropriate method to distribute profits
5.3 Capital Budgeting						
5.3.1 Develops or evaluates capital budgeting processes and decisions	B		B	B	A	<ul style="list-style-type: none"> a) Identifies situations where the use of a formal capital budgeting process would assist in decision-making b) Applies various tools, benchmarks, and methods to evaluate and critique capital projects based on accepted practices c) Evaluates the feasibility of a capital project, incorporating the tax considerations d) Recommends an appropriate course of action, considering the entity's objectives
5.4 Valuation						
5.4.1 Determines the value of a tangible asset	C	B		B	A	<ul style="list-style-type: none"> a) Determines the various methods that are appropriate for valuation of a tangible asset b) Evaluates the pros and cons of each valuation alternative c) Evaluates the critical assumptions and facts that underlie the valuation d) Determines the most appropriate value for an asset based on the analysis

Competency	Entry	C1	C2	Core	E2 FIN	Outcomes
5.4.2 Applies appropriate methods to estimate the value of a business	C	B		B	A	<ul style="list-style-type: none"> a) Determines the critical assumptions and facts that underlie valuation methodologies and estimates b) Determines the appropriate data sources for valuation methodologies after performing a full analysis of all available alternatives c) Evaluates which valuation method(s) are appropriate for entities in different contexts (e.g., ownership, tax, regulation, and competition) after critiquing the various alternatives d) Applies the appropriate valuation method(s) to obtain a plausible range of values for the business
5.4.3 Estimates the value of an intangible asset	C			C	B	<ul style="list-style-type: none"> a) Explains the various methods that are appropriate for valuation of an intangible asset b) Analyzes the pros and cons of each valuation alternative c) Estimates the value for an intangible asset based on acceptable methods
5.5 Financial Risk Management						
5.5.1 Develops or evaluates financial risk management policies	C	B		B	A	<ul style="list-style-type: none"> a) Develops and evaluates financial risk management policies (e.g., hedging policy, investment policy, and insurance coverage) and monitors exposure in order to manage the level of financial risk b) Monitors changes in the economy (e.g., changes in interest rates, foreign exchange, employment, and fiscal and monetary policy) and changes within the entity, assessing their impact on the entity's finances c) Recommends changes to risk management policies in line with the assessment of the impact on the entity's finances
5.5.2 Analyzes the use of derivatives as a form of financial risk management	—	C		C	B	<ul style="list-style-type: none"> a) Identifies the significant risks within an entity, including interest rate risks, foreign exchange risks, and commodity risks b) Understands the possibility of compounding risks c) Analyzes various derivative instruments that are available to mitigate risks d) Suggests appropriate derivative instruments to mitigate risks

Competency	Entry	C1	C2	Core	E2 FIN	Outcomes
5.6 Corporate Finance Transactions						
5.6.1 Evaluates the purchase, expansion, or sale of a business	C	B		B	A	a) Evaluates all assets, both tangible and intangible, involved in a transaction, including trademarks, research and development, and the value of tax loss carry-forwards b) Evaluates all liabilities, existing and potential, involved in the transaction c) Evaluates the risks, opportunities, and financial implications of the transaction d) Analyzes the ways in which both public and private entity ownership can change e) Assesses issues that can arise from change-in-control transactions f) Evaluates how a change-in-control transaction can create value for an entity g) Based on the analysis, recommends a suitable course of action and a suitable form for the transaction
5.6.2 Advises a financially troubled entity	C		B	B	A	a) Identifies a financially troubled entity through an assessment of its financial health b) Prepares an analysis of <ul style="list-style-type: none"> • the sources and causes of financial difficulty; • the potential for the success or failure of various proposed recovery plans; and • the net realizable value of the assets if disposition/liquidation is an option c) Develops a preliminary business recovery plan, including future-oriented recommendations, and provides direction for the entity's long-term health

Elective Module 3 (E3) — Assurance

The objective of Elective 3 is to equip CPA candidates with the competencies necessary to perform both internal audit projects and external assurance engagements, from assessing the need for an engagement or project, to developing and performing the procedures, right through to documenting and reporting results. While this module is primarily designed for candidates who wish to practise public accounting or to work in internal audit, it would be beneficial to a wide range of candidates because it focuses on the key concepts of auditing, such as risk, materiality, and internal control, which are concepts that have broad application. Candidates also have the opportunity to delve into some of the more complex financial accounting topics and understand how governance plays a key role in assurance.

Competency	Entry	C1	C2	Core	E3 AS	Outcomes	
1. FINANCIAL REPORTING							
1.1 Financial Reporting Needs and Systems							
1.1.4	Explains implications of current trends and emerging issues in financial reporting	C	C		C	B	<ul style="list-style-type: none"> a) Understands and explains the implications of exposure drafts, impending changes, their rationale, and their impact on an entity and its financial statements b) Explains shortcomings/limitations of current standards in the context of emerging issues c) Understands the authoritative documents to refer to and to what extent they can be relied upon
1.2 Accounting Policies and Transactions							
1.2.1	Develops or evaluates appropriate accounting policies and procedures	B	A		A	A	<ul style="list-style-type: none"> a) Explains the policy decision with regard to the economic substance of the transaction or event b) Identifies, analyzes, and critically evaluates accounting policy choices and alternatives c) Applies a conceptual framework approach in situations involving a choice of accounting policy and procedure d) Selects and applies the policy that most fairly presents the underlying economic reality of the entity within a decision-making context

Competency	Entry	C1	C2	Core	E3 AS	Outcomes
1.2.2 Evaluates treatment for routine transactions	A	A		A	A	<ul style="list-style-type: none"> a) Identifies routine transactions by making reference to the business model and industry, knowing that a transaction that is routine in one environment may not be routine in another b) Assesses a variety of source documents or information about routine events to determine the financial reporting implications c) Evaluates the treatment of routine transactions recorded in an accounting system d) Integrates the tax consequences into accounting decisions for routine transactions
1.2.3 Evaluates treatment for non-routine transactions	B	B		B	A	<ul style="list-style-type: none"> a) Identifies non-routine transactions by making reference to the business model and industry, knowing that a transaction that is non-routine in one environment may be routine in another b) Assesses a variety of documents or information about non-routine events to determine the accounting implications c) Evaluates, calculates, and determines the proper accounting and disclosure for non-routine transactions d) Applies other critical principles when deciding on appropriate treatment (e.g., substance over form and measurement uncertainty) e) Interprets financial reporting standards in the context of the entity's specific circumstances f) Considers the tax implications of accounting decisions for non-routine transactions
1.2.4 Analyzes treatment for complex events or transactions	C	C		C	B	<ul style="list-style-type: none"> a) Identifies presence of complex transactions (e.g., wind-up, merger and acquisition, securitization of assets, hedge accounting, curtailment of pensions, embedded derivatives, and financial reorganizations) b) Analyzes and determines, on a preliminary basis, the proper accounting for complex transactions c) Researches appropriate standards and seeks authoritative guidance where the proper treatment is unclear d) Interprets, on a preliminary basis, the financial reporting standards in the context of the entity's specific circumstances

Competency	Entry	C1	C2	Core	E3 AS	Outcomes
1.3 Financial Report Preparation						
1.3.2	Prepares routine financial statement note disclosure	B	A		A	a) Prepares note disclosure for routine financial statement elements
1.4 Financial Statement Analysis						
1.4.1	Analyzes complex financial statement note disclosure	C	C		C	B a) Identifies and explains the required information content for complex note disclosure b) Prepares, on a preliminary basis, the required note disclosure for complex items
1.4.2	Evaluates financial statements, including note disclosures	B	A		A	A a) Evaluates completeness, fair presentation, and transparency of financial statements b) Evaluates whether the underlying economic reality is fairly presented c) Understands and leverages underlying working papers/supporting documents to evaluate and/or develop the financial statements d) Integrates finance, strategy, audit, and tax implications into the evaluation of financial statements
1.4.3	Analyzes and provides input in the preparation of management communication (e.g., the management discussion and analysis (MD&A))	C	B		B	B a) Understands and describes the main financial components of the MD&A, or FSD&A in the public sector b) Assists in the preparation or evaluation of the financial components disclosed in the management communication c) Analyzes whether the financial information in the management communication enhances the fair presentation of the entity's financial performance d) Understands the obligation to consider whether the financial statements are consistent with the material in the MD&A and vice versa e) Understands the importance of professional skepticism when using supporting documentation related to MD&A or FSD&A preparation

Competency	Entry	C1	C2	Core	E3 AS	Outcomes	
2. STRATEGY AND GOVERNANCE							
2.1 Governance							
2.1.1	Evaluates the entity's governance structure (policies, processes, codes)	C		B	B	B	<ul style="list-style-type: none"> a) Explains how the form of the entity may have an impact on the governance structure (e.g., public versus private company, for-profit versus non-profit or public sector) b) Understands the criteria that characterize a good corporate governance structure c) Analyzes the entity's governance structure and suggests improvements d) Analyzes the appropriateness of the composition of the board and related committees (diversity, independence) e) Advises on the general accountability of the entity's board f) Identifies and analyzes key activities of the board and other governing bodies in relation to the engagement or project g) On a preliminary basis, evaluates the effectiveness of the key activities of the board and other governing bodies identified h) Discusses the extent to which the entity's decision-making and accountability processes support management in meeting its stewardship responsibilities i) Understands the mandate of the compensation committee j) Analyzes the compensation and management incentive policies with regard to stakeholder interests k) Explains how the entity's governance structure would have an impact on an assurance project or engagement (e.g., control environment and management credibility)
2.1.2	Evaluates the specific role of the audit committee in governance	C		B	B	A	<ul style="list-style-type: none"> a) Evaluates the extent to which the audit committee is meeting its responsibilities b) Assesses the independence of the audit committee in relation to its requirements and responsibilities c) Recommends improvements to the audit committee based on current best practices d) Understands the relationship between the audit committee and the external auditor (e.g., selection of auditors and communication)

Competency	Entry	C1	C2	Core	E3 AS	Outcomes
2.1.3 Evaluates mechanisms used for compliance purposes	C		B	B	A	a) Examines and reviews the effectiveness of codes of conduct and various policies b) Suggests control processes to ensure filing deadlines are met c) Evaluates the mechanisms for information flow within the entity NOTE: Examples of these processes include <ul style="list-style-type: none"> • selecting committees and board members; • keeping board members fully informed on the changing dynamics of the operating environment; • conducting effective discussion, analysis, synthesis, and decision-making based on accurate and timely information; • building an open and constructive relationship between the board and management; • evaluating relationships and performance of external advisors (i.e., lawyers, actuaries, and auditors); and • reviewing the entity’s strategic direction on a regular basis and assessing performance through ongoing monitoring d) Identifies the need for an independent audit function e) Identifies the need for an accountability program f) Identifies the need for a conflict-of-interest policy

4. AUDIT AND ASSURANCE

4.1 Internal Control

4.1.1 Assesses the entity’s risk assessment processes	B	A		A	A	a) Assesses the operational or financial reporting implications arising from the identification of the entity’s key operations b) Assesses the operational or financial reporting implications of the entity’s risks and related controls c) Assesses and documents the actual operational processes in use d) Understands the major activities that the entity uses to monitor internal control over financial reporting, including those related to those control activities relevant to the audit, and how the entity initiates remedial actions where there are deficiencies in its controls
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Competency	Entry	C1	C2	Core	E3 AS	Outcomes
4.1.2 Evaluates the information system, including the related processes	C	B		B	A	<ul style="list-style-type: none"> a) Identifies the appropriate recognized framework to apply and evaluates internal control in the context of that framework b) Identifies, gains an understanding of, and evaluates the design and effectiveness of internal controls c) Documents the entity's procedures for reporting compliance with approved internal controls d) Assesses the implications of control deficiencies identified (including any financial reporting implications) and recommends improvements e) Communicates weaknesses in internal controls to the appropriate level of management and/or the audit committee or equivalent f) Considers IT security requirements and tools g) Identifies and evaluates opportunities to enhance controls through the application of IT, and collaborates with specialists as needed to implement enhancement
4.2 Internal and External Audit Requirements						
4.2.1 Advises on an entity's assurance needs	B			B	A	<ul style="list-style-type: none"> a) Uses the entity's mission, vision, strategies, and stakeholders' needs in order to identify and evaluate assurance requirements and options for the entity b) Recommends appropriate assurance projects or engagements given the entity's needs c) Explains the rationale for selecting a particular type of assurance project or engagement (e.g., statutory requirement and requirement by shareholders and/or creditors) d) Explains the assurance process to stakeholders (e.g., steps involved, best-practice guidelines, and effects of IT environment or other situational factors) e) Identifies engagements other than assurance engagements

Competency	Entry	C1	C2	Core	E3 AS	Outcomes
4.2.2 Explains the implications of pending changes in assurance standards	C			C	B	<ul style="list-style-type: none"> a) Describes current trends in the industry and anticipates changes (e.g., current audit environment and public opinion) b) Explains shortcomings/limitations of current standards in relation to emerging standards, stakeholder needs, and how standards apply to a particular situation c) Understands and explains the implications of exposure drafts, impending changes, their rationale, and their impact on engagements or projects d) Suggests how assurance plans should be modified to reflect changes in requirements where applicable
4.3 Internal Audit Projects and External Assurance Engagements						
4.3.1 Assesses issues related to the undertaking of the engagement or project	B	B		B	A	<ul style="list-style-type: none"> a) Assesses whether there are barriers to the acceptance of the engagement or project (considers ethical issues, issues of independence, competence, and objectivity) b) Evaluates the risk associated with accepting the engagement or project c) Understands the criteria to be used to determine whether acceptance or retention of the engagement or project is appropriate d) Evaluates internal resources to ensure sufficient expertise and time are available to properly perform the engagement or project e) For external assurance engagements, communicates with predecessor auditor where applicable to request information regarding any reason the client should not be accepted f) Concludes whether to undertake the engagement or project and documents the basis and terms of acceptance g) For external assurance engagements, prepares an engagement letter to ensure that expectations are aligned and engagement risk is managed

Competency	Entry	C1	C2	Core	E3 AS	Outcomes
4.3.2 Assesses which set of criteria to apply to the subject matter being evaluated	B			B	A	<p>a) For financial statement assurance engagements or projects, assesses the acceptability of the financial reporting framework:</p> <ul style="list-style-type: none"> for general-purpose financial statements, the framework would be generally accepted accounting principles, which in Canada differs by type of entity (e.g., IFRS, ASPE) for special-purpose financial statements, assesses what financial reporting framework, criteria, set of acceptable rules, or policies best apply <p>b) For other assurance engagements or projects, identifies and assesses the appropriate framework or set of criteria to apply</p>
4.3.3 Assesses or develops which standards or guidelines to apply based on the nature and expectations of the assurance engagement or project	B	B		B	A	<p>a) Assesses whether Canadian Auditing Standards (CAS) apply, and if so, how they apply to the decision-making needs of the users of the information</p> <p>b) For assurance engagements or projects where CAS do not apply, determines or develops appropriate guidelines to apply</p>
4.3.4 Assesses materiality for the assurance engagement or project	B	B		B	A	<p>a) Identifies the users of the assurance engagement or project</p> <p>b) Assesses the materiality or significance level with reference to the users, acknowledging the decision-making and financial reporting context</p>

Competency	Entry	C1	C2	Core	E3 AS	Outcomes
4.3.5 Assesses the risks of the project, or for audit engagements, assesses the risks of material misstatement at the financial statement level and at the assertion level for classes of transactions, account balances, and disclosures	B	B		B	A	<ul style="list-style-type: none"> a) Completes risk assessment procedures, obtaining sufficient understanding of the entity, its control environment, its industry, the economic environment, its objectives and strategies, and key stakeholders to accurately assess risk areas, fraud risk factors, and other issues (e.g., financial instability and/or debt covenants, intense competition, unstable supply or demand, and significant regulation) b) With repeat audit engagements and projects, reviews the results of prior audits for problem areas or potential issues that may have an impact on risk c) Assesses the risk of material misstatement or exception based on relevant risks and issues d) Assesses the risk at the financial statement level and the assertion level for classes of transactions, account balances, and disclosures e) Evaluates the impact of the risk assessment on the nature, timing, and extent of assurance work to be performed
4.3.6 Develops appropriate procedures based on the identified risk of material misstatement	B	B		B	A	<ul style="list-style-type: none"> a) Identifies potential sources of evidence to support the reliability of the information b) Prepares appropriate procedures in terms of nature, timing, and extent, based on factors such as knowledge of the entity and preliminary risk assessment c) Evaluates the impact of the IT environment on the nature, extent, and timing of the work and the need to use computer-assisted techniques to gather evidence d) Determines the appropriate sampling approach e) Develops procedures to make use of the work of others (e.g., specialists/experts, internal auditors, external auditors of related entities, and external auditors of service providers) f) Modifies procedures in light of findings (e.g., ineffective controls, known errors, changes in circumstances, or the presence of fraud risk factors) g) Documents the planned procedures (e.g., prepares the audit program) h) Evaluates the need to revise audit procedures given fundamental changes to the entity's operations or infrastructure or the results of procedures performed

Competency	Entry	C1	C2	Core	E3 AS	Outcomes
4.3.7 Performs the work plan	B	B		B	A	<ul style="list-style-type: none"> a) Applies an appropriate level of professional skepticism, remaining alert to the possibility of fraud b) Performs and documents procedures with due care and an objective state of mind c) Ensures that all work is adequately supervised and reviewed d) Evaluates whether the procedures performed address the risks identified at both the overall level and the assertion level
4.3.8 Evaluates the evidence and results of analysis	B	B		B	A	<ul style="list-style-type: none"> a) Prepares working papers with sufficient detail to support the nature, timing, and extent of procedures performed and to support conclusions b) Ensures that the documentation provides a clear link to significant findings or issues that arose during the engagement or project and to the assessed risks c) Draws and documents conclusions as to whether the procedure meets its objective
4.3.9 Documents the work performed and its results	B			B	A	<ul style="list-style-type: none"> a) Evaluates the sufficiency, reliability, and appropriateness of the evidence obtained and assesses the significance of the results of analysis b) Identifies inconsistencies, unexpected circumstances, unexpected findings, or findings that indicate possible fraud, error, or illegal acts c) Determines whether the subject matter conforms with the standards, criteria, rules, or policies used for evaluation d) Identifies the impact of findings on the nature of the engagement or project, determining whether it is necessary to modify the nature, timing, or extent of planned procedures

Competency	Entry	C1	C2	Core	E3 AS	Outcomes
4.3.10 Draws conclusions and communicates results	B			B	A	<ul style="list-style-type: none"> a) Analyzes and decides on the reasonableness of the conclusions on the subject matter, based on an understanding of the nature of the entity and its operations for the period and on the evidence gathered b) Analyzes the need to gather additional evidence or to extend the nature of procedures c) Reviews the unadjusted errors/exceptions in light of materiality or significance guidelines, and determines if corrections are required or further work is needed d) Assesses indicators of existence of fraud and assesses the implication to the engagement or project, including the impact on the communication e) Evaluates the reasonableness of the subject matter as a whole, considering the objectives of the engagement or project f) Evaluates the appropriateness of the conclusions being communicated in accordance with applicable criteria g) Develops an appropriate communication in accordance with the terms of the engagement or project, and if applicable, statutory or regulatory requirements (e.g., <i>CICA Handbook – Assurance</i>) h) Evaluates whether quality control standards and/or guidelines were adhered to (e.g., CSQC 1)

Competency	Entry	C1	C2	Core	E3 AS	Outcomes
4.3.11 Prepares or interprets information and reports for stakeholders	B	B		B	A	<p>a) Documents and/or facilitates debriefing of engagement or project results, issues, and stakeholder feedback to consider for the following year's engagement or project (e.g., to improve the quality of service and effectiveness/efficiency of the engagement or project)</p> <p>b) Prepares a report or presentation to the audit committee or equivalent (those with oversight responsibility for the financial reporting process) as required to meet professional standards (e.g., reports on independence of the assurance team, related party issues, and significant unusual transactions)</p> <p>c) Prepares other reports to meet stakeholder needs (e.g., derived communication)</p> <p>d) Prepares information for timely communication with management, those in charge of governance, and other stakeholders on significant matters, including</p> <ul style="list-style-type: none"> • the results of procedures; • recommendations for improvement to processes and controls; • misstatements/exceptions arising from fraud, suspected fraud, error, and illegal or possibly illegal acts; and • any other item required due to the nature of the engagement or project <p>e) Concludes on and prepares the appropriate report to issue</p> <p>f) Assesses to what extent recommendations for improvement can be made without jeopardizing independence</p> <p>g) Assesses opportunities to benchmark previous audits to reduce effort and fees of future audits</p>

Competency	Entry	C1	C2	Core	E3 AS	Outcomes
4.4 Comprehensive Audit Projects						
4.4.1 Applies comprehensive auditing techniques	C			C	B	<ul style="list-style-type: none"> a) Detects the need for comprehensive auditing (value-for-money audits, government program evaluations, operational audits) based on the entity's (including public sector entities) strategies and mission b) Identifies and analyzes the risks and determines project priority c) Preliminarily adjusts assurance strategy and procedures to plan and perform a comprehensive audit d) Identifies beneficial opportunities for economy, efficiency, and effectiveness in the use and management of the entity's available resources
5. FINANCE						
5.1 Financial Analysis and Planning						
5.1.1 Evaluates the entity's financial state	B		A	A	A	<ul style="list-style-type: none"> a) Performs financial analysis, such as ratio analysis, industry benchmarking, trend analysis, and cash flow analysis b) Determines the relevance of the tools to the evaluation of the entity's financial state c) Draws conclusions as to the entity's financial state
5.4 Valuation						
5.4.1 Determines the value of a tangible asset	C	B		B	B	<ul style="list-style-type: none"> a) Explains the valuation methods that apply for financial reporting of tangible assets b) Identifies the acceptable valuation alternatives c) Understands the pros and cons of each valuation alternative d) Identifies the critical assumptions and facts that underlie the valuation estimate e) Applies the appropriate valuation alternative

Competency	Entry	C1	C2	Core	E3 AS	Outcomes
5.4.2 Applies appropriate methods to estimate the value of a business	C	B		B	B	a) Applies different valuation methods to analyze, calculate, or forecast a plausible range of values for a business for review by others. Methods include the following: <ul style="list-style-type: none"> • Asset-based approaches • Transaction-based approaches (e.g., discounted cash flow) • Market-based approaches b) Identifies the critical assumptions and facts that underlie the valuation estimate c) Identifies the need for business valuation techniques in the preparation of financial statements d) Describes the use of financial statements for the purposes of business valuation
5.4.3 Estimates the value of an intangible asset	C			C	B	a) Explains the various methods that are appropriate for valuation of an intangible asset b) Analyzes the pros and cons of each valuation alternative c) Estimates the value for an intangible asset based on acceptable methods

Elective Module 4 (E4) — Taxation

The objective of Elective 4 is to equip candidates with the competencies necessary to provide taxation services and guidance. The scope includes assisting individual and corporate entities to minimize taxes and meet their objectives while remaining in compliance with tax laws and regulations. The candidate learns to address compliance and tax-planning issues for both individuals and corporate entities, as well as, to a lesser extent, partnerships and trusts. Candidates also learn to go beyond the presenting issues and consider the broader circumstances and risk tolerance of all stakeholders involved. In addition, candidates develop competence in the areas of tax governance, controls, and risk management, in recognizing the interrelationship between financial reporting decisions and taxation, and in recognizing the importance of taking taxes into account when making business and investment decisions.

Competency	Entry	C1	C2	Core	E4 TAX	Outcomes	
6. TAXATION							
6.1 Corporate Tax							
6.1.1	Assesses a corporate entity's general tax issues	B	B		B	A	a) Interprets and applies the Income Tax Act (ITA) and various reference sources to the entity's tax issues b) Determines a corporation's <ul style="list-style-type: none"> • legal form and structure; • type of corporation (e.g., private, CCPC, public); • residency and liability for tax (income tax, HST/GST); • sources and types of income; • stakeholders and relationships (e.g., non-arm's length, related persons, associated or connected corporations, and affiliated persons) • risk tolerance; • and tax filing requirements

Competency	Entry	C1	C2	Core	E4 TAX	Outcomes
6.1.2 Determines taxes payable for a corporation in routine situations	B	B		B	A	a) Classifies and calculates the different sources and types of income for a corporation b) Reconciles accounting income to income for tax purposes c) Determines adjustments necessary to calculate taxable income d) Identifies and explains the elements of taxes payable e) Calculates instalments and final tax payments and advises on due dates
6.1.3 Determines taxes payable for a corporation in non-routine situations	—		—		B	a) Evaluates the impact of non-routine situations on a corporation's income and tax payable; for example: <ul style="list-style-type: none"> • flow-through of partnership income to a corporate partner • financially troubled businesses • Scientific Research & Experimental Development
6.1.4 Advises on tax consequences or specific tax-planning opportunities for shareholders and their closely held corporations	C	C		C	A	a) Analyzes the entity's and its shareholders' tax profiles to identify, evaluate, and recommend possible tax-planning opportunities b) Identifies alternative courses of action, and evaluates and recommends planning opportunities with corresponding risks (e.g., salary versus dividends, loans to shareholders, succession and estate planning, benefits and compensation)
6.1.5 Analyzes the tax consequences or planning opportunities for complex corporate transactions	—	C		C	B	a) Analyzes more complex situations and identifies tax-planning opportunities b) Advises on optimal corporate structure to meet the objectives of the corporation (e.g., use of holding companies, business expansion structures, creditor protection) c) Recommends tax strategies that can be used to achieve the optimal corporate structure on a tax-deferred basis (e.g., Section 85 elections, Section 86 reorganization of share capital, Section 51 convertible property, and Section 85.1 share for share exchange). d) Identifies, analyzes, and explains the impact of transferring assets to a corporation e) Analyzes and advises on the tax consequences on the sale or acquisition of shares versus assets, including the possible acquisition of control

Competency	Entry	C1	C2	Core	E4 TAX	Outcomes
6.1.6 Describes the tax consequences of other corporate and partnership restructuring transactions	—			—	C	a) Explains the tax consequences of <ul style="list-style-type: none"> • a wind-up of a subsidiary into its parent corporation; • the amalgamation of multiple corporations; and • transactions between a partnership and its partners
6.2 Personal Tax						
6.2.1 Assesses general tax issues for an individual	B			B	A	a) Interprets and applies the ITA and various reference sources to the individual's tax issues b) Determines an individual's <ul style="list-style-type: none"> • residency and liability for tax; • sources and types of income; • stakeholders and relationships (e.g., non-arm's length, related persons, and affiliated persons); and • tax filing requirements
6.2.2 Determines income taxes payable for an individual in routine situations	B			B	A	a) Identifies and classifies the different sources and types of income for an individual (employment, business, property, capital gains, and other income) b) Calculates the inclusions and deductions for each source of income c) Determines deductibility of other items (e.g., RRSP contributions) d) Determines adjustments necessary to calculate taxable income e) Identifies and explains the elements of taxes payable (e.g., dividend tax credits and personal tax credits) f) Calculates instalments and final tax payments and advises on due dates
6.2.3 Determines income taxes payable for an individual in non-routine situations	—			—	B	a) Evaluates the impact of non-routine situations on an individual's income and tax payable; for example: <ul style="list-style-type: none"> • the allocation of income/loss from a partnership to be recorded on the individual's tax return • the returns for a deceased individual b) Determines income tax payable for inter vivos and testamentary trusts c) Determines impact of distributions from trusts on beneficiary

Competency	Entry	C1	C2	Core	E4 TAX	Outcomes
6.2.4 Advises on specific tax-planning opportunities for individuals	C	C		C	A	<ul style="list-style-type: none"> a) Analyzes the individual's profile to identify, evaluate, and recommend possible tax-planning opportunities (e.g., income splitting and TFSA, RRSP, RESP, and RDSP) b) Identifies alternative courses of action, and evaluates and recommends planning opportunities with corresponding risks for executives and other employees (e.g., salary versus fringe benefits, stock-based compensation, bonus plans, and pension plans) c) Identifies and explains the tax advantages and disadvantages of self-employment versus being an employee d) Identifies, analyzes, and explains the impact of incorporating a non-incorporated business
6.2.5 Analyzes estate planning opportunities for individuals	—	C		C	B	<ul style="list-style-type: none"> a) Identifies and explains the role of trusts and deferred income plans as planning tools b) Identifies and explains tax-planning opportunities related to estate planning c) Designs a plan for transition of family wealth d) Plans for the tax consequences of the death of an individual and the subsequent distribution of the estate
6.2.6 Analyzes tax consequences for non-residents	—	C		C	B	<ul style="list-style-type: none"> a) Identifies and explains the taxation of Canadian sources of income for non-residents (e.g., tax payable under Part I and Part XIII) b) Identifies and explains the taxation of part-year residents (e.g., deemed acquisitions or dispositions and tax payable under Part I) c) Identifies the possible impact of tax treaties and conventions

Competency	Entry	C1	C2	Core	E4 TAX	Outcomes
6.3 Assessments and Appeals						
6.3.1 Advises taxpayers with respect to assessment, notice of objection, and appeals	C	C		C	B	a) Explains <ul style="list-style-type: none"> • filing deadlines for objections and appeals; and • consequences of missing filing deadlines b) Discusses the need for, and how to, access CRA documents to assess risks and support the entity's position c) Analyzes the strength of a possible objection d) Outlines a course of action, considering probability of success and taxpayer's appetite for pursuing an appeal (i.e., professional fees, reputation, and public disclosure of information) e) Prepares information to respond to assessments and to file objections and appeals

The Capstone Modules of the CPA Certification Program

The last two modules of the CPA certification program are Capstone 1 and Capstone 2. There are no modular tables presented because these modules focus on the further development of the CPA enabling competencies previously introduced in simulated business cases, including ethical and professional behaviour – the ability to operate with honesty, integrity, credibility, self-confidence, self-control, organization, and independence.

Capstone Module 1 (Cap 1) – Integrative Module

This module focuses on further developing, through teamwork, the enabling competencies and the integration of the six technical competency areas. In this module, candidates apply the technical competencies acquired in the preceding modules. All previously acquired competencies form the pool from which candidates draw from in this module. The content, structure, and delivery of the module are designed to develop the strategic leadership capabilities of the CPA candidate and ensure an integrative perspective is brought to decision-making.

This module enhances the development of the individual as a strategic thinker. Cap 1 combines individual and group work, supported by written assignments and oral presentations. The use of teamwork enables candidates who chose different electives to experience working together to achieve a complete analysis. The written and oral components further develop the technical and enabling competencies gained in the preceding modules.

The focus of the module is on the development of the following enabling competencies.

Professional and Ethical Behaviour

The ability to act ethically, with honesty, integrity, credibility, self-confidence, and independence, while coping with ambiguity, conflicts of interest, and the need to protect the public interest.

Problem-Solving and Decision-Making

The ability to draw on solid analytical and problem-solving skills and the capacity for innovative and integrative thought, as well as the ability to both connect and dissect “parts” and “wholes,” identify and manage priorities, and adopt a broad view.

Communication (Both Written and Oral)

The ability to communicate complex matters effectively by listening, understanding, speaking and writing with clarity, and using the art of persuasion and negotiation.

Self-Management

The ability to manage one’s own performance, soliciting feedback from others, and acting upon it to improve one’s behaviour, as well as recognizing one’s limits and seeking advice where needed.

Teamwork and Leadership

The ability to build, work in, and lead a team; to set goals; and to organize, collaborate, and manage processes. The ability to respond to feedback from others, display empathy and flexibility, and manage conflicts.



Capstone Module 2 (Cap 2) — Examination Preparation Module

The five modules of the CPA certification program leading up to this final module build critical enabling competencies as candidates move through the modules. Cap 2 is the last module the candidate participates in prior to writing the final examination. It is an examination preparation module.

Using complex and highly integrative cases that simulate real-life business issues, the Cap 2 module equips candidates with the ability to apply the technical and enabling competencies they have acquired throughout the CPA certification program.

Candidates will practise developing responses to business simulations and learn to communicate their thinking in a well-structured response within the allotted time. The simulations used in the module will draw upon all the enabling competencies and technical competencies outlined in the Competency Map.

Unlike in Cap 1, in which candidates work as part of a team, candidates in Cap 2 work individually to hone their behavioural, analytical, problem-solving, and decision-making skills by applying them to complex situations. The situations simulate real-life projects and assignments that newly certified CPAs may encounter in their careers.

The development of the following enabling competencies will be honed in Cap 2:

- the ability to define the issues
- the ability to identify the important issues, even if underlying, and explain why they are important
- the ability to analyze the situation presented and perform quantitative and qualitative analyses, and to apply the technical competencies acquired to probe the issues
- the ability to evaluate alternatives (pros/cons, implications of different options, assess validity of options, etc.)
- the ability to integrate and synthesize the information presented and analysis performed to see the big picture and consider the impact of one analysis or conclusion on another, in a complex scenario
- the ability to draw appropriate conclusions, propose solutions, and provide professional business advice, making logical and practical choices that flow from the analysis
- the ability to demonstrate professional judgement when considering the relevant decision factors
- the ability to exercise ethical judgement

Additional Information on Proficiency Levels

The CPA program is designed to increase a candidate's ability to draw on their enabling competencies throughout the professional education program. To demonstrate the technical competencies, CPA candidates draw on the enabling competencies, particularly the ability to make decisions and solve problems, while concurrently applying their technical knowledge.

Setting Level C to A

The more complex and non-routine a situation is, the more candidates will need to draw on the enabling competencies to understand the situation. The expected proficiency levels (A, B, C) are set to take into account the nature of the situation — addressing a more complex issue, or one that is not routine, typically requires a high level of proficiency. Recognizing that the CPA's enabling competencies are not fully developed at the point of entering the profession, the expectation is adapted, recognizing that professional competence will continue to accrue with post-certification experience.

Guidelines

- Where the complexity is low, greater proficiency is expected from the candidate
- Where the complexity is moderate, lower proficiency is expected from the candidate
- Where the situation is routine, greater proficiency is expected from the candidate
- Where the situation is non-routine, lower proficiency is expected from the candidate

Therefore, if a competency addresses a topic that is more complex than normal, is not seen very often, or has several variables that need to be considered, the level of proficiency may be low at the beginning, but will progress throughout the professional education program.

The increase in proficiency from Level C to Level A is reflected in the chart on the following page.¹

¹ based on the Cognitive System in *The New Taxonomy of Educational Objectives* by Robert J. Marzano and John S. Kendall, Second Edition (Thousand Oaks, California, Corwin Press, 2007).

Additional Information for Reading and Understanding the Proficiency Chart

Circumstances

Routine situation: Circumstances typically encountered by and requiring knowledge expected of a newly certified CPA.

Non-routine situation: Circumstances not typically encountered by a newly certified CPA; may require advanced technical expertise.

Complexity

Degree of difficulty associated with the number and nature of interrelationships and ambiguities that must be considered simultaneously.

Low complexity: Little difficulty associated with a small number of straightforward and frequently encountered issues; may achieve competence relying on a “rote” approach.

Moderate complexity: Medium difficulty associated with a number of interconnections or variables that need to be considered simultaneously; circumstances may be less clear and require approaches that are not practised frequently.

High complexity: Considerable difficulty associated with a large number of interrelationships and ambiguities that must be considered simultaneously; often requires innovative approaches.

Proficiency Chart



	Level C	Level B	Level A	Post-Certification (a more seasoned professional)
<p>Retrieval and comprehension (lowest level)</p> <p><i>Verbs reflecting this level include:</i> applies calculates classifies describes explains reconciles records uses</p>	<p><i>A routine situation with low to moderate complexity:</i> Explains, describes, locates, and applies knowledge, skills, and techniques</p>	<p><i>A routine situation with low complexity:</i> Explains, describes, locates, and applies knowledge, skills, and techniques Describes and explains the effects of applying concepts and techniques</p>		
<p>Analysis</p> <p><i>Verbs reflecting this level include:</i> analyzes compares detects discusses distinguishes estimates examines identifies incorporates integrates interprets performs predicts prepares researches recognizes understands</p>		<p><i>A routine situation with low complexity:</i> Identifies problems and partially analyzes, partially integrates relevant information</p> <p><i>A routine situation with moderate complexity:</i> Identifies problems, gathers all relevant information, and partially analyzes it</p>	<p><i>A routine situation with low complexity:</i> Identifies problems and thoroughly analyzes and integrates relevant information</p> <p><i>A routine situation with moderate complexity:</i> Identifies problems and partially analyzes relevant information</p> <p><i>A non-routine situation with moderate complexity:</i> Discusses the possible nature of the problem and identifies and integrates some relevant information</p>	<p><i>A non-routine situation with high complexity:</i></p> <ul style="list-style-type: none"> Identifies unusual and potential future problems Analyzes using innovative and advanced techniques

	Level C	Level B	Level A	Post-Certification (a more seasoned professional)
<p>Knowledge utilization (highest level)</p> <p><i>Verbs reflecting this level include:</i></p> <ul style="list-style-type: none"> advises assesses concludes/draws conclusions creates designs determines develops documents results drafts ensures evaluates formulates justifies maintains manages monitors plans prioritizes provides advice/ input provides insight recommends resolves reviews selects suggests 		<p><i>A routine situation with low complexity:</i></p> <p>Partially analyzes and integrates information to reach logical conclusions or recommendations for many issues</p> <p><i>A routine situation with moderate complexity:</i></p> <p>Partially analyzes and integrates information to reach a tentative conclusion or a suggestion for one issue</p>	<p><i>A routine situation with low complexity:</i></p> <p>Thoroughly analyzes and integrates information to reach the most useful conclusions or recommendations for all key issues</p> <p><i>A routine situation with moderate complexity:</i></p> <p>Partially analyzes and integrates information to reach logical conclusions or recommendations for many issues</p>	<p><i>A non-routine situation with high complexity:</i></p> <p>Thoroughly analyzes and integrates information to reach the most useful conclusions or recommendations for all key issues</p> <p><i>Generates, tests, and proposes new practices or techniques to improve quality of professional service</i></p>

Supplemental Examples of Competency Learning Objectives and Levels of Student Performance

Several examples are provided to illustrate how the complexity of the subject matter and the frequency it is encountered (routine or not) affect the level of proficiency expected of candidates.

Proficiency Chart



	Level C	Level B	Level A	Post-Certification (a more seasoned professional)
Retrieval and comprehension (lowest level)	<p><i>Routine and low complexity:</i></p> <p>Taxation Competency 6.3.1 — <i>Advises taxpayers with respect to assessment, notice of objection, and appeals</i></p> <p>Correctly identifies and explains the process for filing a notice of objection or an appeal, explaining the relationship to the notice of assessment received from CRA.</p>	<p><i>Routine and moderate complexity:</i></p> <p>Finance Competency 5.4.1 — <i>Estimates the value of tangible assets</i></p> <p>Using the reporting information obtained from valuers, applies one of the appropriate methods to estimate the value of an entity's manufacturing equipment. Correctly performs the basic calculations and explains the technique used in general terms.</p>		

	Level C	Level B	Level A	Post-Certification (a more seasoned professional)
Analysis		<p><i>Non-routine, low complexity:</i></p> <p>Finance Competency 3.2.1 — <i>Computes, analyzes, or evaluates operational plans, budgets, and forecasts</i></p> <p>Conducts a thorough analysis of relevant future cash flows, including sensitivity analysis, to assist managers in forecasting the impact of a business expansion decision.</p> <p>Exercises reasonable judgment to identify and estimate relevant cash flows and select assumptions for sensitivity analysis.</p> <p>Identifies the areas where taxation advice is required.</p> <p>Summarizes results of analyses performed in a format with clearly stated assumptions for use by non-financial managers.</p> <p><i>Non-routine, moderate complexity:</i></p> <p>Strategy and Governance Competency 2.1.1 — <i>Evaluates the entity's governance structure</i></p> <p>Assists the board of directors by identifying and documenting current board processes and comparing them to a set of best practices.</p> <p>Identifies and summarizes several of the strengths and weaknesses of board processes, but does not fully analyze all relevant information, and demonstrates only superficial knowledge of the best practices.</p>		

	Level C	Level B	Level A	Post-Certification (a more seasoned professional)
Knowledge utilization (highest level)		<p><i>Routine and low to moderate complexity:</i></p> <p>Management Accounting Competency 3.3.2 — <i>Evaluates and applies cost management techniques appropriate for specific decisions</i></p> <p>Applies absorption costing and activity-based costing to analyze relevant costs, and recommends whether the organization should continue serving a particular type of customer in light of questions about customer profitability. Demonstrates knowledge about differences in costs under the two costing methods and appropriately identifies relevant costs for the situation, but focuses primarily on supporting one recommendation, and ignores information that might lead to doubts about the accuracy of customer profitability measurement.</p>	<p><i>Routine and moderate complexity:</i></p> <p>Financial Reporting Competency 1.1.1 — <i>Evaluates financial reporting needs</i></p> <p>Analyzes and recommends choice of IFRS versus ASPE as basis of accounting, and the type of assurance service, for a business that is planning to grow and will be incorporating. Thoroughly integrates information and develops reasonable decision criteria to address the intended use of financial information and cost-benefit trade-offs. Adequately communicates recommendations, taking into account the entity’s stakeholder information needs and the owner’s lack of financial expertise.</p>	

	Level C	Level B	Level A	Post-Certification (a more seasoned professional)
Knowledge utilization (highest level) — continued		<p>Taxation Competency 6.1.3 — <i>Determines taxes payable for a corporation in non-routine situations</i></p> <p>Conducts research in the Income Tax Act or other tax advisory guides on a corporate wind-up and combines the tax effects of these non-routine items and other routine items to calculate taxes payable for a corporation.</p> <p>Applies relevant tax regulations and uses reasonable judgment to determine the current tax effects, but makes minor errors when determining the tax effects and does not take into account nuances in the tax regulations.</p>	<p><i>Routine and moderate to high complexity:</i></p> <p>Audit and Assurance Competency 4.3.1 — <i>Assesses issues related to the undertaking of the engagement or project</i></p> <p>Prepares tentative draft of audit firm memorandum evaluating whether the firm should accept a potential new audit client with numerous issues, including complex financial accounting transactions, questions about the integrity of management, and an audit firm strategy to expand services in the potential client's industry.</p> <p>Performs analysis using criteria from professional standards for client acceptance and justifies a logical conclusion, but does not address all key issues.</p>	

Illustrating the Progression in Proficiency Level

This example illustrates the progression in proficiency level from Level C to Level A. The rise in proficiency level requires candidates to increasingly draw upon on the enabling competencies.

Scenario

A private company operates a business selling packaged lunch food to small retail stores located primarily in office buildings. Company growth has resulted in the owner turning over greater responsibility to a vice president of production and a vice president of marketing. This year, the company's controller worked with the managers to develop detailed budgets, including standard cost budgets for each food product.

To help the management team evaluate overall company profitability, as well as the profitability attributable to operations and marketing, at the end of first quarter the controller asked the company's new assistant controller to prepare a budget variance report including "common variances." The controller also asked for a written assessment of the variance results and implications for the company's management.

[Not illustrated here: Data for the original budget, actual results, budget and actual volumes for each food product, and comments from the controller about several operational events that would affect the variances.]

The CPA candidate is asked to prepare appropriate budget variance reports in the role of the assistant controller.

This situation is considered a "Routine Situation Having Low Complexity."

The scenario requires the following competency: **Management Accounting Planning and Control Competency 3.2.3** — *Computes, analyzes, or assesses implications of variances.* The Competency Map establishes proficiency Level A by the end of the professional education program. The progression in the level of competence is illustrated here:

LEVEL C (Lowest Level)

The CPA candidate, at Level C, would be able to use resource materials to select the relevant variances and formulas, provide general explanations, and then execute the basic calculations.

The CPA candidate, at Level C, is demonstrating the following retrieval and comprehension skills:

- Retrieves formulas and calculates relevant budget variances for overall profitability and profitability by food product.
- Describes overall and individual variance results as favourable or unfavourable.

LEVEL B (Mid-level)

The CPA candidate, at Level B, would be able to exercise judgment when choosing information for analysis, integrate variance calculations with other information for interpretation, and develop several implications.

In addition to the elements of performance noted above, at Level C, the CPA candidate at Level B would demonstrate the following analysis skills:

- Uses judgment to group relevant variances for analyses of the profitability attributable to operations and marketing. (The data would require only a modest amount of judgment for this aspect.)
- Interprets relationships among variances and discusses possible business implications.
- Integrates information about operational events with the variance results and provides interpretations with possible business implications.

In addition, the CPA candidate at Level B proficiency is demonstrating the following knowledge utilization skills:

- Draws conclusions by highlighting several business implications identified during the analysis that might be meaningful to the company's managers. (It will be up to the manager to assess whether the analysis is in fact meaningful.)

LEVEL A (Highest Level)

The CPA candidate, at Level A, would perform more thorough analyses, focus on relevant issues only, and focus more clearly on significant implications for the managers.

In addition to the elements of performance noted above, at levels B and C, the CPA candidate at Level A would demonstrate the following analysis skills:

- Provides interpretations and implications for all significant variances and significant groups of variances, including integration of all relevant operational events.

In addition, the CPA candidate at Level A proficiency would demonstrate the following knowledge utilization skills:

- Provides meaningful implications separately for production, marketing, and the overall company.
- Provides recommendations for additional investigations or courses of action that the managers could use to address major implications.

Verb Definitions

The following verbs are used in the descriptions of the competencies and outcomes. They are also used to reflect an expected proficiency level, as illustrated in the Proficiency Chart.

Advise: Counsel, inform, or notify in a manner suited to the recipient

Analyze: To examine methodically by separating into parts and studying the interrelationships in order to discover essential features

Apply: Demonstrate knowledge, concepts, or techniques

Assess: Judge the value, importance, or qualities of something, and draw conclusions

Calculate: Determine by computation or arrive at by mathematical means or processes

Classify: Apply concepts to categorize information or group into categories

Compare: Show the similarities, differences, or both

Conclude or **Draw conclusions:** Form a judgment about, or determine or resolve the outcome of, an issue through a process involving reasoning

Create: Conceive or fashion in the mind

Describe: Communicate the key features of something

Design: Use judgment to devise the form or structure of something

Detect: Discover or identify the presence or existence of something

Determine: Ascertain or conclude after analysis and consideration; judge

Develop: Use judgment to bring to a more advanced or effective state or to create a plan

Discuss: Examine in detail by argument, showing different aspects of the arguments (e.g., pro versus con)

Distinguish: Perceive or point out a difference

Document: Record (something) in written or other form

Draft: Write original material, including recommendations, conclusions, or a plan for the scrutiny of others

Ensure: Make certain of obtaining or providing something

Estimate: Roughly calculate or judge the value, number, quantity, or extent of something

Evaluate: Examine and judge carefully; appraise; assess

Examine: Inspect in detail to determine the nature or condition; investigate thoroughly

Explain: Make clear or intelligible; state the meaning of or reasons for

Formulate: Devise and put a plan into words

Identify: List or ascertaining possibilities before analysis

Incorporate: Contain or include something as part of a whole

Integrate: Combine or coordinate different types of information to provide insights for analysis

Interpret: Make sense of or give meaning to information



Justify: Give valid reasons or evidence for

Maintain: Cause or enable a condition or state of affairs to continue

Manage: Administer and regulate (resources under one's control)

Monitor: Observe and check the progress over a period of time; keep under systematic review

Perform: Do or execute, usually in the sense of a complex procedure

Plan: Devise the plan for an assurance engagement

Predict: Estimate, forecast, or anticipate effects or future results

Prepare: Make or get ready for use

Prioritize: Determine the order for dealing with a series of items or tasks according to their relative importance

Provide advice/input: Give recommendations for action in a format suited to the recipient

Provide insight: Have the capacity to gain an accurate and deep intuitive understanding of a situation

Recognize: Know to be something that has been perceived before

Recommend: Propose as the best course of action or choice

Reconcile: Make or prove consistent or compatible, or show differences between items to make them so

Record: Enter details of transactions in an entity's records (not accounting)

Research: Study closely and carefully

Resolve: Settle or find a solution to a problem

Review: Examine or assess something with the possibility or intention of instituting change if necessary

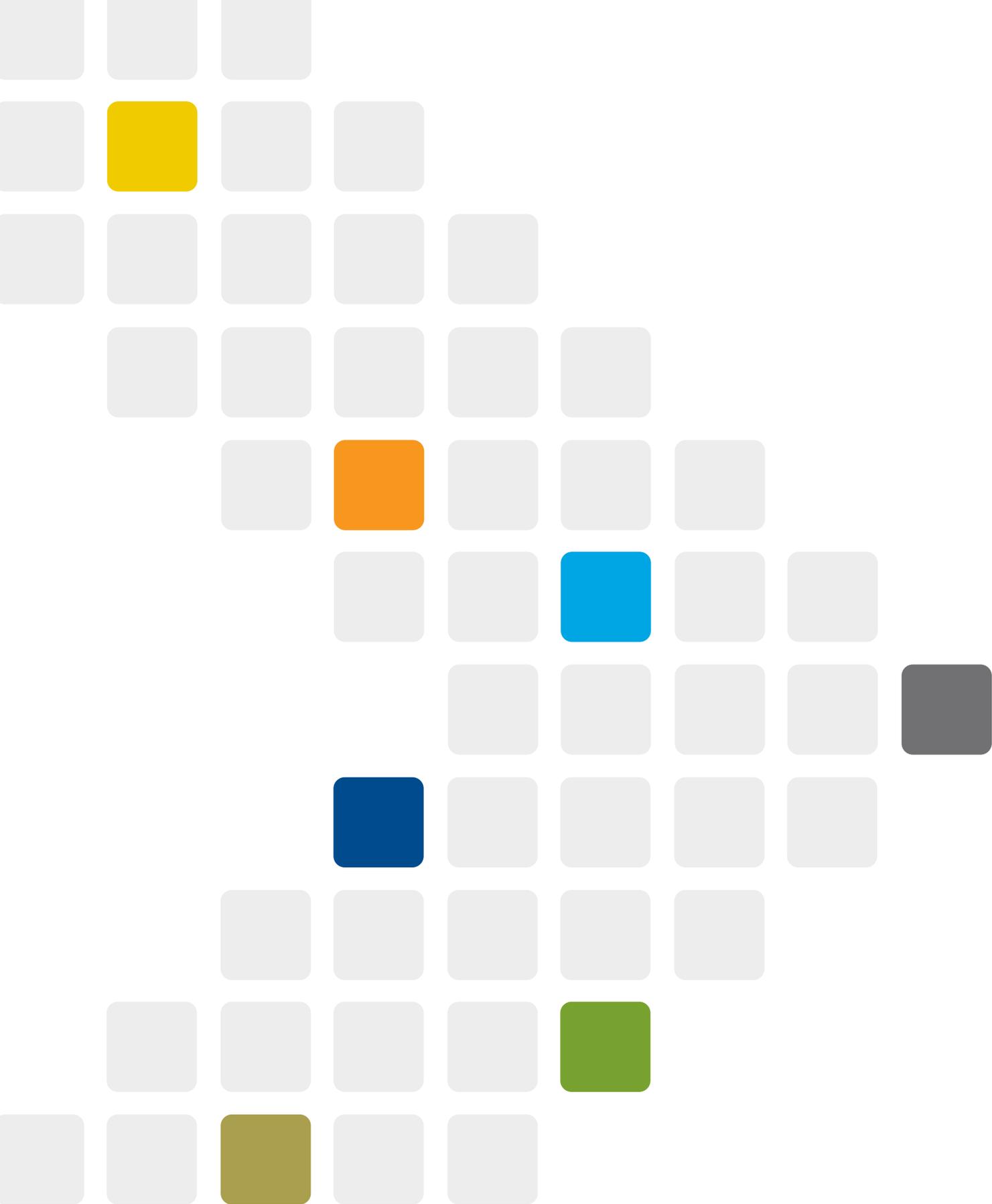
Select: Choose from a range of options or possibilities

Suggest: Put forward an idea or give reasons

Understand: Perceive and comprehend the nature and significance of something

Use: Apply in a practical way





THE CHARTERED PROFESSIONAL ACCOUNTANT COMPETENCY MAP

Understanding the competencies a candidate must demonstrate to become a CPA

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