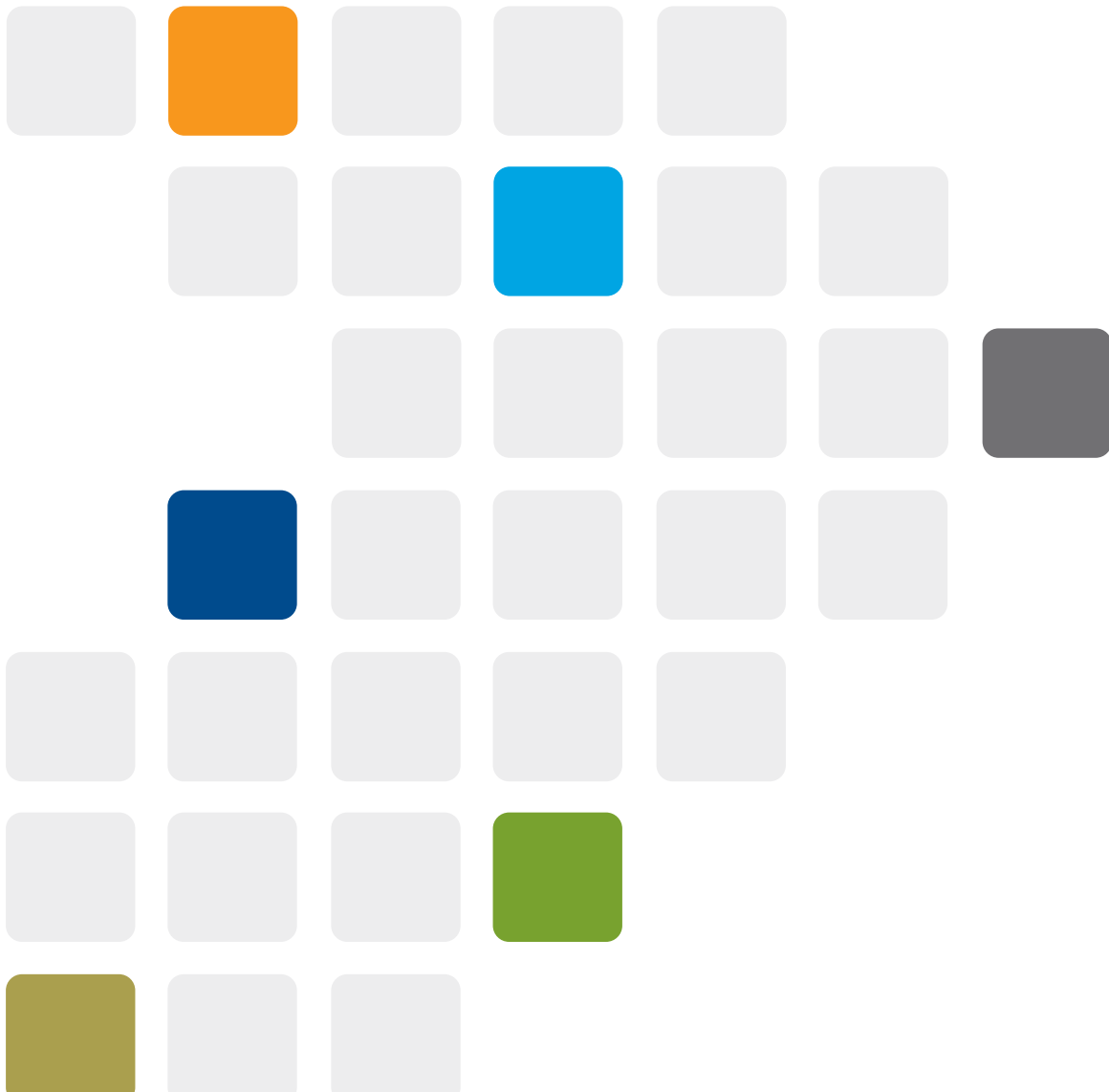




# THE CHARTERED PROFESSIONAL ACCOUNTANT COMPETENCY MAP

Part 2: The CPA Competency Map – Supplemental Materials  
Effective January 2023



The Competency Map is used in all components of the CPA certification program. The effective dates for incorporating this Competency Map is 2023.

If you have any specific questions about the operational implications of this Competency Map, please contact your [regional/provincial CPA body](#) or visit the [CPA Canada website](#) for more information.

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Part 2: The CPA Competency Map – Supplemental Materials

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# Introduction

## Overview

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

The Canadian 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 accounting, 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 International Accounting Education Standard Board's (IAESB) *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

The Canadian CPA is the pre-eminent, globally respected business and accounting designation

### 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 are set out in a separate document entitled [CPA Practical Experience Requirements](#).

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 *CPA Practical Experience Requirements*).

## 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.

### [Part 1: The CPA Competency Map](#)

- The CPA enabling competencies
- The CPA technical competencies

### **Part 2:** The CPA Competency Map - Supplemental Materials

- Overview of the CPA certification program
- Interrelationships among the enabling competencies, technical competencies, and proficiency level
- Technical competencies by competency area
- Learning outcomes by module
- Knowledge lists and examples
- Additional information on proficiency levels
- Verb definitions

The practical experience component is detailed in a separate document entitled [CPA Practical Experience Requirements](#).

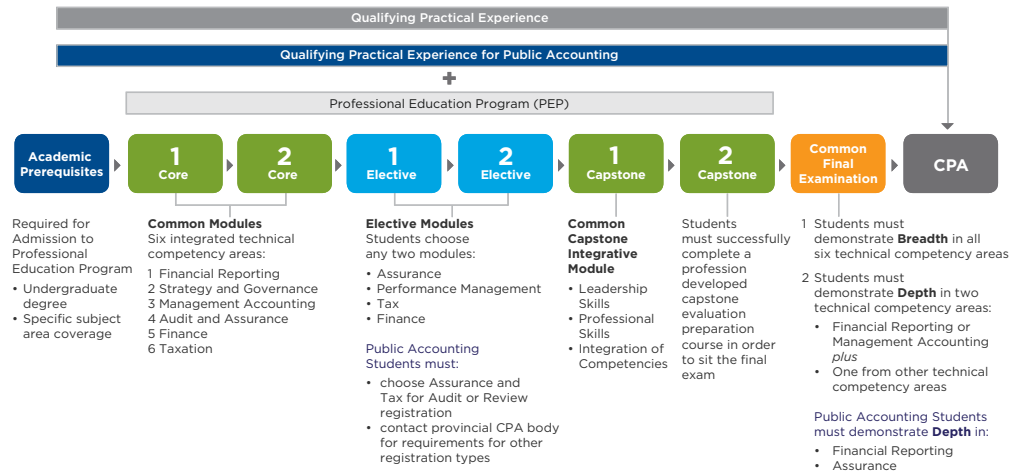


# SECTION 1

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.

**CPA Professional Education Program (CPA PEP):** CPA candidates must complete the CPA Professional Education Program (CPA PEP), or its equivalent through accredited programs. 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, entitled the *CPA Practical Experience Requirements*, outlines how the CPA competencies apply to practical experience requirements.

**Common Final Examination (CFE):** 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 CPA Professional Education Program (CPA PEP)



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. C1 focuses on financial accounting and reporting, and C2 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 competences 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. Section 7 of this 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.

**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:<sup>\*</sup>

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

<sup>\*</sup> Some jurisdictions offer different levels of public accounting registration (audit, review, compilation, and others). Candidates who plan to practise public accounting in the audit and review streams are required to take the Assurance and Taxation electives. Candidates who plan to seek registration for other licences offered in their jurisdiction should contact their provincial/regional CPA body for more information about the electives that would be most appropriate.

**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

**Electives - Two of:**

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

### SEVEN ENABLING COMPETENCY AREAS

1. Acting Ethically and Demonstrating Professional Values
2. Leading
3. Collaborating
4. Managing Self
5. Adding Value
6. Solving Problems and Making Decisions
7. Communicating

### 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, leadership, teamwork, decision-making, problem-solving, and communication as a professional accountant. The CPA candidate draws heavily upon the enabling competencies in demonstrating each of the specific technical competencies. The enabling competencies are grouped into seven broad competency areas.

1. **Acting Ethically and Demonstrating Professional Values:** The CPA profession is grounded in ethics, professionalism and protection of the public interest. CPAs have a duty to their profession and to society as well as to their individual and organizational interests. They do more than adhere to the CPA Code of Professional Conduct; CPAs ethical behaviour exemplifies and enhances the reputation of the profession. CPAs demonstrate integrity and trustworthiness, recognize ambiguity, ask insightful questions and work thoroughly and diligently. CPAs exhibit independence and objectivity to enhance the quality of their work.
2. **Leading:** CPAs recognize and promote their strategic role within an organization. They focus on strategic priorities, participate in formulating and implementing strategy, and drive performance management systems to monitor and improve

organizational outcomes. CPAs work closely with stakeholders throughout the organization to pursue common goals and achieve consensus. They contribute to the organizational culture, helping to embed cultural values and norms in business and functional decisions.

3. **Collaborating:** CPAs are respected and trusted, enabling them to partner with individuals and teams throughout an organization. They draw on the strengths and skills of diverse perspectives and develop and maintain valuable networks with internal and external stakeholders. These competencies enable CPAs to participate in, build and lead goal- and value-oriented teams. They support a collaborative and creative teamwork environment and maintain a cross-functional and integrative outlook. CPAs use emotional intelligence to empathize with others and to effectively manage and build relationships.
4. **Managing Self:** Central to the CPA culture is a commitment to continuous learning and professional development. CPAs exhibit adaptability, resilience and agility in an ever-changing business environment and assume accountability for their own performance. They recruit, coach, mentor, evaluate and inspire staff to contribute to organizational success. CPAs also employ emotional intelligence to enhance their own and others' performance.
5. **Adding Value:** CPAs add value to their organizations, community and society. They collaborate effectively on cross-functional improvement projects. They identify areas that need improvement based on strategic priorities and offer creative solutions. CPAs monitor improvement results and learn from both positive and negative experiences. They encourage a culture of mindful co-operation, innovation, and sustainability.
6. **Solving Problems and Making Decisions:** CPAs draw on strong problem-solving and decision-making skills, including the ability to utilize technology and data analytics. CPAs capacity for analytical and integrative thought enables them to identify important issues, use evidence and analytics to thoroughly and objectively evaluate alternatives, apply appropriate decision criteria, and develop implementation and change-management plans. CPAs consider relevant factors that others do not recognize.
7. **Communicating:** CPAs ensure that their communications are effective when speaking, listening, presenting and writing in one of Canada's two official languages. They ensure that meaning is conveyed clearly and succinctly by attending to the needs of diverse audiences and selecting the most appropriate communication media. CPAs have the ability to tell the story of the business when presenting information.

## 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 technical 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, 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.

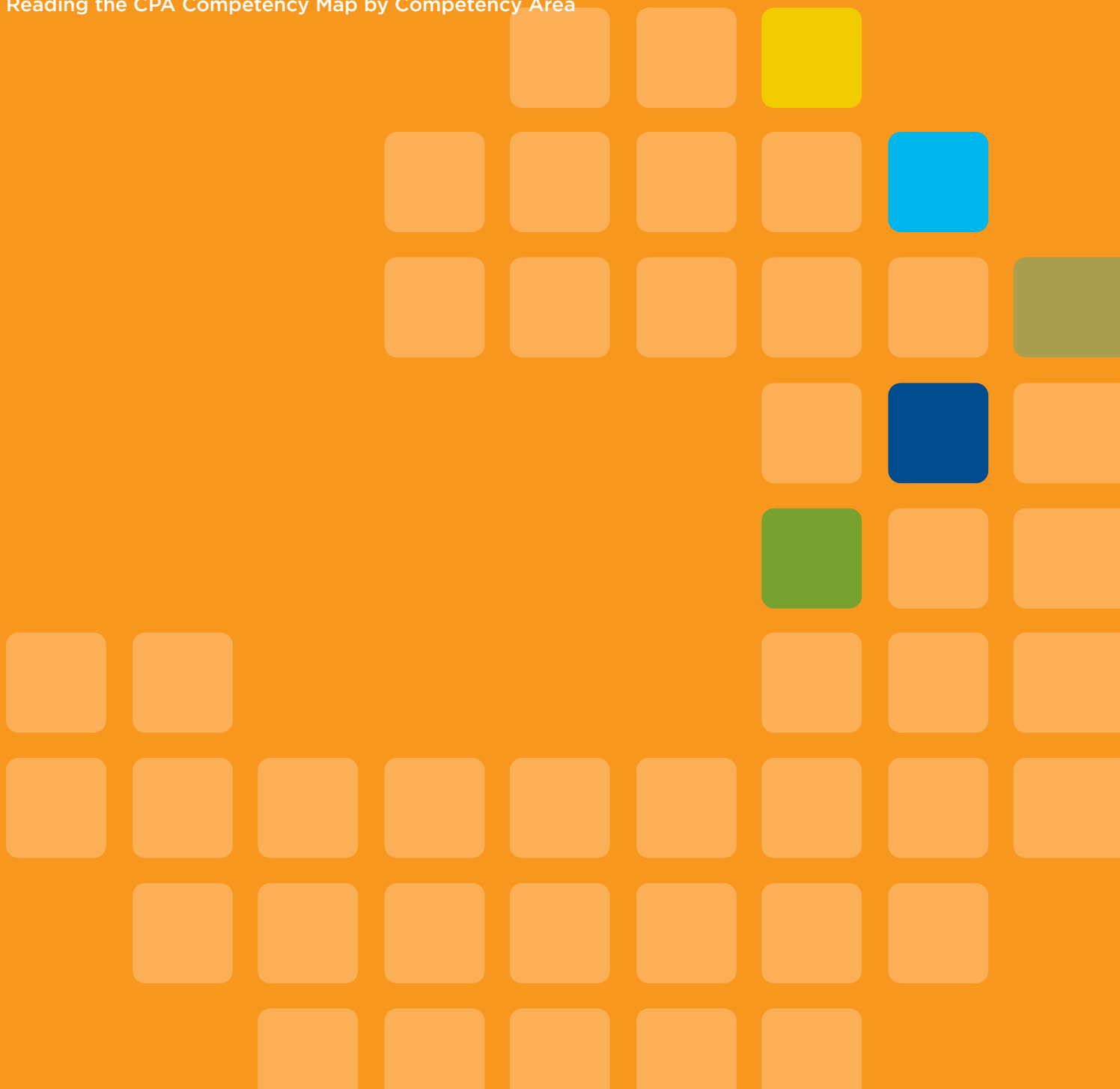
**Level B:** This level of proficiency incorporates Level C proficiency. To achieve competence at a B level, candidates must be able to demonstrate knowledge, analyze problems, and draw logical conclusions in routine situations that have low to moderate complexity. Candidates must be able to perform 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

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	
		Core		Core	Electives			Capstone		
Competency	Entry	C1	C2	Core	E1 PM	E2 FIN	E3 AS	E4 TAX	Cap 1	Cap 2
<b>6. TAXATION</b>										
<b>6.1 General Income Tax Concepts</b>										
6.1.1	Discusses general concepts and principles of income taxation	C	B	B				B	>	>
6.1.2	Assesses reporting systems, data requirements and business processes to support reliable tax compliance	C	B	B				A	>	>
6.1.3	Explains implications of current trends, emerging issues and technologies in taxation	C	C	C				B	>	>
<b>6.2 Corporate Income Tax</b>										
6.2.1	Evaluates general tax issues for a corporate entity	B	B	B				A	>	>
6.2.2	Advises on taxes payable for a corporation	B	B	B				A	>	>
<b>6.3 Personal Income Tax</b>										
6.3.1	Evaluates general tax issues for an individual	B	B	B				A	>	>
6.3.2	Evaluates income taxes payable for an individual	B		B				A	>	>
6.3.3	Analyzes specific tax-planning opportunities for individuals	B	B	B				B	>	>
<b>6.4 Income Tax Administration</b>										
6.4.1	Evaluates adherence to compliance requirements							A	>	>
<b>6.5 Income Taxation of Non-Residents and Part-year Residents</b>										
6.5.1	Analyzes residency of a taxpayer	C	C	C				B	>	>
6.5.2	Analyzes the taxation of Canadian sources of income for Non-residents and part-year residents	C	C	C				B	>	>
<b>6.6 Other Income Tax Matters</b>										
6.6.1	Analyzes income tax implications of death	—	C	C				B	>	>
6.6.2	Analyzes income tax implications of compensation planning between a shareholder and a closely-held corporation	C	C	C				B	>	>
6.6.3	Analyzes income tax implications of the purchase and sale of a CCPC	C	B	B				B	>	>
6.6.4	Explains the basic tax considerations of corporate reorganizations	—		—				C	>	>
<b>6.7 Other Income Tax Matters</b>										
6.7.1	Discusses the GST system in Canada	C	C	C				B	>	>
6.7.2	Analyzes GST obligations of a person	C	C	C				B	>	>
6.7.3	Calculates net tax for a person	C	C	C				B	>	>
6.7.4	Discusses GST compliance requirements	B	B	B				B	>	>
6.7.5	Analyzes GST implications from tax planning for shareholders and a closely held corporation	C		C				B	>	>
6.7.6	Explains GST obligations arising from other transactions	—		—				C	>	>

— Indicates no prerequisite.



**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.

**Entry (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 competencies 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.

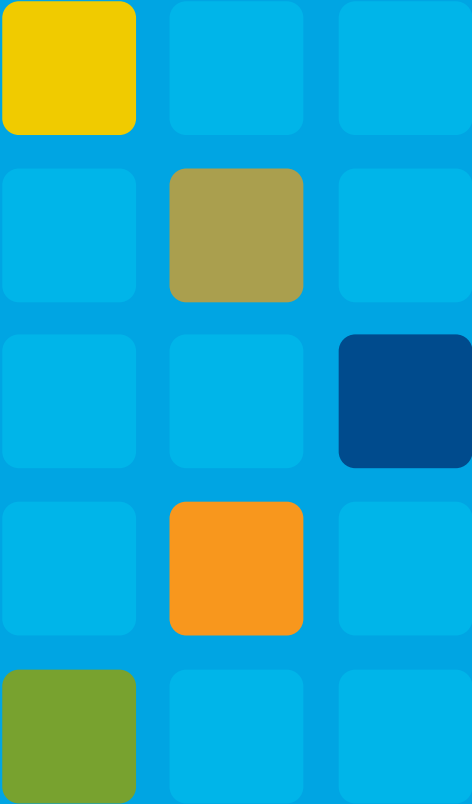
**Proficiency Level (Level A, B, or C as colour-coded):** The level of proficiency that is expected to be demonstrated by a CPA for a particular competency at a particular point in the professional education program is indicated by A, B, or C. Candidates increase their proficiency level as they progress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



# SECTION 4

The CPA Competency Map by Competency Area



## The CPA Competency Map by Competency Area

The following tables include 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	
<b>&gt; ENABLING COMPETENCIES</b>											
1. Acting Ethically and Demonstrating Professional Values											
2. Leading											
3. Collaborating											
4. Managing Self											
5. Adding Value											
6. Solving Problems and Making Decisions											
7. Communicating											

Indicates coverage and progressive development of professional skills and behaviour.

Competency	Entry	Core		Core	Electives				Capstone	
		C1	C2		E1 PM	E2 FIN	E3 AS	E4 TAX	Cap 1	Cap 2
<b>TECHNICAL COMPETENCIES</b>										
<b>1. FINANCIAL REPORTING</b>										
<b>1.1 Financial Reporting Needs and Systems</b>										
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 systems, data requirements and business processes to support reliable financial reporting	B	A		A					>	>
1.1.4 Explains implications of current trends, emerging issues and technologies 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					>	>
<b>1.2 Accounting Policies and Transactions</b>										
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		>	>

Competency	Core			Electives				Capstone			
	Entry	C1	C2	Core	E1 PM	E2 FIN	E3 AS	E4 TAX	Cap 1	Cap 2	
<b>1.3 Financial Report Preparation</b>											
1.3.1	Prepares financial statements	A	A		A					>	>
1.3.2	Prepares routine financial statement note disclosure	B	A		A			A		>	>
<b>1.4 Financial Statement Analysis</b>											
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 management communications (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					>	>
1.4.5	Analyzes and predicts the impact of strategic and operational decisions on financial results	C	B	B	B	A				>	>
<b>2. STRATEGY AND GOVERNANCE</b>											
<b>2.1 Governance</b>											
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				>	>
2.1.5	Explains implications of current trends, emerging issues and technologies in strategy and governance	C		C	C	B				>	>
<b>2.2 Mission, Vision, Values and Mandate</b>											
2.2.1	Assesses whether management decisions align with the entity's mission, vision, and values	B		B	B	A				>	>
<b>2.3 Strategy Development</b>											
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				>	>

Competency	Entry	Core			Electives				Capstone		
		C1	C2	Core	E1 PM	E2 FIN	E3 AS	E4 TAX	Cap 1	Cap 2	
<b>2.4 Strategy Implementation</b>											
2.4.1	Analyzes key operational issues including the use of information assets and their alignment with strategy	C	B	B	A					>	>
<b>2.5 Enterprise Risk Management</b>											
2.5.1	Designs an effective risk management program and evaluates its impact on shareholder value	C	B	B	A					>	>
2.5.2	Assesses the impact of IT/IS risks on enterprise risk and recommends appropriate risk management strategies	C	B	B	A					>	>
<b>3. MANAGEMENT ACCOUNTING</b>											
<b>3.1 Management Reporting Needs and Systems</b>											
3.1.1	Evaluates management information requirements	B	A	A						>	>
3.1.2	Documents and assesses business processes, systems and data requirements and recommends improvements to meet information needs	C	B	B	A					>	>
3.1.3	Identifies ethical and privacy issues related to information technology and its use	C	B	B	A		A			>	>
3.1.4	Explains implications of current trends, emerging issues and technologies in management accounting	C	C	C	B					>	>
<b>3.2 Planning, Budgeting, and Forecasting</b>											
3.2.1	Develops or evaluates data and 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						>	>
<b>3.3 Cost Management</b>											
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					>	>

Competency	Core			Electives				Capstone			
	Entry	C1	C2	Core	E1 PM	E2 FIN	E3 AS	E4 TAX	Cap 1	Cap 2	
<b>3.4 Revenue Management</b>											
3.4.1	Evaluates sources and drivers of revenue growth	C		B	B	A				>	>
<b>3.5 Profitability Management</b>											
3.5.1	Performs sensitivity analysis	B		A	A					>	>
3.5.2	Evaluates sustainable profit maximization and capacity management performance	B		A	A					>	>
<b>3.6 Organizational Performance Measurement</b>											
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				>	>
<b>3.7 Individual Performance Measurement</b>											
3.7.1	Analyzes the implications of management incentive schemes and employee compensation methods	B		B	B	A				>	>
<b>4. AUDIT AND ASSURANCE</b>											
<b>4.1 The Entity and its Environment, including Internal Control</b>											
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, using knowledge of data requirements and risk exposures	C	B		B	A		A		>	>
<b>4.2 Internal and External Audit Requirements</b>											
4.2.1	Advises on an entity's assurance needs	B			B			A		>	>
4.2.2	Explains the implications of current trends, emerging issues and technologies in assurance standards and methodologies	C	C		C			B		>	>
<b>4.3 Internal Audit Projects and External Assurance Engagements</b>											
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		>	>

Competency	Core			Electives				Capstone		
	Entry	C1	C2	Core	E1 PM	E2 FIN	E3 AS	E4 TAX	Cap 1	Cap 2
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, including Audit Data Analytics (ADA), 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 using data visualization where appropriate	B	B		B			A		>	>
<b>4.4 Comprehensive Audit Projects</b>										
4.4.1 Applies comprehensive auditing techniques	C			C			B		>	>
<b>5. FINANCE</b>										
<b>5.1 Financial Analysis and Planning</b>										
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			>	>
5.1.3 Assesses reporting systems, data quality and the analytical models used to support financial analysis and decision-making	C		B	B		A			>	>
5.1.4 Explains implications of current trends, emerging issues and technologies in finance	C		C	C		B			>	>
<b>5.2 Treasury Management</b>										
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		B	B		A			>	>



Competency	Core			Electives				Capstone			
	Entry	C1	C2	Core	E1 PM	E2 FIN	E3 AS	E4 TAX	Cap 1	Cap 2	
<b>5.3 Capital Budgeting</b>											
5.3.1	Develops or evaluates capital budgeting processes and decisions	B		B	B		A			>	>
<b>5.4 Valuation</b>											
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		>	>
<b>5.5 Financial Risk Management</b>											
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			>	>
<b>5.6 Corporate Finance Transactions</b>											
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			>	>
<b>6. TAXATION</b>											
<b>6.1 General Income Tax Concepts</b>											
6.1.1	Discusses general concepts and principles of income taxation	C	B		B				B	>	>
6.1.2	Assesses reporting systems, data requirements and business processes to support reliable tax compliance	C	B		B				A	>	>
6.1.3	Explains implications of current trends, emerging issues and technologies in taxation	C	C		C				B	>	>
<b>6.2 Corporate Income Tax</b>											
6.2.1	Evaluates general tax issues for a corporate entity	B	B		B				A	>	>
6.2.2	Advises on taxes payable for a corporation	B	B		B				A	>	>
<b>6.3 Personal Income Tax</b>											
6.3.1	Evaluates general tax issues for an individual	B	B		B				A	>	>
6.3.2	Evaluates income taxes payable for an individual	B	B		B				A	>	>
6.3.3	Analyzes specific tax-planning opportunities for individuals	B	B		B				B	>	>
<b>6.4 Income Tax Administration</b>											
6.4.1	Evaluates adherence to compliance requirements	B	B		B				A	>	>

Competency	Core			Electives				Capstone			
	Entry	C1	C2	Core	E1 PM	E2 FIN	E3 AS	E4 TAX	Cap 1	Cap 2	
<b>6.5 Income Taxation of Non-Residents and Part-Year Residents</b>											
6.5.1	Analyzes residency of a taxpayer	C	C		C				B	>	>
6.5.2	Analyzes the taxation of Canadian sources of income for non-residents and part-year residents	C	C		C				B	>	>
<b>6.6 Other Income Tax Matters</b>											
6.6.1	Analyzes income tax implications of death	—	C		C				B	>	>
6.6.2	Analyzes income tax implications of compensation planning between a shareholder and a closely-held corporation	C	C		C				B	>	>
6.6.3	Analyzes income tax implications of the purchase and sale of a CCPC	C	B		B				B	>	>
6.6.4	Explains the basic tax considerations of corporate reorganizations	—			—				C	>	>
<b>6.7 GST Matters</b>											
6.7.1	Discusses the GST system in Canada	C	C		C				B	>	>
6.7.2	Analyzes GST obligations of a person	C	C		C				B	>	>
6.7.3	Calculates net tax for a person	C	C		C				B	>	>
6.7.4	Discusses GST compliance requirements	B	B		B				B	>	>
6.7.5	Analyzes GST implications from tax planning for shareholders and a closely held corporation	C			C				B	>	>
6.7.6	Explains GST obligations arising from other transactions	—			—				C	>	>

— Indicates no prerequisite.

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



## 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

The **competency** to be developed as a certified CPA (references to Section 5). The wording reflects the highest level of proficiency attainable in the available modules.

The **level of proficiency** expected in a particular competency. The core modules highlight only the level of proficiency relevant to that module. The elective modules highlight the level of proficiency that would be achieved if that elective is chosen.

The **outcomes** may include some lower-level outcomes because they build up to the level expected for the particular module. They are integrative in nature, crossing all competency areas.

Competency	Entry	C1	C2	Core	E3 FIN	Outcomes
<b>5. FINANCE</b>						
<b>5.1 Financial Analysis and Planning</b>						
5.1.1 Evaluates the entity's financial state	B		A	A	A	<ul style="list-style-type: none"> <li>a) Performs financial analysis, including ratio analysis, industry benchmarking, trend analysis, and cash-flow analysis</li> <li>b) Determines the relevance of the tools to the evaluation</li> <li>c) Draws conclusions as to the entity's financial state</li> </ul>

**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.

## Entry Level Learning Outcomes

The entry level learning outcomes are required prerequisite learning prior to entry into the CPA Professional Education Program (CPA PEP). 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 depending on the:

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

Competency	Entry	Outcomes
<b>1. FINANCIAL REPORTING</b>		
<b>1.1 Financial Reporting Needs and Systems</b>		
1.1.1 Evaluates financial reporting needs	B	a) Identifies the key stakeholders in the financial reporting environment and their information needs in a decision-making context b) Identifies conflicts/biases within a reporting environment
1.1.2 Evaluates the appropriateness of the basis of financial reporting	B	a) Explains how accounting standards are set and evolve over time b) Based on financial reporting needs and the economic context of the entity, analyzes the appropriateness of alternative financial reporting frameworks
1.1.3 Evaluates reporting systems, data requirements and business processes to support reliable financial reporting	B	a) Analyzes an existing financial reporting structure b) Identifies the key internal controls that form part of the entity's financial reporting infrastructure c) Explains data integrity risks in data integration and aggregation processes
1.1.4 Explains implications of current trends, emerging issues and technologies in financial reporting	C	a) Identifies current trends, and recent updates, in financial reporting standards b) Explains shortcomings/limitations of current standards in the context of emerging issues c) Explains the implications of exposure drafts, impending changes, their rationale, and their impact on an entity and its financial statements d) Explains the potential impact of automated data capture, artificial intelligence technologies and real time reporting NOTE: Knowledge expectation varies depending on the level of complexity of the standard.
1.1.5 Identifies financial reporting needs for the public sector	C	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 <i>PSA Handbook</i>
<b>1.2 Accounting Policies and Transactions</b>		
1.2.1 Develops or evaluates appropriate accounting policies and procedures	B	a) Analyzes the economic substance of the transaction or event b) Discusses accounting policy choices and alternatives for specific transactions and events

Competency	Entry	Outcomes
1.2.2 Evaluates treatment for routine transactions	A	<ul style="list-style-type: none"> <li>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</li> <li>b) Assesses a variety of source documents or information about routine events to determine accounting implications</li> <li>c) Records or assesses treatment of routine transactions into an accounting system</li> <li>d) Explains when accounting decisions have subsequent tax consequences</li> <li>e) Integrates any tax, audit, and finance implications into the evaluation of treatment for routine transactions</li> </ul>
1.2.3 Evaluates treatment for non-routine transactions	B	<ul style="list-style-type: none"> <li>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</li> <li>b) Assesses a variety of source documents or information about non-routine events to determine accounting implications</li> <li>c) Records non-routine transactions into an accounting system</li> <li>d) Explains when accounting decisions have subsequent tax consequences</li> <li>e) Integrates any tax, audit, and finance implications into the evaluation of treatment for non-routine transactions</li> </ul> <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	<ul style="list-style-type: none"> <li>a) Identifies presence of complex transactions</li> </ul>
<b>1.3 Financial Report Preparation</b>		
1.3.1 Prepares financial statements	A	<ul style="list-style-type: none"> <li>a) Prepares financial statements for various entities (e.g., partnership, sole proprietorship, private or public company, etc.)</li> </ul>
1.3.2 Prepares routine financial statement note disclosure	B	<ul style="list-style-type: none"> <li>a) Prepares preliminary note disclosure for routine financial statement elements</li> </ul>
<b>1.4 Financial Statement Analysis</b>		
1.4.1 Analyzes complex financial statement note disclosure	C	<ul style="list-style-type: none"> <li>a) Identifies and explains required information content for complex note disclosure</li> </ul>
1.4.2 Evaluates financial statements including note disclosures	B	<ul style="list-style-type: none"> <li>a) Analyzes whether the financial statements are complete</li> <li>b) Analyzes whether the underlying economic reality is fairly presented</li> </ul>
1.4.3 Analyzes and provides input in the preparation of management communications (e.g. management discussion and analysis (MD&A))	C	<ul style="list-style-type: none"> <li>a) Explains the purpose of an MD&amp;A (or equivalent)</li> </ul>
1.4.4 Interprets financial reporting results for stakeholders (external or internal)	B	<ul style="list-style-type: none"> <li>a) Prepares and interprets financial statement analysis on a preliminary basis</li> <li>b) Explains results using appropriate techniques (e.g. data visualization)</li> </ul>
1.4.5 Analyzes and predicts the impact of strategic and operational decisions on financial results	C	<ul style="list-style-type: none"> <li>a) Explains the financial impact of strategic and operational decisions</li> </ul>

Competency	Entry	Outcomes
<b>2. STRATEGY AND GOVERNANCE</b>		
<b>2.1 Governance</b>		
2.1.1 Evaluates the entity's governance structure (policies, processes, codes)	C	a) Explains the various forms of entities b) Explains the board's structure considering its composition, legal liability and accountability, mandate, and leadership
2.1.2 Evaluates the specific role of the audit committee in governance	C	a) Explains the mandate of the audit committee
2.1.3 Evaluates mechanisms used for compliance purposes	C	a) Explains the purpose of a code of conduct within an entity b) Explains the mechanisms used for information flow within an entity used for compliance purposes
2.1.4 Analyzes the specific role of the board in an entity's social responsibility strategy and sustainability	C	a) Explains the role of the board in an entity's social responsibility and sustainability strategy
2.1.5 Explains implications of current trends, emerging issues and technologies in strategy and governance	C	a) Identifies current trends, and recent updates, in strategy and governance b) Explains the potential impact of emerging issues, sustainability and technologies in strategy and governance
<b>2.2 Mission, Vision, Values and Mandate</b>		
2.2.1 Assesses whether management decisions align with the entity's mission, vision, and values	B	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 b) Assesses the alignment of the entity's mission, vision, values, and mandate with the overall objective defined 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) d) Analyzes the role of the board in assuring effective information systems governance e) Explains the role of the board in an entity's strategic information systems plan
<b>2.3 Strategy Development</b>		
2.3.1 Evaluates the entity's strategic objectives and related performance measures	B	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)



Competency	Entry	Outcomes
2.3.2 Evaluates the entity's internal and external environment and its impact on strategy development	B	<ul style="list-style-type: none"> <li>a) Analyzes the entity's competitive position and its impact on strategy development</li> <li>b) Analyzes the implications of the entity's ownership structure and its impact on strategy development</li> <li>c) Incorporates, where appropriate, entity-level and functional-level strategies in the evaluation of the entity's internal and external environment</li> <li>d) Analyzes data requirements and the roles of reporting systems, business process and information systems in supporting strategic developments</li> </ul>
2.3.3 Evaluates strategic alternatives	B	<ul style="list-style-type: none"> <li>a) Analyzes the strategic alternatives presented using a set of qualitative and quantitative criteria</li> </ul>
<b>2.4 Strategy Implementation</b>		
2.4.1 Analyzes key operational issues including the use of information assets and their alignment with strategy	C	<ul style="list-style-type: none"> <li>a) Explains the roles of control systems and accountability structures in aligning resources with strategy</li> <li>b) Explains the key components of corporate culture and the potential impact on the entity</li> <li>c) Demonstrates the alternative reward and recognition systems that are available to an entity and understands their strengths and weaknesses</li> <li>d) Recognizes information assets as a corporate resource to be managed strategically</li> </ul>
<b>2.5 Enterprise Risk Management</b>		
2.5.1 Designs an effective risk management program and evaluates its impact on shareholder value	C	<ul style="list-style-type: none"> <li>a) Explains the risks that an entity may face and the various risk management policies and procedures that an entity may use</li> </ul>
2.5.2 Assesses the impact of IT/IS risks on enterprise risk and recommends appropriate risk management strategies	C	<ul style="list-style-type: none"> <li>a) Recognizes enterprise exposures (threats) arising from information systems activities</li> <li>b) Recognizes the impact of IT/IS risks on enterprise risk</li> </ul>
<b>3. MANAGEMENT ACCOUNTING</b>		
<b>3.1 Management Reporting Needs and Systems</b>		
3.1.1 Evaluates management information requirements	B	<ul style="list-style-type: none"> <li>a) Explains what information management needs to make decisions</li> <li>b) Identifies management and strategic uses of information assets and technology</li> </ul>
3.1.2 Documents and assesses business processes, systems and data requirements and recommends improvements to meet information needs	C	<ul style="list-style-type: none"> <li>a) Explains alternative approaches to documenting key business processes and control features</li> <li>b) Explains the importance of quality data, information and knowledge management practices within an organization</li> <li>c) Explains potential solutions that may be available to meet information needs including potential IT solutions</li> </ul>
3.1.3 Identifies ethical and privacy issues related to information technology and its use	C	<ul style="list-style-type: none"> <li>a) Understands the requirements of privacy legislation and its role in determining potential IT solutions for an entity</li> </ul>
3.1.4 Explains implications of current trends, emerging issues and technologies in management accounting	C	<ul style="list-style-type: none"> <li>a) Identifies current trends, and recent updates, in management accounting</li> <li>b) Explains the potential impact of emerging issues and technologies in management accounting</li> </ul>
<b>3.2 Planning, Budgeting, and Forecasting</b>		
3.2.1 Develops or evaluates data and information inputs for operational plans, budgets, and forecasts	B	<ul style="list-style-type: none"> <li>a) Analyzes the reasonableness of assumptions underlying operational plans, budgets and forecasts</li> <li>b) Identifies potential data quality issues</li> </ul>

Competency	Entry	Outcomes
3.2.2 Prepares, analyzes, or evaluates operational plans, budgets, and forecasts	B	a) Prepares various types of operational plans, budgets and forecasts
3.2.3 Computes, analyzes, or assesses implications of variances	B	a) Analyzes actual performance against budget, or another relevant benchmark
<b>3.3 Cost Management</b>		
3.3.1 Evaluates cost classifications and costing methods for management of ongoing operations	A	<ul style="list-style-type: none"> <li>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)</li> <li>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)</li> <li>c) Distinguishes the various types of costs when researching and analyzing particular problems and issues</li> <li>d) Classifies and communicates cost information according to standard conventions and uses judgment to determine which costs are relevant to the decision at hand</li> <li>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)</li> <li>f) Identifies the need for innovative costing techniques: Just in time, Lean, etc.</li> <li>g) Describes costing systems for for-profit, not-for-profit, and public sector entities, and explains how such systems are typically applied</li> </ul>
3.3.2 Evaluates and applies cost management techniques appropriate for specific costing decisions	B	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	<ul style="list-style-type: none"> <li>a) Explains the advantages and weaknesses of continuous improvement methodologies as they relate to profitability and performance</li> <li>b) Critically evaluates the effectiveness of continuous improvement methodologies in improving profitability and performance</li> <li>c) Calculates the cost of quality initiatives</li> <li>d) Recognizes that public sector and not-for-profit organizations' process improvements may have different measures than profitability</li> </ul>
3.3.4 Recommends cost management improvements across the entity	B	<ul style="list-style-type: none"> <li>a) Discusses cost management processes with a view to maintaining a sustainable operation</li> <li>b) Analyzes operational processes based on operational cost considerations</li> </ul>
<b>3.4 Revenue Management</b>		
3.4.1 Evaluates sources and drivers of revenue growth	C	<ul style="list-style-type: none"> <li>a) Explains alternative revenue model options and which best meet the entity's objectives</li> <li>b) Identifies pricing alternatives</li> </ul>
<b>3.5 Profitability Management</b>		
3.5.1 Performs sensitivity analysis	B	a) Applies sensitivity analysis where appropriate and discusses the results and impact on the entity
3.5.2 Evaluates sustainable profit maximization and capacity management performance	B	<ul style="list-style-type: none"> <li>a) Applies quantitative tools to analyze performance problems</li> <li>b) Identifies alternatives to solve potential performance problems</li> </ul>

Competency	Entry	Outcomes
<b>3.6 Organizational Performance Measurement</b>		
3.6.1 Evaluates performance using accepted frameworks	B	<ul style="list-style-type: none"> <li>a) Applies accepted frameworks and scorecards to assess performance</li> <li>b) Applies the measures, assesses the actual performance level against established objectives, and explains the differences</li> <li>c) Investigates the underlying factors that cause performance differences</li> <li>d) Concludes as to the financial or non-financial performance level</li> </ul>
3.6.2 Evaluates performance of responsibility centres	B	<ul style="list-style-type: none"> <li>a) Discusses the assignment of responsibility centre types</li> <li>b) Analyzes the performance of responsibility centres</li> </ul>
3.6.3 Evaluates root causes of performance issues	B	<ul style="list-style-type: none"> <li>a) Identifies possible impacts of unusual circumstances on performance</li> </ul>
<b>3.7 Individual Performance Measurement</b>		
3.7.1 Analyzes the implications of management incentive schemes and employee compensation methods	B	<ul style="list-style-type: none"> <li>a) Identifies the strengths and weaknesses of applicable incentives</li> <li>b) Analyzes the effectiveness of incentive schemes in contributing to achievement of the entity's objectives</li> <li>c) Identifies the tax consequences of the management incentive schemes; also considers the financial accounting and assurance implications</li> <li>d) Suggests the most appropriate scheme in the circumstances</li> </ul>
<b>4. AUDIT AND ASSURANCE</b>		
<b>4.1 The Entity and its Environment, including Internal Control</b>		
4.1.1 Assesses the entity's risk assessment processes	B	<ul style="list-style-type: none"> <li>a) Analyzes the impact of the entity's key risks and related controls on the financial reporting processes of the entity</li> <li>b) Documents and explains the actual operational processes in use</li> <li>c) Analyzes the impact of information system risks on the organization</li> </ul>
4.1.2 Evaluates the information system, including the related processes, using knowledge of data requirements and risk exposures	C	<ul style="list-style-type: none"> <li>a) Explains the objectives of internal controls</li> <li>b) Explains the implications of identified deficiencies in internal control</li> <li>c) Identifies the controls needed to ensure reliable financial reporting</li> <li>d) Explains the importance of data integrity and systems reliability in supporting effective decision making</li> <li>e) Explains the underlying concepts of exposure and potential risks due to a weakness in internal control</li> </ul>
<b>4.2 Internal and External Audit Requirements</b>		
4.2.1 Advises on an entity's assurance needs	B	<ul style="list-style-type: none"> <li>a) Analyzes the various assurance requirements and options for an entity and explains the advantages and disadvantages to relevant stakeholders</li> <li>b) Discusses appropriate assurance projects or engagements for the entity</li> </ul>
4.2.2 Explains the implications of current trends, emerging issues and technologies in assurance standards and methodologies	C	<ul style="list-style-type: none"> <li>a) Understands current trends in the industry and anticipated changes</li> <li>b) Explains the potential impact of emerging issues and technologies in assurance</li> </ul>
<b>4.3 Internal Audit Projects and External Assurance Engagements</b>		
4.3.1 Assesses issues related to the undertaking of the engagement or project	B	<ul style="list-style-type: none"> <li>a) Integrates the implications of financial reporting issues into the assessment of the engagement or project</li> <li>b) Describes the planning and acceptance requirements for the engagement</li> </ul>
4.3.2 Assesses which set of criteria to apply to the subject matter being evaluated	B	<ul style="list-style-type: none"> <li>a) For financial statement assurance engagements or projects, analyzes the acceptability of the financial reporting framework</li> </ul>

Competency	Entry	Outcomes
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	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	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	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
4.3.6 Develops appropriate procedures, including Audit Data Analytics (ADA), based on the identified risk of material misstatement	B	a) Identifies potential sources of evidence to support the reliability of financial reporting b) Identifies opportunities to deploy audit data analytics enabled procedures
4.3.7 Performs the work plan	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	a) Analyses the sufficiency, reliability, and appropriateness of the evidence obtained and the significance of the results of the analysis b) Identifies inconsistencies, unexpected circumstances, unexpected findings, or findings that indicate possible fraud, error, or illegal acts c) Interprets the outcome of the audit findings on financial reporting
4.3.9 Documents the work performed and its results	B	a) Drafts working papers to support the nature, timing, and extent of procedures performed
4.3.10 Draws conclusions and communicates results	B	a) Analyzes the reasonableness of the conclusions on the subject matter b) Reviews the unadjusted errors/exceptions in light of materiality or significance guidelines
4.3.11 Prepares or interprets information and reports for stakeholders using data visualization where appropriate	B	a) Interprets assurance-related communications and their implications on financial reporting b) Analyzes representational faithfulness of information communicated via visual means (graphs)

Competency	Entry	Outcomes
<b>4.4 Comprehensive Audit Projects</b>		
4.4.1 Applies comprehensive auditing techniques	<b>C</b>	a) Explains the need and purpose of comprehensive auditing b) Explains the nature of procedures involved in a comprehensive audit
<b>5. FINANCE</b>		
<b>5.1 Financial Analysis and Planning</b>		
5.1.1 Evaluates the entity's financial state	<b>B</b>	a) Performs financial analysis, including ratio analysis, industry benchmarking, trend analysis, and cash flow analysis b) Analyzes the individual calculations in the specific context of the entity
5.1.2 Develops or evaluates financial proposals and financing plans	<b>C</b>	a) Explains financial proposals and financing plans and the importance for the entity
5.1.3 Assesses reporting systems, data quality and the analytical models used to support financial analysis and decision-making	<b>C</b>	a) Understands the inputs in analytical models b) Explains the objectives and output of the model
5.1.4 Explains implications of current trends, emerging issues and technologies in finance	<b>C</b>	a) Identifies current trends, and recent updates, in finance b) Explains the potential impact of emerging issues and technologies in finance
<b>5.2 Treasury Management</b>		
5.2.1 Evaluates the entity's cash flow and working capital	<b>B</b>	a) Identifies problems with the entity's working capital management b) Analyzes working capital balances on an ongoing basis and identifies concerns c) Explains the effects on the entity of changes to working capital policies
5.2.2 Evaluates the entity's investment portfolio	<b>C</b>	a) Explains the various financial instruments available for an entity when developing an investment portfolio b) Explains the differences in the financial instruments
5.2.3 Evaluates sources of financing	<b>C</b>	a) Explains possible sources of financing b) Explains the advantages and disadvantages of the financing options
5.2.4 Evaluates decisions affecting capital structure	<b>C</b>	a) Describes the capital structure of an entity b) Explains the relationship between an entity's capital structure, its debt-to-equity ratio and its financial risk
5.2.5 Evaluates the entity's cost of capital	<b>C</b>	a) Explains the concept and the components of the cost of capital
5.2.6 Evaluates decisions related to distribution of profits	<b>C</b>	a) Explains the various methods that an entity may use to distribute profits
<b>5.3 Capital Budgeting</b>		
5.3.1 Develops or evaluates capital budgeting processes and decisions	<b>B</b>	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
<b>5.4 Valuation</b>		
5.4.1 Determines the value of a tangible asset	<b>C</b>	a) Explains the various methods that are appropriate to value a tangible asset
5.4.2 Applies appropriate methods to estimate the value of a business	<b>C</b>	a) Explains the various methods that are appropriate to value a business

Competency	Entry	Outcomes
5.4.3 Estimates the value of an intangible asset	C	a) Explains the various methods that are appropriate to value an intangible asset
<b>5.5 Financial Risk Management</b>		
5.5.1 Develops or evaluates financial risk management policies	C	a) Explains the basics of hedging b) Describes potential hedging instruments
<b>5.6 Corporate Finance Transactions</b>		
5.6.1 Evaluates the purchase, expansion, or sale of a business	C	a) Describes alternative forms of ownership
5.6.2 Advises a financially troubled entity	C	a) Explains indicators of financial difficulty for an entity
<b>6. TAXATION</b>		
<b>6.1 General Income Tax Concepts</b>		
6.1.1 Discusses general concepts and principles of income taxation	C	a) Describes the Federal Canadian tax system b) Explains the concept of integration and the mechanisms in place to support it c) Explains tax advantages and disadvantages of various legal forms and structures
6.1.2 Assesses reporting systems, data requirements and business processes to support reliable tax compliance	C	a) Explains the importance of reliable tax data obtained from transaction processing systems
6.1.3 Explains implications of current trends, emerging issues and technologies in taxation	C	a) Identifies current trends, and recent updates, in taxation b) Explains the implications of impending changes and their impact on an entity c) Explains the potential impact of emerging issues and technologies in taxation
<b>6.2 Corporate Income Tax</b>		
6.2.1 Evaluates general tax issues for a corporate entity	B	a) Analyzes the corporation's tax profile
6.2.2 Advises on taxes payable for a corporation	B	a) Analyzes the tax impact of the different sources and types of income b) Analyzes transactions to prepare the reconciliation of accounting income to income for tax purposes c) Analyzes the impact of rules related to capital property d) Analyzes adjustments necessary to calculate taxable income e) Analyzes the elements of taxes payable f) Explains the tax implications of non-arm's length transactions with corporations g) Analyzes the tax implications of dividends paid
<b>6.3 Personal Income Tax</b>		
6.3.1 Evaluates general tax issues for an individual	B	a) Analyzes an individual's tax profile

Competency	Entry	Outcomes
6.3.2 Evaluates income taxes payable for an individual	B	<ul style="list-style-type: none"> <li>a) Analyzes the different sources and types of income for an individual including deductions and inclusions for each type</li> <li>b) Analyzes the impact of rules related to capital property</li> <li>c) Analyzes adjustments necessary to calculate taxable income</li> <li>d) Analyzes the elements of taxes payable</li> <li>e) Analyzes the tax implications of non-arm's length transactions</li> </ul>
6.3.3 Analyzes specific tax-planning opportunities for individuals	B	<ul style="list-style-type: none"> <li>a) Analyzes possible tax planning opportunities for individuals</li> <li>b) Explains the tax advantages and disadvantages of self-employed versus employee status</li> </ul>
<b>6.4 Income Tax Administration</b>		
6.4.1 Evaluates adherence to compliance requirements	B	<ul style="list-style-type: none"> <li>a) Discusses adherence to compliance requirements including directors' liability</li> <li>b) Discusses instalments and final tax payments and advises on due dates</li> </ul>
<b>6.5 Income Taxation of Non-Residents and Part-Year Residents</b>		
6.5.1 Analyzes residency of a taxpayer	C	<ul style="list-style-type: none"> <li>a) Explains factors to determine residency status of an individual</li> </ul>
6.5.2 Analyzes the taxation of Canadian sources of income for non-residents and part-year residents	C	<ul style="list-style-type: none"> <li>a) Explains the tax consequences of becoming or ceasing to be a Canadian resident</li> </ul>
<b>6.6 Other Income Tax Matters</b>		
6.6.2 Analyzes income tax implications of compensation planning between a shareholder and a closely-held corporation	C	<ul style="list-style-type: none"> <li>a) Explains tax implications of compensation planning between a shareholder and a closely-held corporation</li> </ul>
6.6.3 Analyzes income tax implications of the purchase and sale of a CCPC	C	<ul style="list-style-type: none"> <li>a) Explains tax implications of asset sale</li> <li>b) Explains tax implications of share sale</li> </ul>
<b>6.7 GST Matters</b>		
6.7.1 Discusses the GST system in Canada	C	<ul style="list-style-type: none"> <li>a) Explains GST and when it is applicable</li> </ul>
6.7.2 Analyzes GST obligations of a person	C	<ul style="list-style-type: none"> <li>a) Explains the transaction: (Who, What, Why, When and Where)</li> <li>b) Explains the different types of supplies</li> <li>c) Explains the GST obligations of a person</li> </ul>
6.7.3 Calculates net tax for a person	C	<ul style="list-style-type: none"> <li>a) Explains the components of net tax</li> </ul>
6.7.4 Discusses GST compliance requirements	B	<ul style="list-style-type: none"> <li>a) Discusses adherence to compliance requirements including directors' liability</li> <li>b) Discusses instalments and final tax payments and advises on due dates</li> </ul>
6.7.5 Analyzes GST implications from tax planning for shareholders and a closely held corporation	C	<ul style="list-style-type: none"> <li>a) Explains the GST implications associated with taxable benefits</li> <li>b) Explains the GST implications associated with purchase and sale of a business</li> </ul>

## 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	
<b>1. FINANCIAL REPORTING</b>						
<b>1.1 Financial Reporting Needs and Systems</b>						
1.1.1	Evaluates financial reporting needs	B	A		A	<ul style="list-style-type: none"> <li>a) Analyzes the economic and fiscal context in which the entity operates and its impact on financial reporting</li> <li>b) Assesses and prioritizes stakeholders in a financial reporting environment and their information needs in a decision-making context</li> <li>c) Determines and resolves conflicts/biases within a reporting environment</li> </ul>
1.1.2	Evaluates the appropriateness of the basis of financial reporting	B	A		A	<ul style="list-style-type: none"> <li>a) Explains how accounting standards are set and evolve over time</li> <li>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</li> <li>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)</li> <li>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)</li> <li>e) Evaluates the impact of the basis of financial reporting on stakeholders in a decision-making context</li> <li>f) Explains the legislation that affects accounting (e.g., SOX, Bill 198)</li> </ul>



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

Competency	Entry	C1	C2	Core	Outcomes
1.2.2 Evaluates treatment for routine transactions	A	A		A	<ul style="list-style-type: none"> <li>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</li> <li>b) Assesses a variety of source documents or information about routine events to determine accounting implications</li> <li>c) Records or assesses routine transactions into an accounting system</li> <li>d) Explains when accounting decisions have subsequent tax consequences</li> <li>e) Integrates any tax, audit, and finance implications into the evaluation of treatment for routine transactions</li> </ul>
1.2.3 Evaluates treatment for non-routine transactions	B	B		B	<ul style="list-style-type: none"> <li>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</li> <li>b) Assesses a variety of source documents or information about non-routine events to determine accounting implications</li> <li>c) Records non-routine transactions into an accounting system</li> <li>d) Explains when accounting decisions have subsequent tax consequences</li> <li>e) Integrates any tax, audit, and finance implications into the evaluation of treatment for non-routine transactions</li> </ul> <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"> <li>a) Identifies presence of complex transactions</li> </ul> <p>NOTE: Examples of complex events could include wind-up, M&amp;A, securitization of assets, curtailments of pensions, embedded derivatives, and financial reorganizations.</p>
<b>1.3 Financial Report Preparation</b>					
1.3.1 Prepares financial statements	A	A		A	<ul style="list-style-type: none"> <li>a) Prepares financial statements for various entities (e.g., partnership, sole proprietorship, private or public company, etc.)</li> </ul>
1.3.2 Prepares routine financial statement note disclosure	B	A		A	<ul style="list-style-type: none"> <li>a) Prepares note disclosure for routine financial statement elements</li> </ul>

Competency	Entry	C1	C2	Core	Outcomes
<b>1.4 Financial Statement Analysis</b>					
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 communications (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 management communications c) Analyzes whether the financial information in management communications 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 c) Interprets and discusses results using appropriate techniques (e.g. data visualization)
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)
<b>4. AUDIT AND ASSURANCE</b>					
<b>4.1 The Entity and its Environment, including Internal Control</b>					
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

Competency	Entry	C1	C2	Core	Outcomes
4.1.2 Evaluates the information system, including the related processes, using knowledge of data requirements and risk exposures	C	B		B	<ul style="list-style-type: none"> <li>a) Identifies the controls needed to ensure reliable financial reporting</li> <li>b) Evaluates the design and effectiveness of internal controls</li> <li>c) Assesses the financial reporting implications of identified deficiencies in internal control</li> <li>d) Utilizes knowledge of an entity's industry, business processes, existing infrastructure, historical performance, IT/IS risks, information system controls and governance practices to assess important data relationships from internal and external data sources to design appropriate plans to support effective assurance engagement outcomes</li> <li>e) Analyzes the quality of data, information and models being used to support managerial decision making</li> </ul>
<b>4.2 Internal and External Audit Requirements</b>					
4.2.2 Explains the implications of current trends, emerging issues and technologies in assurance standards and methodologies	C	C		C	<ul style="list-style-type: none"> <li>a) Understands current trends in the industry and anticipated changes</li> <li>b) Explains the potential impact of emerging issues and technologies in assurance</li> </ul>
<b>4.3 Internal Audit Projects and External Assurance Engagements</b>					
4.3.1 Assesses issues related to the undertaking of the engagement or project	B	B		B	<ul style="list-style-type: none"> <li>a) Integrates the implications of financial reporting issues into the assessment of the engagement or project</li> <li>b) Describes the planning and acceptance requirements for the engagement</li> </ul>
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"> <li>a) Integrates the audit implications of financial reporting issues into the assessment of the standards or guidelines</li> </ul>
4.3.4 Assesses materiality for the assurance engagement or project	B	B		B	<ul style="list-style-type: none"> <li>a) Assesses materiality with reference to financial statement users, acknowledging the decision-making context</li> <li>b) Applies the concept of materiality to financial reporting</li> </ul>

Competency	Entry	C1	C2	Core	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	<ul style="list-style-type: none"> <li>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)</li> <li>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</li> <li>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</li> <li>d) Assesses the risk of material misstatement or exception based on relevant risks and issues</li> <li>e) Assesses the risk of the assertion level for classes of transactions, account balances, and disclosure</li> <li>f) Evaluates the impact of the risk assessment on the nature, timing, and extent of assurance work to be performed</li> <li>g) Identifies risks related to tax assessments</li> </ul>
4.3.6 Develops appropriate procedures, including Audit Data Analytics (ADA), based on the identified risk of material misstatement	B	B		B	<ul style="list-style-type: none"> <li>a) Identifies potential sources of evidence to support the reliability of financial reporting</li> <li>b) Identifies opportunities to deploy audit data analytics enabled procedures</li> </ul>
4.3.7 Performs the work plan	B	B		B	<ul style="list-style-type: none"> <li>a) Evaluates the financial reporting components of the audit work plan and documents and performs the work with due care</li> <li>b) Evaluates whether the work performed address the risks identified and comply with the accounting standards</li> </ul>
4.3.8 Evaluates the evidence and results of analysis	B	B		B	<ul style="list-style-type: none"> <li>a) Analyzes the sufficiency, reliability, and appropriateness of the evidence obtained and the significance of the results of the analysis</li> <li>b) Identifies inconsistencies, unexpected circumstances, unexpected findings, or findings that indicate possible fraud, error, or illegal acts</li> <li>c) Interprets the outcome of the audit findings on financial reporting</li> </ul>
4.3.11 Prepares or interprets information and reports for stakeholders using data visualization where appropriate	B	B		B	<ul style="list-style-type: none"> <li>a) Interprets assurance-related communications and their implications on financial reporting</li> <li>b) Analyzes representational faithfulness of information communicated via visual means (graphs)</li> </ul>

Competency	Entry	C1	C2	Core	Outcomes	
<b>5. FINANCE</b>						
<b>5.2 Treasury Management</b>						
5.2.2	Evaluates the entity's investment portfolio	C	B		B	<p>a) Compares various types and features related to financial instruments, for example:</p> <ul style="list-style-type: none"> <li>• Forward and future contracts (including swaps)</li> <li>• Put and call options (including warrants) and other derivatives</li> <li>• Securitization, investor or creditor rights, conversion, or other features</li> </ul> <p>b) Describes the suitable use of the various types of financial instruments and, in general, their impact on risks</p> <p>c) Assesses the risks associated with an investment portfolio of financial instruments</p> <p>d) Explains the appropriate accounting treatments, including all disclosures</p>
<b>5.4 Valuation</b>						
5.4.1	Determines the value of a tangible asset	C	B		B	<p>a) Explains the valuation methods that apply for financial reporting of tangible assets</p> <p>b) Identifies the acceptable valuation alternatives</p> <p>c) Understands the pros and cons of each valuation alternative</p> <p>d) Identifies the critical assumptions and facts that underlie the valuation estimate</p> <p>e) Applies the appropriate valuation alternative</p>
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"> <li>• Asset-based approaches</li> <li>• Transaction-based approaches (e.g., discounted cash flow)</li> <li>• Market-based approaches</li> </ul> <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>
<b>5.5 Financial Risk Management</b>						
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>

Competency	Entry	C1	C2	Core	Outcomes
5.5.2 Analyzes the use of derivatives as a form of financial risk management		C		C	a) Describes the significant risks, including interest rate risks, foreign exchange risks, and commodity risks b) Identifies appropriate derivative instruments that mitigate risks
<b>5.6 Corporate Finance Transactions</b>					
5.6.1 Evaluates the purchase, expansion, or sale of a business	C	B		B	a) Explains how alternative forms of ownership (e.g., public versus private corporations, proprietorships, and partnerships) can be used b) Recognizes that there are tax and legal considerations when evaluating a transaction c) Explains issues that can arise from a change in control or ownership structure (e.g., tax, due diligence, governance, and strategic issues)
<b>6. TAXATION</b>					
<b>6.1 General Income Tax Concepts</b>					
6.1.1 Discusses general concepts and principles of income taxation	C	B		B	a) Analyzes the impact of integration in actual or planned transactions
6.1.2 Assesses reporting systems, data requirements and business processes to support reliable tax compliance	C	B		B	a) Identifies key tax data inputs and systems controls to ensure compliance with regulatory requirements
6.1.3 Explains implications of current trends, emerging issues and technologies in taxation	C	C		C	a) Identifies current trends, and recent updates, in taxation b) Explains the implications of impending changes and their impact on an entity c) Explains the potential impact of emerging issues and technologies in taxation
<b>6.2 Corporate Income Tax</b>					
6.2.1 Evaluates general tax issues for a corporate entity	B	B		B	a) Analyzes the corporation's tax profile
6.2.2 Advises on taxes payable for a corporation	B	B		B	a) Analyzes the tax impact of the different sources and types of income b) Analyzes transactions to prepare the reconciliation of accounting income to income for tax purposes c) Analyzes the impact of rules related to capital property d) Analyzes adjustments necessary to calculate taxable income e) Analyzes the elements of taxes payable f) Explains the tax implications of non-arm's length transactions with corporations g) Analyzes the tax implications of dividends paid

Competency	Entry	C1	C2	Core	Outcomes
<b>6.3 Personal Income Tax</b>					
6.3.1 Evaluates general tax issues for an individual	B	B		B	a) Analyzes an individual's tax profile
6.3.2 Evaluates income taxes payable for an individual	B	B		B	a) Analyzes the different sources and types of income for an individual including deductions and inclusions for each type b) Analyzes the impact of rules related to capital property c) Analyzes adjustments necessary to calculate taxable income d) Analyzes the elements of taxes payable e) Analyzes the tax implications of non-arm's length transactions
6.3.3 Analyzes specific tax-planning opportunities for individuals	B	B		B	a) Analyzes the individual's profile to identify, evaluate and recommend possible tax-planning opportunities b) Analyzes the tax advantages and disadvantages of self-employed versus employee status
<b>6.4 Income Tax Administration</b>					
6.4.1 Evaluates adherence to compliance requirements	B	B		B	a) Discusses adherence to compliance requirements including directors' liability b) Discusses instalments and final tax payments and advises on due dates
<b>6.5 Income Taxation of Non-Residents and Part-Year Residents</b>					
6.5.1 Analyzes residency of a taxpayer	C	C		C	a) Explains factors to determine residency status of an individual
6.5.2 Analyzes the taxation of Canadian sources of income for non-residents and part-year residents	C	C		C	a) Explains the tax consequences of becoming or ceasing to be a Canadian resident
<b>6.6 Other Income Tax Matters</b>					
6.6.1 Analyzes income tax implications of death	-	C		C	a) Explains tax implications of deceased individuals
6.6.2 Analyzes income tax implications of compensation planning between a shareholder and a closely-held corporation	C	C		C	a) Explains tax implications of compensation planning between a shareholder and a closely-held corporation
6.6.3 Analyzes income tax implications of the purchase and sale of a CCPC	C	B		B	a) Analyzes tax implications of asset sale b) Analyzes tax implications of share sale c) Explains the tax consequences of an acquisition of control



Competency	Entry	C1	C2	Core	Outcomes
<b>6.7 GST Matters</b>					
6.7.1 Discusses the GST system in Canada	C	C		C	a) Explains GST and when it is applicable
6.7.2 Analyzes GST obligations of a person	C	C		C	a) Explains the transaction: (i.e. Who, What, Why, When and Where) b) Explains the different types of supplies c) Explains the GST obligations of a person
6.7.3 Calculates net tax for a person	C	C		C	a) Explains the components of net tax
6.7.4 Discusses GST compliance requirements	B	B		B	a) Discusses adherence to compliance requirements including directors' liability b) Discusses instalments and final tax payments and advises on due dates

## 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
<b>1. FINANCIAL REPORTING</b>					
<b>1.4 Financial Statement Analysis</b>					
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)
<b>2. STRATEGY AND GOVERNANCE</b>					
<b>2.1 Governance</b>					
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"> <li>the board's composition</li> <li>the board's legal liability and accountability</li> <li>the mandate of the compensation committee</li> <li>the importance of the leadership processes implemented by the board or other governing body</li> <li>the importance of information systems' reliability to strategic objectives</li> </ul> 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	<ul style="list-style-type: none"> <li>a) Examines and reviews the effectiveness of codes of conduct and various policies</li> <li>b) Suggests control processes to ensure filing deadlines are met</li> <li>c) Evaluates the mechanisms for information flow within the entity</li> <li>d) Identifies the need for an independent audit function</li> <li>e) Identifies the need for an accountability program</li> <li>f) Identifies the need for a conflict of interest policy</li> </ul>
2.1.5 Explains implications of current trends, emerging issues and technologies in strategy and governance	C		C	C	<ul style="list-style-type: none"> <li>a) Identifies current trends, and recent updates, in strategy and governance</li> <li>b) Explains the potential impact of emerging issues, sustainability and technologies in strategy and governance</li> </ul>
<b>2.2 Mission, Vision, Values and Mandate</b>					
2.2.1 Assesses whether management decisions align with the entity's mission, vision, and values	B		B	B	<ul style="list-style-type: none"> <li>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</li> <li>b) Assesses the alignment of the entity's mission, vision, values, and mandate with the overall objective defined</li> <li>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)</li> <li>d) Analyzes the role of the board in assuring effective information systems governance</li> <li>e) Explains the role of the board in an entity's strategic information systems plan</li> </ul>
<b>2.3 Strategy Development</b>					
2.3.1 Evaluates the entity's strategic objectives and related performance measures	B		B	B	<ul style="list-style-type: none"> <li>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)</li> <li>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</li> <li>c) Identifies the leading and lagging KPIs that might be suitable for evaluating the entity's effectiveness</li> <li>d) Uses accepted best practices in providing input on the formulation of KPIs that fit with long-term strategies</li> <li>e) Assists in developing an action plan to implement the various measurement and tracking methods, (e.g., activity-based costing, balanced scorecard, and benchmarking)</li> </ul>

Competency	Entry	C1	C2	Core	Outcomes
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"> <li>a) Evaluates the external part of competitive position (e.g., using analysis of value proposition, customers/target markets, and competitive offerings)</li> <li>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</li> <li>c) Incorporates, where appropriate, entity-level and functional-level strategies in evaluation of the entity's internal and external environment</li> <li>d) Analyzes data requirements and the roles of reporting systems, business process and information systems in supporting strategic developments</li> </ul>
2.3.3 Evaluates strategic alternatives	B		B	B	<ul style="list-style-type: none"> <li>a) Analyzes the strategic alternatives presented using a set of qualitative and quantitative criteria</li> </ul>
<b>2.4 Strategy Implementation</b>					
2.4.1 Analyzes key operational issues including the use of information assets and their alignment with strategy	C		B	B	<ul style="list-style-type: none"> <li>a) Investigates the effectiveness of control systems and accountability structures in aligning resources with strategy</li> <li>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</li> <li>c) Analyzes the effectiveness of initiatives in addressing key human resource management issues</li> <li>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)</li> <li>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</li> <li>f) Identifies opportunities for more effective use of information assets</li> </ul>

Competency	Entry	C1	C2	Core	Outcomes
<b>2.5 Enterprise Risk Management</b>					
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"> <li>a) Identifies the consistency of risk management policies and procedures with the entity's stated mission and strategies</li> <li>b) Discusses the potential impact of significant changes in the entity's environment on the entity's risk profile</li> <li>c) Analyzes risks; risk tolerance and exposure; risk mitigation responses; and the risk monitoring process</li> <li>d) Discusses the possible consequences of having an ineffective risk management program</li> <li>e) Identifies and suggests courses of action to help manage risks</li> </ul>
2.5.2 Assesses the impact of IT/IS risks on enterprise risk and recommends appropriate risk management strategies	C		B	B	<ul style="list-style-type: none"> <li>a) Identifies enterprise exposures (threats) arising from information systems activities</li> <li>b) Analyzes the impact of IT/IS risks on enterprise risk</li> </ul>
<b>3. MANAGEMENT ACCOUNTING</b>					
<b>3.1 Management Reporting Needs and Systems</b>					
3.1.1 Evaluates management information requirements	B		A	A	<ul style="list-style-type: none"> <li>a) Determines or evaluates relevant data and information to support decisions made by management and the governing body</li> <li>b) Interprets and discusses financial and non-financial information using appropriate techniques (e.g. data visualization)</li> <li>c) Understands management and strategic uses of information assets and technology</li> </ul>

Competency	Entry	C1	C2	Core	Outcomes
3.1.2 Documents and assesses business processes, systems and data requirements and recommends improvements to meet information needs	C		B	B	<ul style="list-style-type: none"> <li>a) Explains the importance of system control and feedback</li> <li>b) Identifies the impact of IT on an organization's decision-making and performance</li> <li>c) Identifies the need for management information, accounting information or other systems</li> <li>d) Evaluates the quality of the data and knowledge management within an organization (database management systems, data warehousing, data mining, knowledge management systems)</li> <li>e) Utilizes systems and business process documentation to analyze business processes and controls</li> <li>f) Analyzes the quality of the data, information and knowledge management practices within an organization (database management systems, data warehousing, data mining, knowledge management systems)</li> <li>g) Assesses system reliability</li> <li>h) Evaluates ability of suggested information technology (IT) solutions to address management information requirements</li> <li>i) Identifies and evaluates decision criteria for alternative IT solutions</li> <li>j) Analyzes alternative IT solutions to meet the entity's objectives</li> <li>k) Participates in system planning and analysis process (e.g., feasibility and cost-benefit analysis, selection criteria, financing options, and process re-engineering)</li> <li>l) Explains how an information system can be successfully implemented</li> </ul>
3.1.3 Identifies ethical and privacy issues related to information technology and its use	C		B	B	<ul style="list-style-type: none"> <li>a) Identifies the need to adhere to privacy legislation when evaluating or implementing an information technology system</li> </ul>
3.1.4 Explains implications of current trends, emerging issues and technologies in management accounting	C		C	C	<ul style="list-style-type: none"> <li>a) Identifies current trends, and recent updates, in management accounting</li> <li>b) Explains the potential impact of emerging issues and technologies in management accounting</li> </ul>

Competency	Entry	C1	C2	Core	Outcomes
<b>3.2 Planning, Budgeting, and Forecasting</b>					
3.2.1 Develops or evaluates data and information inputs for operational plans, budgets, and forecasts	B		A	A	a) Examines data and information inputs for the creation of operational plans, budgets, and forecasts b) Evaluates supporting data and information from internal and external sources and identifies gaps and anomalies c) Ensures that the data and 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"> <li>• operating budgets (sales and marketing, production, procurement, and general and administrative) over an appropriate period of time;</li> <li>• financial budgets (capital expenditures, working capital) over an appropriate period of time;</li> <li>• short-term cash flow projections;</li> <li>• long-term cash flow forecasts;</li> <li>• financing and investing needs;</li> <li>• tax-planning projections;</li> <li>• special project budgets to be included in strategic plans or project proposals; and</li> <li>• other forecasts</li> </ul> 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"> <li>• variances between budgeted revenue and realized revenue;</li> <li>• variances between standard and actual costs; and</li> <li>• variances between KPI targets and realized outcomes</li> </ul> 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
<b>3.3 Cost Management</b>					
3.3.1 Evaluates cost classifications and costing methods for management of ongoing operations	A		A	A	<ul style="list-style-type: none"> <li>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)</li> <li>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)</li> <li>c) Distinguishes the various types of costs when researching and analyzing particular problems and issues</li> <li>d) Classifies and communicates cost information according to standard conventions and uses judgment to determine which costs are relevant to the decision at hand</li> <li>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)</li> <li>f) Identifies the need for innovative costing techniques: Just in time, Lean, etc.</li> <li>g) Describes costing systems for for-profit, not-for-profit, and public sector entities, and explains how such systems are typically applied</li> </ul>
3.3.2 Evaluates and applies cost management techniques appropriate for specific costing decisions	B		B	B	<ul style="list-style-type: none"> <li>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)</li> </ul>
3.3.3 Recommends changes identified by applying process improvement methodologies	B		B	B	<ul style="list-style-type: none"> <li>a) Explains the advantages and weaknesses of continuous improvement methodologies as they relate to profitability and performance</li> <li>b) Critically evaluates the effectiveness of continuous improvement methodologies in improving profitability and performance</li> <li>c) Calculates the cost of quality initiatives</li> <li>d) Recognizes that public sector and not-for-profit organizations' process improvements may have different measures than profitability</li> </ul>



Competency	Entry	C1	C2	Core	Outcomes	
<b>3.4 Revenue Management</b>						
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"> <li>market sensitivity to price</li> <li>competitive structure of the industry</li> <li>short- versus long-term horizon</li> <li>relevant costs in the evaluation of revenue growth</li> </ul> c) Identifies and evaluates pricing alternatives (e.g., cost-based and market-based) d) Assesses division and national multi-location transfer pricing options
<b>3.5 Profitability Management</b>						
3.5.1	Performs sensitivity analysis	B		A	A	a) Performs sensitivity analysis where appropriate and discusses the results and impact on the entity b) Calculates cost-volume profit (CVP), undertakes a sensitivity analysis for a given entity, assesses the implications for profitability, and assesses the impact on operational decisions and strategic goals
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
<b>3.6 Organizational Performance Measurement</b>						
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
<b>3.7 Individual Performance Measurement</b>						
3.7.1	Analyzes the implications of management incentive schemes and employee compensation methods	B		B	B	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

Competency	Entry	C1	C2	Core	Outcomes	
<b>5. FINANCE</b>						
<b>5.1 Financial Analysis and Planning</b>						
5.1.1	Evaluates the entity's financial state	B		A	A	<ul style="list-style-type: none"> <li>a) Performs financial analysis, including ratio analysis, industry benchmarking, trend analysis, and cash flow analysis</li> <li>b) Determines the relevance of the tools to the evaluation of the entity's financial state</li> <li>c) Draws conclusions as to the entity's financial state</li> </ul>
5.1.2	Develops or evaluates financial proposals and financing plans	C		B	B	<ul style="list-style-type: none"> <li>a) Identifies the intended purpose and audience and the underlying assumptions</li> <li>b) Develops a portion of a financial proposal or financing plan that is supported with well-reasoned assumptions and up-to-date information</li> <li>c) Identifies the strengths and weaknesses of the financial proposal or financing plans</li> <li>d) Reviews the alignment of proposal or plan with strategic objectives</li> </ul>
5.1.3	Assesses reporting systems, data quality and the analytical models used to support financial analysis and decision-making	C		B	B	<ul style="list-style-type: none"> <li>a) Identifies and analyzes the underlying inputs in analytical models</li> <li>b) Analyzes the quality of the inputs in analytical models</li> <li>c) Develops simple analytical models</li> <li>d) Analyzes the output from the models in the context of the entity</li> </ul>
5.1.4	Explains implications of current trends, emerging issues and technologies in finance	C		C	C	<ul style="list-style-type: none"> <li>a) Identifies current trends, and recent updates, in finance</li> <li>b) Explains the potential impact of emerging issues and technologies in finance</li> </ul>
<b>5.2 Treasury Management</b>						
5.2.1	Evaluates the entity's cash flow and working capital	B		A	A	<ul style="list-style-type: none"> <li>a) Monitors cash flow to ensure the entity's needs are met</li> <li>b) Develops strategies for working capital management and monitors working capital</li> <li>c) Manages working capital levels, including bank balances, receivable balances, inventory levels, and payable balances (i.e., the cash investment cycle)</li> <li>d) Formulates policies for granting credit to customers, determining appropriate inventory levels, and making payments to suppliers</li> </ul>

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

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

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"> <li>a) Evaluates the processes for ensuring compliance</li> <li>b) Assesses the appropriateness of the policies and procedures used for compliance purposes and makes recommendations for improvement</li> <li>c) Explains the need for ethical guidelines, codes of conduct, and regulatory requirements for compliance purposes</li> <li>d) Assists in addressing compliance issues with outside regulators</li> <li>e) Suggests improvements to the entity's related reporting structures</li> </ul>
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"> <li>a) Determines alignment of an entity's core values and board responsibilities with the entity's strategies for sustainability and social responsibility</li> </ul>
2.1.5 Explains implications of current trends, emerging issues and technologies in strategy and governance	C		C	C	B	<ul style="list-style-type: none"> <li>a) Describes current trends and anticipated changes in strategy and governance</li> <li>b) Analyzes the potential impact of emerging issues, sustainability and technologies on the entity</li> </ul>
<b>2.2 Mission, Vision, Values and Mandate</b>						
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"> <li>a) Evaluates compatibility of recommendations with the entity's mission, vision, values, and mandate</li> <li>b) Evaluates the role of the board in assuring effective information systems governance</li> <li>c) Recommends improvements to an entity's strategic information systems plan and resource allocation to ensure the accomplishment of organizational strategy</li> </ul>
<b>2.3 Strategy Development</b>						
2.3.1 Evaluates the entity's strategic objectives and related performance measures	B		B	B	A	<ul style="list-style-type: none"> <li>a) Evaluates the alignment of performance measures with the entity's strategy</li> <li>b) Identifies the relevant social performance measures needed by public sector entities</li> </ul>

Competency	Entry	C1	C2	Core	E1 PM	Outcomes
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"> <li>a) Employs accepted methods to scan the external and internal environments</li> <li>b) Determines where the entity and/or product is positioned on its life cycle</li> <li>c) Determines value proposition</li> <li>d) Evaluates the significance of market analysis insights on existing operations and plans</li> <li>e) Determines key success factors</li> <li>f) Integrates functional-level and entity-level strategies with corporate-level strategy</li> <li>g) Assesses the impact of public sector strategies on the general public, regulators, and public sector entities</li> <li>h) Assesses data requirements and the roles of reporting systems, business process and information systems in supporting strategic developments</li> </ul>
2.3.3 Evaluates strategic alternatives	B		B	B	A	<ul style="list-style-type: none"> <li>a) Evaluates implications of ownership structure alternatives: legal form (e.g., corporation versus partnership) and types of ownership (e.g., private versus public)</li> <li>b) Evaluates relative merits of strategic investment or divestiture alternatives (e.g., alliance versus acquisition)</li> <li>c) In a public sector entity, evaluates the impact of alternatives on the well-being of society</li> </ul>
<b>2.4 Strategy Implementation</b>						
2.4.1 Analyzes key operational issues including the use of information assets and their alignment with strategy	C		B	B	A	<ul style="list-style-type: none"> <li>a) Evaluates the effectiveness of the entity's control systems (i.e., policies, directives, codes, and guidelines) in aligning operations with strategy and values</li> <li>b) Evaluates the entity's decision-making processes and accountability structures</li> <li>c) Makes recommendations that flow from an analysis of the effectiveness of initiatives in addressing key human resource management issues</li> <li>d) Analyzes the effectiveness of the entity's culture and structure for strategy implementation</li> <li>e) Applies best practices for managing strategy implementation (e.g., strategy mapping)</li> <li>f) Recommends strategies to better utilize information assets</li> </ul>

Competency	Entry	C1	C2	Core	E1 PM	Outcomes
<b>2.5 Enterprise Risk Management</b>						
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"> <li>a) Assesses the scope of the risk management program (e.g., classification of risks managed) and processes (e.g., identify, assess, mitigate, and monitor)</li> <li>b) Assesses risks using appropriate methodologies</li> <li>c) Advises on the entity's risk tolerance approach and risk exposure</li> <li>d) Monitors environment (internal/external) and advises on potential implications for risk management</li> <li>e) Recommends risk management strategies (avoidance, transference, mitigation, acceptance) that align with the entity's strategies, resources, and risk tolerance approach</li> <li>f) Maintains and monitors the risk management program</li> </ul>
2.5.2 Assesses the impact of IT/IS risks on enterprise risk and recommends appropriate risk management strategies	C		B	B	A	<ul style="list-style-type: none"> <li>a) Evaluates enterprise exposures (threats) arising from information systems activities</li> <li>b) Analyzes the impact of IT/IS risks on enterprise risk and recommends appropriate risk management strategies</li> </ul>
<b>3. MANAGEMENT ACCOUNTING</b>						
<b>3.1 Management Reporting Needs and Systems</b>						
3.1.2 Documents and assesses business processes, systems and data requirements and recommends improvements to meet information needs	C		B	B	A	<ul style="list-style-type: none"> <li>a) Evaluates alternatives for addressing gaps in information or for generating improvements to existing management information, and makes specific recommendations</li> <li>b) Develops an implementation plan and assesses the impact on current systems and processes</li> </ul>
3.1.3 Identifies ethical and privacy issues related to information technology and its use	C		B	B	A	<ul style="list-style-type: none"> <li>a) Addresses IT ethical and privacy issues by recommending an appropriate course of action</li> </ul>
3.1.4 Explains implications of current trends, emerging issues and technologies in management accounting	C		C	C	B	<ul style="list-style-type: none"> <li>a) Describes current trends and anticipated changes in management accounting</li> <li>b) Analyzes the potential impact of emerging issues and technologies on the entity</li> </ul>
<b>3.3 Cost Management</b>						
3.3.2 Evaluates and applies cost management techniques appropriate for specific costing decisions	B		B	B	A	<ul style="list-style-type: none"> <li>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)</li> <li>b) Creates, monitors, and improves cost management techniques with a view to maintaining a sustainable operation</li> </ul>

Competency	Entry	C1	C2	Core	E1 PM	Outcomes
3.3.3 Recommends changes identified by applying process improvement methodologies	B		B	B	A	<ul style="list-style-type: none"> <li>a) Develops recommendations for process improvements (e.g., ERP)</li> <li>b) Develops recommendations that improve quality control processes like TQM</li> </ul>
3.3.4 Recommends cost management improvements across the entity	B			B	A	<ul style="list-style-type: none"> <li>a) Creates, monitors, and improves cost management processes with a view to maintaining a sustainable operation</li> <li>b) Selects and adapts costing systems to the entity's operations</li> <li>c) Recommends improvements to operational processes based on operational cost considerations (e.g., supplier relationship management, ABM, etc.)</li> </ul>
<b>3.4 Revenue Management</b>						
3.4.1 Evaluates sources and drivers of revenue growth	C		B	B	A	<ul style="list-style-type: none"> <li>a) Determines the sources and drivers of the entity's revenue growth</li> <li>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)</li> </ul>
<b>3.6 Organizational Performance Measurement</b>						
3.6.1 Evaluates performance using accepted frameworks	B		B	B	A	<ul style="list-style-type: none"> <li>a) Adapts framework to particular circumstances and clearly identifies differences to be explained further</li> <li>b) Distinguishes theoretical and realistic expectations of performance</li> <li>c) Analyzes significant variances and recommends remedial actions</li> <li>d) Monitors the ongoing suitability of the existing framework in light of changing circumstances</li> <li>e) Recommends alternatives for performance measurement frameworks</li> </ul>
3.6.2 Evaluates performance of responsibility centres	B			B	A	<ul style="list-style-type: none"> <li>a) Creates guidelines for responsibility centres</li> <li>b) Participates in the establishment of responsibility centres and the choice of appropriate guidelines</li> </ul>
3.6.3 Evaluates root causes of performance issues	B			B	A	<ul style="list-style-type: none"> <li>a) Analyzes the possible impact of unusual circumstances on performance</li> </ul>



Competency	Entry	C1	C2	Core	E1 PM	Outcomes	
<b>3.7 Individual Performance Measurement</b>							
3.7.1	Analyzes the implications of management incentive schemes and employee compensation methods	B		B	B	A	<ul style="list-style-type: none"> <li>a) Provides oversight on incentives and compensation strategies, ensuring that practices are fair and sustainable</li> <li>b) Sets standards for measurement and analysis</li> <li>c) Assesses incentive schemes to highlight/avoid conflicts of interest, potential legal or tax liability, and measures contrary to shareholder interests</li> <li>d) Identifies ethical issues related to compensation and fair pay</li> </ul>
<b>4. AUDIT AND ASSURANCE</b>							
<b>4.1 The Entity and its Environment, including Internal Control</b>							
4.1.2	Evaluates the information system, including the related processes, using knowledge of data requirements and risk exposures	C	B		B	A	<ul style="list-style-type: none"> <li>a) Identifies the appropriate recognized framework to apply and evaluates internal control in the context of that framework</li> <li>b) Identifies, gains an understanding of, and evaluates the design and effectiveness of key controls</li> <li>c) Identifies and evaluates the adequacy of compensating controls</li> <li>d) Documents the entity's procedures for reporting compliance with approved internal controls</li> <li>e) Assesses the implications of control deficiencies identified (including any financial reporting implications) and recommends improvements</li> <li>f) Communicates weaknesses in internal controls to the appropriate level of management and/or the audit committee or equivalent</li> <li>g) Integrates IT security requirements and tools</li> <li>h) Identifies and evaluates opportunities to enhance controls through the application of IT, and collaborates with specialists as needed to implement enhancements</li> <li>i) Evaluates the quality of data and information and models being used to support managerial decision making</li> </ul>

## 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	
<b>5. FINANCE</b>							
<b>5.1 Financial Analysis and Planning</b>							
5.1.1	Evaluates the entity's financial state	B		A	A	A	<ul style="list-style-type: none"> <li>a) Performs financial analysis, including ratio analysis, industry benchmarking, trend analysis, and cash flow analysis</li> <li>b) Determines the relevance of the tools to the evaluation of the entity's financial state</li> <li>c) Draws conclusions as to the entity's financial state</li> </ul>
5.1.2	Develops or evaluates financial proposals and financing plans	C		B	B	A	<ul style="list-style-type: none"> <li>a) Determines the intended purpose and audience</li> <li>b) Evaluates the validity of the underlying assumptions</li> <li>c) Evaluates the strengths and weaknesses of the various alternatives</li> <li>d) Performs a sensitivity analysis, scenario analysis, and/or simulation analysis</li> <li>e) Evaluates the risk/return profile of the various alternatives</li> <li>f) Determines the alignment of various alternatives with strategic objectives</li> <li>g) Develops the financing aspects of the plan or proposal from start to finish, pulling together the various components</li> <li>h) Recommends an appropriate course of action based on the analysis</li> </ul>
5.1.3	Assesses reporting systems, data quality and the analytical models used to support financial analysis and decision-making	C		B	B	A	<ul style="list-style-type: none"> <li>a) Assesses the underlying alternative inputs in analytical models</li> <li>b) Evaluates the quality of the alternative inputs and determines the most appropriate inputs</li> <li>c) Develops analytical models</li> <li>d) Evaluates the outputs from analytical models in the context of the entity</li> <li>e) Explains the limitations of the specific analytical models used</li> </ul>

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

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

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"> <li>a) Determines the critical assumptions and facts that underlie valuation methodologies and estimates</li> <li>b) Determines the appropriate data sources for valuation methodologies after performing a full analysis of all available alternatives</li> <li>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</li> <li>d) Applies the appropriate valuation method(s) to obtain a plausible range of values for the business</li> </ul>
5.4.3 Estimates the value of an intangible asset	C			C	B	<ul style="list-style-type: none"> <li>a) Explains the various methods that are appropriate for valuation of an intangible asset</li> <li>b) Analyzes the pros and cons of each valuation alternative</li> <li>c) Estimates the value for an intangible asset based on acceptable methods</li> </ul>
<b>5.5 Financial Risk Management</b>						
5.5.1 Develops or evaluates financial risk management policies	C	B		B	A	<ul style="list-style-type: none"> <li>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</li> <li>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</li> <li>c) Recommends changes to risk management policies in line with the assessment of the impact on the entity's finances</li> </ul>
5.5.2 Analyzes the use of derivatives as a form of financial risk management	—	C		C	B	<ul style="list-style-type: none"> <li>a) Identifies the significant risks within an entity, including interest rate risks, foreign exchange risks, and commodity risks</li> <li>b) Understands the possibility of compounding risks</li> <li>c) Analyzes various derivative instruments that are available to mitigate risks</li> <li>d) Suggests appropriate derivative instruments to mitigate risks</li> </ul>

Competency	Entry	C1	C2	Core	E2 FIN	Outcomes
<b>5.6 Corporate Finance Transactions</b>						
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"> <li>• the sources and causes of financial difficulty;</li> <li>• the potential for the success or failure of various proposed recovery plans; and</li> <li>• the net realizable value of the assets if disposition/liquidation is an option</li> </ul> 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	
<b>1. FINANCIAL REPORTING</b>							
<b>1.1 Financial Reporting Needs and Systems</b>							
1.1.4	Explains implications of current trends, emerging issues and technologies in financial reporting	C	C		C	B	<ul style="list-style-type: none"> <li>a) Understands and explains the implications of exposure drafts, impending changes, their rationale, and their impact on an entity and its financial statements</li> <li>b) Explains shortcomings/limitations of current standards in the context of emerging issues</li> <li>c) Understands the authoritative documents to refer to and to what extent they can be relied upon</li> <li>d) Analyzes the potential impact of automated data capture, artificial intelligence technologies and real time reporting</li> </ul>
<b>1.2 Accounting Policies and Transactions</b>							
1.2.1	Develops or evaluates appropriate accounting policies and procedures	B	A		A	A	<ul style="list-style-type: none"> <li>a) Explains the policy decision with regard to the economic substance of the transaction or event</li> <li>b) Identifies, analyzes, and critically evaluates accounting policy choices and alternatives</li> <li>c) Applies a conceptual framework approach in situations involving a choice of accounting policy and procedure</li> <li>d) Selects and applies the policy that most fairly presents the underlying economic reality of the entity within a decision-making context</li> </ul>

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"> <li>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</li> <li>b) Assesses a variety of source documents or information about routine events to determine the financial reporting implications</li> <li>c) Evaluates the treatment of routine transactions recorded in an accounting system</li> <li>d) Integrates the tax consequences into accounting decisions for routine transactions</li> </ul>
1.2.3 Evaluates treatment for non-routine transactions	B	B		B	A	<ul style="list-style-type: none"> <li>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</li> <li>b) Assesses a variety of documents or information about non-routine events to determine accounting implications</li> <li>c) Evaluates, calculates, and determines the proper accounting and disclosure for non-routine transactions</li> <li>d) Applies other critical principles when deciding on appropriate treatment (e.g., substance over form and measurement uncertainty)</li> <li>e) Interprets financial reporting standards in the context of the entity's specific circumstances</li> <li>f) Considers the tax implications of accounting decisions for non-routine transactions</li> </ul>
1.2.4 Analyzes treatment for complex events or transactions	C	C		C	B	<ul style="list-style-type: none"> <li>a) Identifies presence of complex transactions (e.g., wind-up, merger and acquisition, securitization of assets, curtailment of pensions, embedded derivatives, and financial reorganizations)</li> <li>b) Analyzes and determines, on a preliminary basis, the proper accounting for complex transactions</li> <li>c) Researches appropriate standards and seeks authoritative guidance where the proper treatment is unclear</li> <li>d) Interprets, on a preliminary basis, the financial reporting standards in the context of the entity's specific circumstances</li> </ul>



Competency	Entry	C1	C2	Core	E3 AS	Outcomes	
<b>1.3 Financial Report Preparation</b>							
1.3.2	Prepares routine financial statement note disclosure	B	A		A	a) Prepares note disclosure for routine financial statement elements	
<b>1.4 Financial Statement Analysis</b>							
1.4.1	Analyzes complex financial statement note disclosure	C	C		C	B	a) Identifies and explains 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 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 communications (e.g., 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 management communications c) Analyzes whether the financial information in management communications 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	
<b>2. STRATEGY AND GOVERNANCE</b>							
<b>2.1 Governance</b>							
2.1.1	Evaluates the entity's governance structure (policies, processes, codes)	C		B	B	B	<ul style="list-style-type: none"> <li>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)</li> <li>b) Understands the criteria that characterize a good corporate governance structure</li> <li>c) Analyzes the entity's governance structure and suggests improvements</li> <li>d) Analyzes the appropriateness of the composition of the board and related committees (diversity, independence)</li> <li>e) Advises on the general accountability of the entity's board</li> <li>f) Identifies and analyzes key activities of the board and other governing bodies in relation to the engagement or project</li> <li>g) On a preliminary basis, evaluates the effectiveness of the key activities of the board and other governing bodies identified</li> <li>h) Discusses the extent to which the entity's decision-making and accountability processes support management in meeting its stewardship responsibilities</li> <li>i) Understands the mandate of the compensation committee</li> <li>j) Analyzes the compensation and management incentive policies with regard to stakeholder interests</li> <li>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)</li> </ul>
2.1.2	Evaluates the specific role of the audit committee in governance	C		B	B	A	<ul style="list-style-type: none"> <li>a) Evaluates the extent to which the audit committee is meeting its responsibilities</li> <li>b) Assesses the independence of the audit committee in relation to its requirements and responsibilities</li> <li>c) Recommends improvements to the audit committee based on current best practices</li> <li>d) Understands the relationship between the audit committee and the external auditor (e.g., selection of auditors and communication)</li> </ul>

Competency	Entry	C1	C2	Core	E3 AS	Outcomes
2.1.3 Evaluates mechanisms used for compliance purposes	C		B	B	A	<ul style="list-style-type: none"> <li>a) Examines and reviews the effectiveness of codes of conduct and various policies</li> <li>b) Suggests control processes to ensure filing deadlines are met</li> <li>c) Evaluates the mechanisms for information flow within the entity</li> <li>d) Identifies the need for an independent audit function</li> <li>e) Identifies the need for an accountability program</li> <li>f) Identifies the need for a conflict-of-interest policy</li> </ul>

### 3. MANAGEMENT ACCOUNTING

#### 3.1 Management Reporting Needs and Systems

3.1.3 Identifies ethical and privacy issues related to information technology and its use	C		B	B	A	a) Assesses IT ethical and privacy issues
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### 4. AUDIT AND ASSURANCE

#### 4.1 The Entity and its Environment, including Internal Control

4.1.1 Assesses the entity's risk assessment processes	B	A		A	A	<ul style="list-style-type: none"> <li>a) Assesses the operational or financial reporting implications arising from the identification of the entity's key operations</li> <li>b) Assesses the operational or financial reporting implications of the entity's risks and related controls</li> <li>c) Assesses and documents the actual operational processes in use</li> <li>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</li> </ul>
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Competency	Entry	C1	C2	Core	E3 AS	Outcomes
4.1.2 Evaluates the information system, including the related processes, using knowledge of data requirements and risk exposures	C	B		B	A	<ul style="list-style-type: none"> <li>a) Identifies the appropriate recognized framework to apply and evaluates internal control in the context of that framework</li> <li>b) Identifies, gains an understanding of, and evaluates the design and effectiveness of internal controls</li> <li>c) Documents the entity's procedures for reporting compliance with approved internal controls</li> <li>d) Assesses the implications of control deficiencies identified (including any financial reporting implications) and recommends improvements</li> <li>e) Communicates weaknesses in internal controls to the appropriate level of management and/or the audit committee or equivalent</li> <li>f) Considers IT security requirements and tools</li> <li>g) Identifies and evaluates opportunities to enhance controls through the application of IT, and collaborates with specialists as needed to implement enhancement</li> <li>h) Utilizes knowledge of an entity's industry, business processes, historical performance, information system controls and governance practices to assess important data relationships from internal and external data sources to design appropriate plans to support effective assurance engagement outcomes</li> <li>i) Evaluates the quality of data and information and models being used</li> </ul>
<b>4.2 Internal and External Audit Requirements</b>						
4.2.1 Advises on an entity's assurance needs	B			B	A	<ul style="list-style-type: none"> <li>a) Uses the entity's mission, vision, strategies, and stakeholders' needs in order to identify and evaluate assurance requirements and options for the entity</li> <li>b) Recommends appropriate assurance projects or engagements given the entity's needs</li> <li>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)</li> <li>d) Explains the assurance process to stakeholders (e.g., steps involved, best-practice guidelines, and effects of IT environment or other situational factors)</li> <li>e) Identifies engagements other than assurance engagements</li> </ul>

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

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"> <li>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)</li> <li>for special-purpose financial statements, assesses what financial reporting framework, criteria, set of acceptable rules, or policies best apply</li> </ul> <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>
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	<p>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)</p> <p>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</p> <p>c) Assesses the risk of material misstatement or exception based on relevant risks and issues</p> <p>d) Assesses the risk at the financial statement level and the assertion level for classes of transactions, account balances, and disclosures</p> <p>e) Evaluates the impact of the risk assessment on the nature, timing, and extent of assurance work to be performed</p>

Competency	Entry	C1	C2	Core	E3 AS	Outcomes
4.3.6 Develops appropriate procedures, including Audit Data Analytics (ADA), based on the identified risk of material misstatement	B	B		B	A	<ul style="list-style-type: none"> <li>a) Identifies potential sources of evidence to support the reliability of the information</li> <li>b) Prepares appropriate procedures in terms of nature, timing, and extent, based on factors such as knowledge of the entity and preliminary risk assessment</li> <li>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</li> <li>d) Determines the appropriate sampling approach</li> <li>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)</li> <li>f) Modifies procedures in light of findings (e.g., ineffective controls, known errors, changes in circumstances, or the presence of fraud risk factors)</li> <li>g) Documents the planned procedures (e.g., prepares the audit program)</li> <li>h) Evaluates the need to revise audit procedures given fundamental changes to the entity's operations or infrastructure or the results of procedures performed</li> <li>i) Determines the appropriate approach utilizing audit data analytics procedures where appropriate</li> </ul>
4.3.7 Performs the work plan	B	B		B	A	<ul style="list-style-type: none"> <li>a) Applies an appropriate level of professional skepticism, remaining alert to the possibility of fraud</li> <li>b) Performs and documents procedures with due care and an objective state of mind</li> <li>c) Ensures that all work is adequately supervised and reviewed</li> <li>d) Evaluates whether the procedures performed address the risks identified at both the overall level and the assertion level</li> </ul>

Competency	Entry	C1	C2	Core	E3 AS	Outcomes
4.3.8 Evaluates the evidence and results of analysis	B	B		B	A	<ul style="list-style-type: none"> <li>a) Evaluates the sufficiency, reliability, and appropriateness of the evidence obtained and assesses the significance of the results of analysis</li> <li>b) Identifies inconsistencies, unexpected circumstances, unexpected findings, or findings that indicate possible fraud, error, or illegal acts</li> <li>c) Determines whether the subject matter conforms with the standards, criteria, rules, or policies used for evaluation</li> <li>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</li> </ul>
4.3.9 Documents the work performed and its results	B			B	A	<ul style="list-style-type: none"> <li>a) Prepares working papers with sufficient detail to support the nature, timing, and extent of procedures performed and to support conclusions</li> <li>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</li> <li>c) Draws and documents conclusions as to whether the procedure meets its objective</li> </ul>



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"> <li>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</li> <li>b) Analyzes the need to gather additional evidence or to extend the nature of procedures</li> <li>c) Reviews the unadjusted errors/exceptions in light of materiality or significance guidelines, and determines if corrections are required or further work is needed</li> <li>d) Assesses indicators of existence of fraud and assesses the implication to the engagement or project, including the impact on the communication</li> <li>e) Evaluates the reasonableness of the subject matter as a whole, considering the objectives of the engagement or project</li> <li>f) Evaluates the appropriateness of the conclusions being communicated in accordance with applicable criteria</li> <li>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>CPA Canada Handbook – Assurance</i>)</li> <li>h) Evaluates whether quality control standards and/or guidelines were adhered to (e.g., CSQM 1, CSQM 2)</li> </ul>

Competency	Entry	C1	C2	Core	E3 AS	Outcomes
4.3.11 Prepares or interprets information and reports for stakeholders using data visualization where appropriate	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"> <li>• the results of procedures;</li> <li>• recommendations for improvement to processes and controls;</li> <li>• misstatements/exceptions arising from fraud, suspected fraud, error, and illegal or possibly illegal acts; and</li> <li>• any other item required due to the nature of the engagement or project</li> </ul> <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> <p>h) Evaluates representational faithfulness of information communicated via visual means (graphs)</p>

Competency	Entry	C1	C2	Core	E3 AS	Outcomes
<b>4.4 Comprehensive Audit Projects</b>						
4.4.1 Applies comprehensive auditing techniques	C			C	B	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
<b>5. FINANCE</b>						
<b>5.1 Financial Analysis and Planning</b>						
5.1.1 Evaluates the entity's financial state	B		A	A	A	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
<b>5.4 Valuation</b>						
5.4.1 Determines the value of a tangible asset	C	B		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
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"> <li>Asset-based approaches</li> <li>Transaction-based approaches (e.g., discounted cash flow)</li> <li>Market-based approaches</li> </ul> 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

Competency	Entry	C1	C2	Core	E3 AS	Outcomes
5.4.3 Estimates the value of an intangible asset	C			C	B	<ul style="list-style-type: none"> <li>a) Explains the various methods that are appropriate for valuation of an intangible asset</li> <li>b) Analyzes the pros and cons of each valuation alternative</li> <li>c) Estimates the value for an intangible asset based on acceptable methods</li> </ul>

## 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 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	
<b>6. TAXATION</b>							
<b>6.1 General Income Tax Concepts</b>							
6.1.1	Discusses general concepts and principles of income taxation	C	B		B	a) Discusses income tax advantages and disadvantages of various legal forms and structures	
6.1.2	Assesses reporting systems, data requirements and business processes to support reliable tax compliance	C	B		A	a) Assesses adequacy of data inputs and systems reliability controls to ensure tax compliance	
6.1.3	Explains implications of current trends, emerging issues and technologies in taxation	C	C		B	a) Describes current trends, recent updates, and anticipated changes in taxation b) Analyzes the implications of impending changes and their impact on an entity c) Analyzes the potential use of emerging technologies for the entity	
<b>6.2 Corporate Income Tax</b>							
6.2.1	Evaluates general tax issues for a corporate entity	B	B		B	A	a) Evaluates the corporation's tax profile
6.2.2	Advises on taxes payable for a corporation	B	B		B	A	a) Advises on the tax impact of different sources and types of income for a corporation b) Advises on the reconciliation of accounting income to income for tax purposes c) Advises on the impact of rules related to capital property d) Advises on adjustments necessary to calculate taxable income e) Advises on the elements of taxes payable f) Analyzes the tax implications of non-arm's length transactions with corporations g) Analyzes the tax implications of dividends paid

Competency	Entry	C1	C2	Core	E4 TAX	Outcomes	
<b>6.3 Personal Income Tax</b>							
6.3.1	Evaluates general tax issues for an individual	B	B		B	A	a) Evaluates an individual's tax profile
6.3.2	Evaluates income taxes payable for an individual	B	B		B	A	a) Evaluates the different sources and types of income for an individual including deductions and inclusions for each type b) Advises on the impact of rules related to capital property c) Evaluates the adjustments necessary to calculate taxable income d) Evaluates the elements of taxes payable e) Advises on the tax implications of non-arm's length transactions
6.3.3	Analyzes specific tax-planning opportunities for individuals	B	B		B	B	a) Analyzes the individual's profile to identify, evaluate and recommend possible tax-planning opportunities b) Analyzes the tax advantages and disadvantages of self-employed versus employee status
<b>6.4 Income Tax Administration</b>							
6.4.1	Evaluates adherence to compliance requirements	B	B		B	A	a) Evaluates adherence to compliance requirements including directors' liability b) Advises on instalments, final tax payments and due dates
<b>6.5 Income Taxation of Non-Residents and Part-Year Residents</b>							
6.5.1	Analyzes residency of a taxpayer	C	C		C	B	a) Analyzes factors to determine residency status of an individual
6.5.2	Analyzes the taxation of Canadian sources of income for non-residents and part-year residents	C	C		C	B	a) Explains income taxable under Part I and Part XIII b) Analyzes the tax consequences of becoming or ceasing to be a Canadian resident
<b>6.6 Other Income Tax Matters</b>							
6.6.1	Analyzes income tax implications of death	—	C		C	B	a) Explains income tax payable for graduated rate estates and testamentary trusts b) Analyzes tax implications of deceased individuals
6.6.2	Analyzes income tax implications of compensation planning between a shareholder and a closely-held corporation	C	C		C	B	a) Analyzes tax implications of compensation planning between a shareholder and a closely-held corporation
6.6.3	Analyzes income tax implications of the purchase and sale of a CCPC	C	B		B	B	a) Analyzes tax implications of asset sale b) Analyzes tax implications of share sale c) Explains the tax consequences of an acquisition of control
6.6.4	Explains the basic tax considerations of corporate reorganizations	—			—	C	a) Explains potential uses, and the tax consequences of tax-deferred transactions that utilize sections 51, 85 and 86

Competency	Entry	C1	C2	Core	E4 TAX	Outcomes	
<b>6.7 GST Matters</b>							
6.7.1	Discusses the GST system in Canada	C	C		C	B	a) Discusses GST and when it is applicable
6.7.2	Analyzes GST obligations of a person	C	C		C	B	a) Analyzes the transaction: (i.e. Who, What, Why, When and Where) b) Analyzes the different types of supplies c) Discusses the GST obligations of a person
6.7.3	Calculates net tax for a person	C	C		C	B	a) Calculates the components of net tax
6.7.4	Discusses GST compliance requirements	B	B		B	B	a) Discusses adherence to compliance requirements including directors' liability b) Discusses instalments and final tax payments and advises on due dates
6.7.5	Analyzes GST implications from tax planning for shareholders and a closely held corporation	C			C	B	a) Analyzes the GST implications associated with taxable benefits b) Identifies GST implications of intercompany transactions c) Analyzes the GST implications associated with purchase and sale of a business
6.7.6	Explains GST obligations arising from other transactions	—			—	C	a) Explains when a supply is considered incurred in Canada when transacting with non-residents b) Explains the GST implications for real property transactions c) Explains possible scenarios / requirements to self-assess on imports and real property

## 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 choose 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:

- Acting Ethically and Demonstrating Professional Values
- Leading
- Collaborating
- Managing Self
- Adding Value
- Solving Problems and Making Decisions
- Communicating

The enabling competencies are detailed further in Section 1 of [Part 1: The CPA Competency Map](#).



## 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





# SECTION 6

The Knowledge Lists and Examples



## The Knowledge Reference Lists

The CPA competencies are grouped into six technical competency areas. A knowledge reference list is provided for each of the six technical areas (Sections 6-1 through 6-6). Section 6-7, Data Analytics and Information Systems (DAIS), repeats the DAIS knowledge items contained within the six technical competency areas and is reproduced for clarity and ease of understanding. Section 6-8, Other General Business Topics, describes the additional topic areas that are drawn upon in the professional education program modules.

In some cases the proficiency levels of underlying knowledge items do not match the proficiency levels of the corresponding competencies to which the knowledge items relate. This is intentional and is the result of the complexity associated with the specific knowledge item. In these cases, the proficiency level of the specific knowledge item has been reduced.



## Section 6-1: Financial Reporting

**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.

Topics	Entry	Core	Elective	Related CPA Competency
<b>Introduction to Accounting</b>				
a) Objectives and fundamental accounting concepts and principles (qualitative characteristics of accounting information, basic elements)	B	A		1.1.1 Evaluates financial reporting needs 1.1.2 Evaluates the appropriateness of the basis of financial reporting
b) Ethical professional judgement	B	A		1.1.3 Evaluates reporting systems, data requirements and business processes to support reliable financial reporting
c) Objectives of financial reporting	B	A		
d) Methods of measurement	B	A		
e) Difference between accrual accounting and cash accounting	B	A		1.2.1 Develops or evaluates appropriate accounting policies and procedures
f) Standard setting process	B	A		
g) Financial statement users and their broad needs, standard setting, and requirement for accountability	B	A		1.4.2 Evaluates financial statements including note disclosures
h) Accounting information systems	B	A		1.4.4 Interprets financial reporting results for stakeholders (external or internal)
i) Data organization and distribution (systems and output)	C	B		
j) Types of systems organizations need to provide information to meet their objectives (examples only): — AIS/ERP/transaction processing systems — Business intelligence systems and analytics — Distributed databases/ledgers (blockchain) and digital payment systems/cryptocurrencies	C	B		
k) Standards for data tagging and reporting (XML, XBRL)	C	B		
l) Systems reliability - privacy, confidentiality, security, integrity, availability	C	B		
m) Emerging trends in accounting standards and recent updates	C	C	B	1.1.4 Explains implications of current trends, emerging issues and technologies in financial reporting
n) Impact of new/changing technologies on risk exposure	C	C	B	
o) Legislation that has an impact on accounting (e.g. SOX, Bill 198)	—	C		1.1.6 Identifies specialized financial reporting requirements for specified regulatory and other filing requirements

Topics	Entry	Core	Elective	Related CPA Competency
<b>Financial Statements — Process, Design and Preparation</b>				
a) The accounting cycle	A	A		1.3.1 Prepares financial statements
b) Internal control and cash (bank reconciliation, control over cash receipts and disbursements)	A	A		
c) Interim reporting	B	A	A	1.4.2 Evaluates financial statements including note disclosures
d) Segment reporting	B	A	A	
e) Financial statements in accordance with applicable standards	B	A	A	
f) Routine disclosure requirements (notes to financial statements)	B	A	A	1.3.2 Prepares routine financial statement note disclosure
g) Complex disclosure requirements (notes to financial statements)	C	C	B	1.4.1 Analyzes complex financial statement note disclosure
h) Role and composition of the MD&A	C	B	B	1.4.3 Analyzes and provides input in the preparation of management communications
<b>Issues Regarding Items in Financial Statements (under various Financial Reporting Frameworks, e.g. IFRS, ASPE)</b>				
a) The appropriate accounting treatment for the following:				1.2.2 Evaluates treatment for routine transactions
— Cash and cash equivalents	A	A	A	
— Receivables	A	A	A	
— Inventories	A	A	A	
— Property, plant, and equipment	A	A	A	
— Goodwill and intangible assets	A	A	A	
— Depreciation, amortization, impairment, and disposition/derecognition	A	A	A	
— Provisions, contingencies, and current liabilities	A	A	A	
— Long-term liabilities	A	A	A	
— Owners'/shareholders' equity	A	A	A	
— Earnings per share (basic, diluted)	A	A	A	
— Financial instruments	A	A	A	
— Investments in associates/significant influence	A	A	A	
— Investment property	A	A	A	
— Revenue recognition/revenue from contracts with customers, and accounting for revenue and related expenses	A	A	A	
— Government assistance	A	A	A	
— Leases	A	A	A	
— Changes in accounting policies and estimates, and errors	A	A	A	
— Foreign currency transactions	A	A	A	
— Accounting for income taxes	A	A	A	
— Events after the reporting period				

Topics	Entry	Core	Elective	Related CPA Competency
– Uncommon capital assets (e.g., natural resources, exchanges of assets, decommissioning costs)	B	B	A	1.2.3 Evaluates treatment for non-routine transactions
– Pension plans and other employee future benefits	B	B	A	
– Assets held for sale and discontinued operations	B	B	A	
– Fair value and cash flow hedges	B	B	A	
– Foreign currency translation	B	B	A	
– Business combinations	B	B	A	
– Consolidated financial statements	B	B	A	
– Joint arrangements	B	B	A	
– Share-based payments	B	B	A	
– Related party transactions	B	B	A	
– Non-monetary transactions	B	B	A	
– Complex financial instruments (e.g., perpetual debt, convertible debt, derivatives)	C	C	B	1.2.4 Analyzes treatment for complex events or transactions
<b>Financial Statement Analysis</b>				
a) Vertical and horizontal analysis	B	A		1.4.4 Interprets financial reporting results for stakeholders (external or internal)
b) Ratios and benchmarking	B	A		
c) Financial statement results for various users	B	A		
d) Pro forma statements	C	B	A	1.4.5 Analyzes and predicts the impact of strategic and operational decisions on financial results
e) Impact of financial results on the whole organization	C	B	A	
<b>Concepts Unique to Not-for-Profit (NFP) Organizations</b>				
a) Fund accounting	B	B	A	1.2.3 Evaluates treatment for non-routine transactions
b) Capital assets, and donated goods and services	B	B	A	
c) Contributions and restrictions	B	B	A	
<b>Concepts Unique to the Public Sector</b>				
a) Unique concepts in the PSA Handbook	C	C		1.1.5 Identifies financial reporting needs for the public sector
b) Internal and external users of public sector accounting information and the uses of that information	C	C		
c) Objectives of public sector reporting and major reporting issues	C	C		

## Example of the Knowledge Expectations at Each Proficiency Level

**Knowledge Item: *Issues Regarding Items in Financial Statements, and in particular, Financial Instruments (These instruments are to be distinguished from Complex Financial Instruments, listed separately among the knowledge topics.)***

To assist candidates in differentiating among the levels, all three levels of expectations are illustrated.

### If under Part I (IFRS):

#### **Level C**

At *Level C* proficiency, the candidate would be able to describe or explain basic concepts such as the nature and definition of a financial instrument, what the different types of financial instruments are and how they are classified on the balance sheet.

The candidate at *Level C* proficiency would be able to describe or explain the relevant accounting concepts by:

- recognizing which items are defined as financial instruments;
- explaining the various types of financial assets and their treatment (for example, investments in shares are financial assets; long term debt is a financial liability measured initially at fair value and subsequently at amortized cost, using the effective interest rate method);
- explaining the measurement principles for the various types of financial instruments.

Underlying knowledge includes a theoretical understanding of financial instruments as described in Part I (IFRS). The candidate at *Level C* proficiency would not be expected to account for the transactions described above.



**Level B**

In addition to the tasks noted at *Level C*, the candidate at *Level B* proficiency would be able to account for some financial instruments on a preliminary basis by:

- correctly classifying investments and accounting for these investments appropriately depending on this classification;
- for financial instruments that are to be remeasured at each financial reporting date, correctly determining amounts to be reported on the balance sheet and amounts to be reported as other comprehensive income or net income remeasurement gains/losses;
- measuring long-term debt using the application of the effective interest method;
- consideration of income tax effects;
- classifying financial liabilities and equity instruments on the balance sheet appropriately.

**Level A**

In addition to the tasks noted at *Level B*, the candidate at *Level A* proficiency is able to account for transactions involving non-complex financial instruments and to accurately prepare the financial statements. In addition to all the tasks noted at *Level C* and *Level B*, the candidate at *Level A* proficiency would, in the case of financial instruments, be expected to do the following:

- accurately calculate the amounts to be reported on the balance sheet for all types of non-complex financial instruments using fair value information provided, applying the effective interest method where appropriate;
- accurately calculate the related adjustments to net income or other comprehensive income or both, including income tax implications; and
- interpret and use the results of the calculations in making decisions.



## Section 6-2: Strategy and Governance

**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.

Topics	Entry	Core	Elective	Related CPA Competency
<b>Role of Governance</b>				
a) Governance structure <ul style="list-style-type: none"> <li>Roles, responsibilities, and duties of various levels of the organization in the strategic management process, including the board of directors, executive management, owners, and other stakeholders</li> <li>Board of director self-evaluation</li> <li>Role that ethics plays in good governance</li> </ul>	C	B	A	2.1.1 Evaluates the entity's governance structure
b) Auditor and audit committee <ul style="list-style-type: none"> <li>Role of the audit committee within the governance structure</li> <li>Role of the internal auditor in ensuring good internal governance</li> <li>Role of the external auditor (including audit risk model and audit liability)</li> <li>Audit report follow-up/decisions made</li> </ul>	C	B	A	2.1.2 Evaluates the specific role of the audit committee in governance
c) Compliance <ul style="list-style-type: none"> <li>Role of regulatory bodies in ensuring good governance</li> <li>Sarbanes-Oxley Act of 2002, and Canadian Securities Administrators' multilateral instruments on governance</li> </ul>	C	B	A	2.1.3 Evaluates mechanisms used for compliance purposes
d) Corporate social responsibility <ul style="list-style-type: none"> <li>Role of social responsibility and ethics within strategic management</li> <li>Role of code of corporate conduct and ethical values with respect to governance issues</li> <li>Role management incentives play in maintaining organizational compliance</li> <li>Reporting mechanisms for compliance and risk issues</li> <li>Corporate social responsibility and the triple bottom line</li> <li>Sustainable organization and creation of sustainable stakeholder value</li> <li>Environmental reporting and the role environmental factors have on strategy (e.g., carbon accounting)</li> </ul>	C	C	B	2.1.4 Analyzes the specific role of the board in an entity's social responsibility strategy and sustainability

Topics	Entry	Core	Elective	Related CPA Competency
<b>Environmental Scanning and Industry Analysis</b>				
a) Mission, vision, values, and objectives <ul style="list-style-type: none"> <li>• Nature, role, and characteristics of vision and mission statements</li> <li>• Differences and relationships between vision, mission, and goals/objectives</li> <li>• Development of vision and mission statements</li> <li>• Financial and non-financial goals and objectives</li> <li>• Alignment of organizational activities with vision, mission, goals, and objectives</li> <li>• Alignment/integration of information systems with business objectives and success factors</li> <li>• Alignment of information systems with organizational strategy</li> </ul>	B	B	A	2.2.1 Assesses whether management decisions align with the entity's mission, vision, and values
b) Environmental scan <ul style="list-style-type: none"> <li>• External analysis (e.g. PESTEL, SWOT, etc.)</li> <li>• Profit pool analysis</li> <li>• External stakeholder analysis</li> <li>• Macro forces affecting organizations (economic, social, cultural, demographic, environmental, political, governmental, legal, technological, competitive)</li> <li>• Sources of external information (indexes, online databases, and library)</li> <li>• Monitoring of external trends and events</li> <li>• Internal structure, systems and processes, culture, financial capital, human capital, and intellectual capital of an organization</li> <li>• Internal analysis (value chain analysis, resource/capability/core-competence analysis)</li> <li>• Key success factors of the industry and forces driving industry competition</li> <li>• Porter's Five Forces competitive/industry analysis concepts: barriers to entry, substitute products/services, bargaining power of suppliers and buyers, rivalry</li> <li>• Industry life-cycle theory</li> </ul>	B	B	A	2.3.2 Evaluates the entity's internal and external environment and its impact on strategy development

Topics	Entry	Core	Elective	Related CPA Competency
<b>Creating Strategy</b>				
a) Strategy formulation				2.3.1 Evaluates the entity's strategic objectives and related performance measures
• Nature and benefits of strategic management	B	B	A	
• Corporate, business, and functional levels of strategy	B	B	A	
• Alternative strategic vehicles, such as diversification (concentric, horizontal, conglomerate), defensive (divestiture, retrenchment), integration (forward, backward, horizontal), intensive (market penetration, market development, product development), and unbundling/outsourcing	B	B	A	
• Strategies (cost leadership, differentiation, focused/niche, best value, and integration of low cost and differentiation)	B	B	A	
• Business strategies at different stages of an industry's life cycle	B	B	A	
• Alternative approaches to growth (joint venture, alliance, merger, acquisition, and organic)	B	B	A	
• Internationalism (entering international markets; risks of doing so; differences in cultural, demographic, and market conditions by market; and types of foreign country entry strategies)	B	B	A	
• E-business in strategy	B	B	A	
• Customer value proposition	B	B	A	
• Performance measurement	B	B	A	
• Advantages/disadvantages of organizational performance measurement systems from a strategic perspective	B	B	A	

Topics	Entry	Core	Elective	Related CPA Competency
b) Strategy implementation				2.4.1 Analyzes the key operational issues including the use of information assets and their alignment with strategy
• Strategic control	C	B	A	
• Role of corporate governance	C	B	A	
• Importance communication plays in strategy implementation	C	B	A	
• Advantages and disadvantages of organizational structures for a strategy (simple, divisional, and matrix designs; centralized and decentralized designs; narrow and broad span of control)	C	B	A	
• Employee recruitment, training, and retention	C	B	A	
• Performance measurement, evaluation and incentive systems, and their link to strategy	C	B	A	
• Role of belief systems and corporate values in supporting new strategies	C	B	A	
• Role of organizational culture in strategy	C	B	A	
• Specific behaviour systems (codes of conduct, policy manuals, and procedures)	C	B	A	
• Change management	C	B	A	
• Nature and roles of operations, human resources, finance, marketing, and information technology in strategy implementation	C	B	A	
• Data visualization of financial and nonfinancial data	C	B	A	
• Dashboards, graphs, tables, report design	C	B	A	
• Communication of information for quality decision making	C	B	A	
• Framing information recognizing uncertainty	C	B	A	
• Value of information systems to organizations: alignment with organizational strategy	C	B	A	
• IS architecture alignment with business strategy	C	B	A	
• Information technology infrastructure	C	B	B	
• Analytics and model building (descriptive, diagnostic, predictive, prescriptive)	C	B	B	
• Business intelligence, artificial intelligence and machine learning	C	B	B	
• Interpretation and professional skepticism of models and analytics	C	B	B	
c) Strategy evaluation				2.3.3 Evaluates strategic alternatives
• Practical framework for monitoring and evaluating financial and non-financial strategic objectives	B	B	A	
• Contingency planning	B	B	A	

Topics	Entry	Core	Elective	Related CPA Competency
d) Managing risk				
• Different types of enterprise risk (strategic, operational, reporting, compliance)	C	B	A	2.5.1 Designs an effective risk management program and evaluates its impact on shareholder value
• Techniques for risk measurement and evaluation (examples: benchmarking, probabilistic models, sensitivity models, scenario analysis)	C	B	A	
• External risk and benefit analysis related to strategic objectives	C	B	A	
• Risk response alternatives (accept, share, transfer, reduce/mitigate, avoid)	C	B	A	
• Cost/benefit analysis of risk response alternatives	C	B	A	
• Risk management policies and procedures	C	B	A	
e) Information systems				
• Stakeholders and their interests in systems	C	B	A	2.5.2 Assesses the impact of IT/IS risks on enterprise risk and recommends appropriate risk management strategies
• Information technology costing, budgeting and chargeback models	C	B	A	
• Professional skepticism regarding data	C	B	A	
• Data life cycle	C	B	A	
• Information systems architecture alignment with business strategy	C	B	A	
• Information systems planning and management	C	B	A	
• Information technology infrastructure considerations:	C	B	A	
– Information technology infrastructure components				
– Insourcing vs outsourcing				
– Cloud computing (private, public, hybrid, SaaS, PaaS, IaaS)				
– Vendor relationship management – service level agreements and integration challenges				
– Information technology asset management				
– Information technology project risk and business case development				
– Artificial intelligence				
– Robotic process automation				
– Internet of things				
– Audit implications				
• Impact of information system risk on enterprise risk	C	B	A	
• Threat and risk exposure identification (including, but not limited to, cyber and fraud risk)	C	B	A	
• Fraud detection responsibilities	C	B	A	
• Risk management objectives and strategies	C	B	A	

Topics	Entry	Core	Elective	Related CPA Competency
e) Information systems (continued)				
• Systems reliability – privacy, confidentiality, security, integrity, availability	C	B	A	
• Internal control mix – preventative, detective, corrective, and cost assessment	C	B	A	
• Information technology governance and control frameworks (COSO-ERM, ITIL, COBIT, etc.)	C	B	A	
• Compliance with regulatory requirements (including privacy, freedom of information, and anti-spam legislation)	C	B	A	
• Impact of new/changing technologies on risk exposure	C	C	B	



## Example of the Knowledge Expectations at Each Proficiency Level

### Knowledge Item: *Governance Structure*

To assist candidates in differentiating among the levels, all three levels of expectations are illustrated.

#### Level C

The candidate at *Level C* proficiency would be able to:

- explain the duties of the board of directors, management, owners, and other stakeholders;
- explain the role of regulatory bodies in ensuring good governance;
- explain the impact of the Sarbanes-Oxley Act of 2002 and Canadian Securities Administrators' multilateral instruments on governance;
- explain the information required by the board of directors and its committees to perform their roles;
- explain how the board of directors can self-evaluate;
- explain the governance elements within the organization (integrity, ethical values, competence, culture, management philosophy, policies, and procedures); and
- explain the need for active participation by the board of directors and others charged with governance.

#### Level B

In addition to the tasks noted at *Level C*, the candidate at *Level B* proficiency would be able to:

- distinguish between the roles of governance and senior management in public corporations, not-for-profit organizations, and public sector organizations;
- identify what is needed to have a good governance structure (independent audit committee, performance-based executive compensation packages, code of conduct, IT solutions for decision making, etc.);
- describe the roles, responsibilities, and duties of the board of directors, management, owners, and other stakeholders;
- conduct a review of a governance structure and advise on any potential issues with existing processes and controls;
- identify conflicts of interest in the governance structure; and
- explain the role of the audit committee and its relationship to good corporate governance.



**Level A**

In addition to the tasks noted at *Level C* and *Level B*, the candidate at *Level A* proficiency would be able to:

- critique the individuals and the roles they play in the organizational governance structure;
- recommend good governance practices as they relate to executive compensation practices;
- evaluate and recommend changes to the code of conduct for an organization;
- recommend/create a self-evaluation model that could be used by the board of directors;
- recommend solutions to help address information gaps in existing management information systems; and
- create an implementation plan to address governance issues.

### Section 6-3: Management Accounting

**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.

Topic	Entry	Core	Elective	Related CPA Competency
<b>Management Reporting Needs and Systems</b>				
a) Systems life cycle				
• Role of the accountant/business advisor/auditor and typical steps in the systems life cycle	C	B	A	3.1.1 Evaluates management information requirements
• Acquisition, in-house development, customization, assembly and integration options – (buy vs. build)	C	B	A	3.1.2 Documents and assesses business processes, systems and data requirements and recommends improvements to meet information needs
• Vendor selection and management (especially user requirements, testing, change management and risk management)	C	B	A	
• Impact on processes and risks of implementation on all users (e.g., external auditor, other vendors)	C	B	A	
• Systems testing (internal audit function) and management of data conversion	C	B	A	
• Project and change management principles	C	B	A	
• System changes and system maintenance (including patch management)	C	B	A	

Topic	Entry	Core	Elective	Related CPA Competency
b) Information and decision making				
• Data visualization of financial and nonfinancial data	C	B	A	
• Dashboards, graphs, tables, report design	C	B	A	
• Communication of information for quality decision making	C	B	A	
• Framing information recognizing uncertainty	C	B	A	
• What is the value of information in the decision making process?	C	B	A	
• Transformation of data to decision relevant information	C	B	A	
• Creation of intellectual property and knowledge development	C	B	A	
• Ethical use of information	C	B	A	
• Dimensions of information quality – relevance, ease of use, integrity, timeliness	C	B	A	
• Types of data and their attributes (nature, sources, format, timing, extent and level of aggregation)	C	B	A	
• Professional skepticism regarding data	C	B	A	
• Information quality and the impact of processing models	C	B	A	
• Data cleansing	C	B	A	
• Data structure and standards	C	B	A	
• Data extraction and import	C	B	A	
• Data life cycle	C	B	A	
• Database management systems	C	B	A	
• Understanding user information requirements	C	B	A	
• Analytics and model building (descriptive, diagnostic, predictive, prescriptive)	C	B	A	
• Business intelligence, artificial intelligence and machine learning	C	B	A	
• Model versus data-driven decision making	C	B	A	
• Model validation	C	B	A	
• Interpretation and professional skepticism of models and analytics	C	B	A	

Topic	Entry	Core	Elective	Related CPA Competency
c) Information systems <ul style="list-style-type: none"> <li>• Systems theory</li> <li>• Data organization and distribution (systems and output)</li> <li>• People, hardware/devices, software, data, networks, processes that make up the system</li> <li>• Business process improvement</li> <li>• Types of systems organizations need to provide information to meet their objectives (examples only):               <ul style="list-style-type: none"> <li>– AIS/ERP/transaction processing systems</li> <li>– Business intelligence systems and analytics</li> <li>– Supply chain management</li> <li>– Customer relationship management</li> <li>– Distributed databases/ledgers (blockchain) and digital payment systems/cryptocurrencies</li> </ul> </li> <li>• Information technology infrastructure considerations:               <ul style="list-style-type: none"> <li>– Information technology infrastructure components</li> <li>– Insourcing vs outsourcing</li> <li>– Cloud computing (private, public, hybrid, Saas, PaaS, IaaS)</li> <li>– Vendor relationship management - service level agreements and integration challenges</li> <li>– Information technology asset management</li> <li>– Information technology project risk and business case development</li> <li>– Artificial intelligence</li> <li>– Robotic process automation</li> <li>– Internet of things</li> <li>– Audit implications</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>C</li> <li>C</li> <li>C</li> <li>C</li> <li>C</li> <li>C</li> <li>C</li> <li>C</li> <li>C</li> <li>C</li> <li>C</li> <li>C</li> <li>C</li> <li>C</li> <li>C</li> <li>C</li> <li>C</li> <li>C</li> <li>C</li> <li>C</li> <li>C</li> <li>C</li> </ul>	<ul style="list-style-type: none"> <li>C</li> <li>B</li> <li>B</li> <li>B</li> <li>B</li> <li>B</li> <li>B</li> <li>B</li> <li>B</li> <li>B</li> <li>B</li> <li>B</li> <li>B</li> <li>B</li> <li>B</li> <li>B</li> <li>B</li> <li>B</li> <li>B</li> <li>B</li> <li>B</li> <li>B</li> </ul>	<ul style="list-style-type: none"> <li>B</li> <li>B</li> <li>B</li> <li>A</li> <li>A</li> <li>A</li> <li>A</li> <li>A</li> <li>A</li> <li>A</li> <li>A</li> <li>A</li> <li>A</li> <li>A</li> <li>A</li> <li>A</li> <li>A</li> <li>A</li> <li>A</li> <li>A</li> <li>A</li> <li>A</li> </ul>	3.1.2 Documents and assesses business processes, systems and data requirements and recommends improvements to meet information needs
d) Data integrity, privacy, confidentiality, and security principles <ul style="list-style-type: none"> <li>• Compliance with regulatory requirements (including privacy, freedom of information and anti-spam legislation)</li> <li>• Ethical use of information</li> </ul>	<ul style="list-style-type: none"> <li>C</li> <li>C</li> </ul>	<ul style="list-style-type: none"> <li>B</li> <li>B</li> </ul>	<ul style="list-style-type: none"> <li>A</li> <li>A</li> </ul>	3.1.3 Identifies ethical and privacy issues related to information technology and its use

Topic	Entry	Core	Elective	Related CPA Competency
<b>Budgeting</b>				
a) Nature of the budgeting process				
• Objectives of budgeting	B	A		3.2.1 Develops or evaluates data and information inputs for operational plans, budgets, and forecasts
• Budgeting process: functions, relationships, components, time frame, techniques	B	A		3.2.2 Prepares, analyzes, or evaluates operational plans, budgets, and forecasts
• Difference between forecasts, pro forma, and budgets	B	B		3.2.3 Computes, analyzes, or assesses implications of variances
b) Types of budgets				
• Master budget and its components (sales, production, materials, labour and inventory, overhead and administration, cash)	A	A		
• Activity-based budgeting	A	A		
• Zero-based budgeting	A	A		
c) Adjustment to Plans and Budgets				
• Flexible budgets	B	A		
d) Cash budgeting (i.e., cash flow forecasts and short- and long-term sources and uses of funds)	B	A		
e) Benchmarking	B	A		
f) Budget variance analysis				
• Cost and sales variances: price/rate, efficiency, denominator, spending, mix, yield, volume, quantity, market share, and market size	B	A	A	3.2.3 Computes, analyzes, or assesses implications of variances
• Criteria used to select variances to investigate (e.g., materiality, cost/benefit, consistency of occurrence, ability to control, nature of item)	B	A	A	3.6.1 Evaluates performance using accepted frameworks
• Favourable and unfavourable variance analysis	B	A	A	
g) Performance indicators				
• Various performance indicators	B	B	A	3.6.1 Evaluates performance using accepted frameworks
• Efficiency and effectiveness performance measures for not-for-profit and public sector entities	C	B	B	

Topic	Entry	Core	Elective	Related CPA Competency
<b>Cost Management</b>				
a) Nature of costs				
• Cost behaviour patterns and their relevance to decision making	B	B	A	3.3.1 Evaluates cost classifications and costing methods for management of ongoing operations
• Cost estimation: underlying assumptions, cost function parameters, difficulties encountered, approaches used: high-low, account analysis	B	A		3.3.2 Evaluates and applies cost management techniques appropriate for specific costing decisions
b) Classification of costs				
• Various cost classifications (variable vs. fixed, step variable, step fixed, mixed, period vs. product, prime, conversion, opportunity, relevant, direct vs. indirect, sunk, controllable vs. non-controllable, committed vs. discretionary, attributed vs. allocated, relevant range)	A	A		
c) Product costing				
• Flow of costs within a manufacturing environment and preparation of schedule of cost of goods sold and cost of goods manufactured	B	A	A	
• Service department cost allocation (step, direct, reciprocal)	B	B	A	
• Variable or direct versus full or absorption costing	B	B	A	
• Cost of capacity (actual, normal, theoretical, and practical capacity)	B	B	A	
d) Joint product and by-product costing	B	B	A	
e) Process costing				
• Process costing applied: weighted average and FIFO methods	B	A	A	
• Treatment of normal and abnormal spoilage	B	B	A	
f) Job costing				
• Job costing applied to various types of jobs	B	B	A	3.3.2 Evaluates and applies cost management techniques appropriate for specific costing decisions
• Treatment of normal and abnormal spoilage	B	B	A	
g) Activity-based costing (ABC)				
• Pros and cons of using activity-based costing, and application	B	B	A	
• Activity-based management (process improvement, process value analysis, cost reduction, activity-based financial performance measurement)	B	B	A	
h) Relevant costing				
• Make or buy (outsourcing), special order, sell or process further, add or drop a product/service/department/customer decisions	B	B	A	

Topic	Entry	Core	Elective	Related CPA Competency
i) Other costing (e.g., hybrid costing, operations costing, kaizen costing, product life cycle costing)	C	C	C	3.3.1 Evaluates cost classifications and costing methods for management of ongoing operations
j) Standard cost systems				
• Difference between actual, normal, and standard costing systems and their applications	B	A	A	3.2.1 Develops or evaluates data and information inputs for operational plans, budgets, and forecasts
• Establishment of standard costs	B	A	A	3.2.3 Computes, analyzes, or assesses implications of variances 3.3.1 Evaluates cost classifications and costing methods for management of ongoing operations 3.3.2 Evaluates and applies cost management techniques appropriate for specific costing decisions
<b>Types of Management Accounting Analysis</b>				
a) Cost-volume-profit analysis (CVP)				
• Underlying assumptions, limitations, and information requirements of CVP	B	A		3.5.1 Performs sensitivity analysis 3.5.2 Evaluates sustainable profit maximization and capacity management performance
• Single- versus multiple-product CVP analysis	B	A		
• CVP graphs	B	B		
• Break-even analysis calculations with changing variables	B	A		
b) Trend and sensitivity analysis				
• Sensitivity analysis as applied to CVP, contribution margin, relevant costing, etc.	B	A		
c) Contribution margin analysis	B	A		
d) Cost-benefit analysis	B	B	A	3.1.2 Documents and assesses business processes, systems and data requirements and recommends improvements to meet information needs 3.5.1 Performs sensitivity analysis
e) Scenario planning (business intelligence tool)	C	B		3.5.2 Evaluates sustainable profit maximization and capacity management performance
f) Quantitative modeling (linear programming, regression analysis, cause and effect diagrams, etc.)	C	B		
g) Production planning in a scarce resources environment	B	B		
h) Theory of constraints	B	A		

Topic	Entry	Core	Elective	Related CPA Competency
<b>Strategic Cost Management</b>				
a) Costing strategies <ul style="list-style-type: none"> <li>Generic strategies (cost leadership, differentiation, focused/niche, best value, and integration of low cost and differentiation)</li> <li>Target costing</li> <li>Continuous improvement</li> </ul>	C	B	A	3.3.3 Recommends changes identified by applying process improvement methodologies 3.3.4 Recommends cost management improvements across the entity
b) Strategic supplier networks and relationships	C	B	A	3.3.4 Recommends cost management improvements across the entity
c) Supply chain, value chain <ul style="list-style-type: none"> <li>Components and objectives of supply chain management (including the role of information technology)</li> </ul>	C	B	A	3.4.1 Evaluates sources and drivers of revenue growth
<b>Quality Control and Quality Improvement</b>				
a) Quality Measurement systems and measures (e.g., Six Sigma)	C	B	A	3.3.3 Recommends changes identified by applying process improvement methodologies
b) Concepts of quality, quality control, and quality assurance, for products and services	B	B	A	
c) Quality management tools: statistical process control, statistical quality control, Pareto analysis, process capability analysis, fishbone cause-and-effect diagram, scatter diagram, control chart	C	B	A	3.3.3 Recommends changes identified by applying process improvement methodologies 3.6.3 Evaluates root causes of performance issues
d) Cost management methodologies, such as Total Quality Management (TQM), Business Process Management (BPM), and Lean Management	C	B	A	3.6.1 Evaluates performance using accepted frameworks
e) Business process re-engineering (BPR) (i.e., benefits and potential problems of re-engineering)	C	B	A	3.1.2 Documents and assesses business processes, systems and data requirements and recommends improvements to meet information needs
f) Business planning for IT applications and how information systems can facilitate business process re-engineering	C	B	A	3.6.1 Evaluates performance using accepted frameworks 3.6.3 Evaluates root causes of performance issues



Topic	Entry	Core	Elective	Related CPA Competency
<b>Pricing Decisions</b>				
a) Industry structure				
• Competitive markets and perfect competition	C	B	A	3.4.1 Evaluates sources and drivers of revenue growth
• Monopoly, oligopoly, and monopolistic competition	C	B	A	
b) Pricing strategies				
• Factors that affect demand for a product or service and have an impact on pricing	C	B	A	
• Various approaches to pricing (cost-based, demand-based, target-based, life cycle-based, and value-based; reverse engineering pricing strategy)	C	B	A	
c) Cost-plus compared to fixed price contract	C	B	A	
d) Product differentiation, mix, and marketing				
• Customer relationship management (CRM)	C	B	A	
• Product life cycle (stages, characteristics, market positioning, dimensions, domestic and international markets)	C	B	A	
• Product line sales and profits calculations	C	B	A	
e) Sourcing (insource, outsource, contracting) — also see relevant costing, (i.e., risks and costs associated with outsourcing/offshoring/contracting)	C	B	A	3.3.1 Evaluates cost classifications and costing methods for management of ongoing operations 3.3.2 Evaluates and applies cost management techniques appropriate for specific costing decisions 3.4.1 Evaluates sources and drivers of revenue growth
<b>Transfer Pricing</b>				
• Objectives, advantages/disadvantages/selection/application of appropriate transfer pricing methods (market price, variable cost, full cost, negotiated), behavioural implications, and consideration of transfer pricing policies	B	B	A	3.4.1 Evaluates sources and drivers of revenue growth 3.6.2 Evaluates performance of responsibility centres
• Transfer price calculations	C	B	A	
• International transfer pricing considerations: differences from domestic transfer pricing, influencing factors (exchange rates, tax rate, duties, political climate, repatriation of profits), objectives, behavioural implications	C	C	B	

Topic	Entry	Core	Elective	Related CPA Competency
<b>Management Evaluation Tools</b>				
a) Responsibility accounting				
• Types of responsibility centres (revenue, cost, profit, investment)	B	B	A	3.6.1 Evaluates performance using accepted frameworks
• Responsibility accounting systems: controllability, performance reports, behavioural implications	B	B	A	3.6.2 Evaluates performance of responsibility centres
• Differences in application to not-for-profit and public sector	C	B	A	
b) Decentralization versus centralization management	B	B	A	
c) Activity-based management, Lean management	C	B	B	3.6.1 Evaluates performance using accepted frameworks
d) Management by objectives (MBO)	B	B	A	
e) Capacity requirements planning (CRP)/capacity management	C	B	A	3.5.2 Evaluates sustainable profit maximization and capacity management performance
				3.6.1 Evaluates performance using accepted frameworks
f) Balanced scorecard	C	B	A	3.6.1 Evaluates performance using accepted frameworks
				3.6.3 Evaluates root causes of performance issues
g) Enterprise resource planning	C	B	A	3.1.2 Documents and assesses business processes, systems and data requirements and recommends improvements to meet information needs
				3.6.1 Evaluates performance using accepted frameworks
h) Advantages and disadvantages of various organizational performance measurement systems	C	B	A	3.6.1 Evaluates performance using accepted frameworks
<b>Individual Performance Measurement</b>				
a) Types of performance measurement, evaluation, and incentive systems	B	B	A	3.7.1 Analyzes the implications of management incentive schemes and employee compensation methods
<b>Management Planning and Control Principles as They Apply to Not-for-Profit and Public Sector Organizations</b>				
a) Unique aspects of budgeting, pricing, and program evaluation	C	B	B	3.2.2 Prepares, analyzes, or evaluates operational plans, budgets, and forecasts
				3.4.1 Evaluates sources and drivers of revenue growth

## Example of the Knowledge Expectations at Each Proficiency Level

### Knowledge Item: *Budget Variance Analysis*

To assist candidates in differentiating among the levels, all three levels of expectations are illustrated.

#### Level C

The candidate at *Level C* proficiency would be able to:

- use reference materials to select relevant variances and formulas, and provide a general explanation of what a variance is;
- recognize different categories of variances (favourable and unfavourable) and explain what they mean; and
- explain how a variance analysis might be used in a budgeting process and how the information could be useful to a company in improving future operations.

#### Level B

In addition to the tasks noted at *Level C*, the candidate at *Level B* proficiency would be able to:

- analyze the information presented (for example, budget and actual results), integrate some of the key elements into the calculations, and develop several relevant implications;
- calculate variance with reasonable accuracy; and
- draw conclusions based on the calculations 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, through a review.)

#### Level A

In addition to the tasks noted at *Level C* and *Level B*, the candidate at *Level A* proficiency would be able to:

- perform a more thorough analysis of the calculated variances, focusing on the ones that are most relevant to the issue(s) being examined;
- provide logical interpretations and explain the possible implications for all significant variances, including likely ramifications on future actions to be taken by the company; and
- perform sensitivity analysis to estimate future results.

At *Level A*, the situation might be more complex; for example, it might involve a standard costing system.

## Section 6-4: Audit and Assurance

**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.

Topics	Entry	Core	Elective	Related CPA Competency
<b>Fundamental Concepts</b>				
a) Concept of assurance				4.2.1 Advises on an entity's assurance needs
• Economic purposes of assurance engagement	B	B	A	4.3.1 Assesses issues related to the undertaking of the engagement or project
• The expectation gap (i.e., gaps between the outcomes delivered by the assurance engagement and the expectations of the users)	B	B	A	
b) The audit concept				4.2.1 Advises on an entity's assurance needs
• Social and economic purposes of auditing	B	B	A	
• Distinction between statutory and voluntary audits	B	B	A	
<b>Regulatory Framework for Assurance</b>				
a) Auditing and assurance standard-setting process, including the following:				4.2.2 Explains the implications of current trends, emerging issues and technologies in assurance standards and methodologies
• Formulation of auditing and assurance standards in Canada	C	C	B	
• Documents for comment/exposure drafts	C	C	B	
• Directions in assurance research	C	C	B	
b) Monitoring of the auditing profession; i.e., Canadian Public Accountability Board (CPAB): under Canadian Securities Administrators Rule 52-108, accounting firms that audit reporting issuers must be participants in CPAB's oversight program	C	C	B	
c) Regulatory process in Canada; i.e., the Canadian Securities Administrators (CSA), an umbrella organization of Canada's provincial and territorial securities regulators, whose objective is to improve, coordinate, and harmonize regulation of the Canadian capital markets	C	C	B	
d) Implications of regulatory reporting and assurance	C	C	B	
e) Impact of new/changing technologies on risk exposure	C	C	B	

Topics	Entry	Core	Elective	Related CPA Competency
<b>Audit and Assurance Process</b>				
a) Client acceptance and continuation (CAS 210)	B	B	A	4.3.1 Assesses issues related to the undertaking of the engagement or project
b) Use of practitioner's communication or name (CSOA 5000)	B	B	A	4.3.1 Assesses issues related to the undertaking of the engagement or project 4.3.9 Documents the work performed and its results 4.3.10 Draws conclusions and communicates results
c) Audit planning (CAS 300)	B	B	A	4.3.1 Assesses issues related to the undertaking of the engagement or project

Topics	Entry	Core	Elective	Related CPA Competency
d) Risk assessment process				
• Business risk	B	A	A	4.1.1 Assesses the entity's risk assessment processes
• Going concern (CAS 570)	B	A	A	4.1.2 Evaluates the information system, including the related processes, using knowledge of data requirements and risk exposures
• Risk of material misstatement (CAS 315)	B	B	A	
• Responsibilities relating to fraud (CAS 240)	B	B	A	
• Materiality (CAS 320)	B	A	A	
• Internal control	B	A	A	4.3.1 Assesses issues related to the undertaking of the engagement or project
– Control environment (CAS 260, 265)				
– Control frameworks (e.g., COSO, COCO, ITGC, COBIT)				4.3.4 Assesses materiality for the assurance engagement or project
– Audit Considerations Relating to an Entity Using a Service Organization (CAS 402)				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
– Management of internal controls:				
– Authorization of transactions/activities				
– Segregation of duties				
– Design and use of documentation and records				
– Safeguards over access to and use of assets and records				
– Preventive, detective, and corrective measures				
– Objectives of internal controls:				
– Optimizing the use of resources				
– Preventing and detecting error and fraud				
– Safeguarding assets				
– Maintaining reliable control system				
– IT functions and controls				
– General computer controls versus application controls				
– Automated controls versus manual controls				
– Data entry and access controls				
– Processing controls (within the process)				
– End-user and business unit computing controls				
– Specific controls (e.g., identification, authorization, authentication, non-repudiation, encryption, and monitoring)				

Topics	Entry	Core	Elective	Related CPA Competency	
e) Quality of information for decision making <ul style="list-style-type: none"> <li>• Dimensions of information quality – relevance, ease of use, integrity, timeliness</li> <li>• Types of data and their attributes (nature, sources, format, timing, extent and level of aggregation)</li> <li>• Professional skepticism regarding data</li> </ul>	C	B	A	4.1.2 Evaluates the information system, including the related processes, using knowledge of data requirements and risk exposures	
f) Data and information modelling <ul style="list-style-type: none"> <li>• Analytics and model building (descriptive, diagnostic, predictive, prescriptive)</li> <li>• Business intelligence, artificial intelligence and machine learning</li> <li>• Model validation</li> <li>• Interpretation and professional skepticism of models and analytics</li> </ul>	C	B	A		
g) Risks and controls <ul style="list-style-type: none"> <li>• Impact of information systems risk on enterprise risk</li> <li>• Systems reliability – privacy, confidentiality, security, integrity, availability</li> <li>• Internal control mix – preventative, detective, corrective, and cost assessment</li> </ul>	C	B	A		
h) Audit procedures <ul style="list-style-type: none"> <li>• Nature, timing, and extent of procedures (CAS 510, 540, 550, 560, 600, 610, 620, 710)               <ul style="list-style-type: none"> <li>– Test of controls, substantive tests (CAS 330)</li> <li>– Analytical procedures (CAS 520)</li> </ul> </li> <li>• Sampling approach (CAS 530)</li> <li>• Confirmation (CAS 505)</li> <li>• Computer-assisted techniques</li> <li>• Understanding user requirements</li> <li>• Analytics and model building (descriptive, diagnostic, predictive, prescriptive)</li> <li>• Standards for data tagging and reporting (XML, XBRL)</li> <li>• Business intelligence, artificial intelligence and machine learning</li> <li>• Model versus data-driven decision-making</li> <li>• Model validation</li> <li>• Interpretation and professional skepticism of models and analytics</li> </ul>	B	B	A		4.3.6 Develops appropriate procedures, including Audit Data Analytics (ADA), based on the identified risk of material misstatement 4.3.7 Performs the work plan
	B	B	A		
	B	B	A		
	B	B	A		
	B	B	A		
	B	B	A		
	B	B	A		

Topics	Entry	Core	Elective	Related CPA Competency
i) Evidence (CAS 500, 501, 580) • Sufficiency • Reliability • Appropriateness	B B B	B B B	A B B	4.3.8 Evaluates the evidence and results of analysis
j) Documentation (CAS 230)	B	B	A	4.3.9 Documents the work performed and its results
k) Audit conclusions (CAS 450, 700, 701, 705, 706, 710)	B	B	A	4.3.10 Draws conclusions and communicates results
l) Information representation for decision making • Data visualization of financial and nonfinancial data • Dashboards, graphs, tables, report design • Communication of information for quality decision making • Framing information recognizing uncertainty	B B B B	B B B B	A A A A	4.3.11 Prepares or interprets information and reports for stakeholders using data visualization where appropriate
<b>Types of Engagements</b>				
a) Assurance engagements related to financial statements: • An audit of general-purpose financial statements (CAS 200, 220, 250, 720) • An audit of financial statements prepared in accordance with special-purpose frameworks (CAS 800) • An audit of single financial statements and specific elements of a financial statement (CAS 805) • An engagement to report on summary financial statements (CAS 810)	B C C C	B C C C	A A A A	4.2.1 Advises on an entity's assurance needs 4.3.1 Assesses issues related to the undertaking of the engagement or project 4.3.2 Assesses which set of criteria to apply to the subject matter being evaluated 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) Other assurance engagements: • Reporting on controls at a service organization (CSAE 3416) • Assurance on other matters (not financial statements or financial information) (3000, 3001, 5021) • An audit of internal controls over financial reporting that is integrated with an audit of financial statements (5925)	C C C	C C C	B B B	4.3.4 Assesses materiality for the assurance engagement or project 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 4.3.6 Develops appropriate procedures, including Audit Data Analytics (ADA), based on the identified risk of material misstatement



Topics	Entry	Core	Elective	Related CPA Competency
c) Review engagements:				
• Engagements to review historical financial statements (CSRE 2400)	C	B	A	4.3.7 Performs the work plan
• Auditor review of interim financial statements (7060)	C	B	A	4.3.8 Evaluates the evidence and results of analysis
d) Other engagements				
• Attestation engagements other than audits or reviews of historical financial statements (CSAE 3000)	C	C	B	4.3.9 Documents the work performed and its results
• Direct engagements (CSAE 3001)	C	C	B	4.3.10 Draws conclusions and communicates results
• Attestation engagements to report on compliance (CSAE 3530)	C	C	B	4.3.11 Prepares or interprets information and reports for stakeholders using data visualization where appropriate
• Direct engagements to report on compliance (CSAE 3531)	C	C	B	
• Compilation engagements (CSRS 4200)	C	B	A	
• Compilation of a financial forecast or projection (AUG 16)	C	C	B	
• Agreed-upon procedures engagements (CSRS 4400)	C	C	B	
• Reports on application of accounting principles (7600)	C	C	B	
• Auditor's involvement with offering documents, including assistance to underwriters and others, consent to use of report, etc. (7150, 7170, 7200, AUG 6)	C	C	B	
• Reports on supplementary matters arising from an audit or review engagement (CSRS 4460)	C	C	B	
e) Comprehensive audit engagements:				
• Operational audits	C	C	B	4.4.1 Applies comprehensive auditing techniques
• Continuous auditing engagements	C	C	B	
• Forensic audits	C	C	B	
• Comprehensive auditing, including value-for-money (VFM) audits	C	C	B	
• Environmental audits	C	C	B	

Topics	Entry	Core	Elective	Related CPA Competency
<b>Authoritative Literature</b>				
a) Code of Professional Conduct	B	B	A	Relates to all assurance competencies
b) Ethical Principles	B	B	A	
c) <i>CPA Canada Handbook – Assurance:</i>				
• Canadian Standards on Quality Control (CSQM 1, CSQM 2)	C	B	A	
• Canadian Auditing Standards (all specifically referred to above)	various	various	various	
• Other Canadian standards				
– General assurance and auditing (except for those specifically mentioned above)	C	B	B	
– Specialized areas (see types of engagements)	C	B	B	
– Review engagements (all specifically referred to above)	various	various	various	
– Related services (all specifically referred to above)	various	various	various	
– Public sector (PS 5000-6420)	C	C	B	
• Assurance and related services guidelines (except for those specifically mentioned above)	C	C	C	

## Example of the Knowledge Expectations at Each Proficiency Level

### Knowledge Item: *Materiality*

To assist candidates in differentiating among the levels, all three levels of expectations are illustrated.

#### Level C

The candidate at *Level C* proficiency would be able to:

- explain the concepts of materiality and performance materiality and how they apply to an audit versus a review or other engagements; and
- explain the auditor's responsibility in applying the concept of materiality when performing an engagement.

#### Level B

In addition to the tasks noted at *Level C*, the candidate at *Level B* proficiency would be able to:

- understand and apply the different acceptable benchmarks and the factors that might have an impact on the choice of a benchmark for materiality as explained in the *Handbook – Assurance* (in other words, when it is appropriate to use a percentage of income as a basis for materiality); and
- calculate materiality and apply the concept of performance materiality for routine engagements.

#### Level A

In addition to the tasks noted at *Level C* and *Level B*, the candidate at *Level A* proficiency would be able to:

- in addition to applying the benchmark, use professional judgment to determine which benchmark is most appropriate (for example, consider the need to adjust the asset base or net income for bonuses, unusual transactions, etc.);
- calculate materiality and performance materiality for all types of engagements; and
- revise materiality in light of new information or changes in circumstances (for example, net income to a net loss).

## Section 6-5: Finance

**Finance:** Includes financial analysis and planning, treasury management, capital budgeting, business valuation, and corporate finance transactions.

Topics	Entry	Core	Elective	Related CPA Competency
<b>External Environment and Impact on Finance Decisions/Analysis</b>				
a) Nature of and accessibility to capital markets (financial markets, public offerings and underwriters, private placements, secondary markets)	C	B	A	5.1.2 Develops or evaluates financial proposals and financing plans 5.2.2 Evaluates the entity's investment portfolio
b) Capital market efficiency (efficient market hypothesis)	C	B	B	5.2.4 Evaluates decisions affecting capital structure
c) Other factors in market pricing	C	C	B	
<b>Finance Concepts</b>				
a) Risk/return	C	B	A	5.1.1 Evaluates the entity's financial state
b) Financial leverage and risk (impact on residual return, interaction with operating leverage)	C	B	A	5.1.2 Develops or evaluates financial proposals and financing plans
c) Financial management goals and objectives	C	B	A	5.2.5 Evaluates the entity's cost of capital
d) Impact of inflation/deflation	C	B	A	
e) Income tax considerations	C	B	B	
f) Time value of money (including risk-adjusted discount rates)	B	A	A	
<b>Financial Analysis in a Finance Context</b>				
a) Free cash flow analysis	B	A	A	5.1.1 Evaluate the entity's financial state
b) Horizontal and vertical analysis	B	A	A	
c) Ratio analysis	B	A	A	5.1.2 Develops or evaluates financial proposals and financing plans
d) Trend analysis	B	A	A	
e) Sensitivity analysis	C	B	A	5.3.1 Develops or evaluates capital budgeting processes and decisions
f) Scenario/simulation analysis	C	B	A	
g) Payback	B	A	A	
h) Internal rate of return	C	B	A	5.6.2 Advises a financially troubled entity
i) Net present value	B	A	A	

Topics	Entry	Core	Elective	Related CPA Competency
<b>Data Analytics in Finance</b>				
a) Information representation for decision making				5.1.3 Assesses reporting systems, data quality and the analytical models used to support financial analysis and decision-making
• Data visualization of financial and nonfinancial data	C	B	A	
• Dashboards, graphs, tables, report design	C	B	A	
• Communication of information for quality decision making	C	B	A	
• Framing information recognizing uncertainty	C	B	A	
b) Quality of information for decision making				
• Dimensions of information quality – relevance, ease of use, integrity, timeliness	C	B	A	
• Types of data and their attributes (nature, sources, format, timing, extent and level of aggregation)	C	B	A	
• Professional skepticism regarding data	C	B	A	
• Information quality and the impact of processing models	C	B	A	
• Data cleansing	C	B	A	
c) Data and information modelling				
• Analytics and model building (descriptive, diagnostic, predictive, prescriptive)	C	B	A	
• Standards for data tagging and reporting (XML, XBRL)	C	B	A	
• Model validation	C	B	A	
• Interpretation and professional skepticism of models and analytics	C	B	A	
<b>Financing Decisions and Finance Management</b>				
a) Inputs into determining cash flow needs	B	A	A	5.1.1 Evaluates the entity's financial state
b) Working-capital management				
• Nature of working capital	B	B	A	5.1.2 Develops or evaluates financial proposals and financing plans
• Role of liquidity	B	B	A	
• Cash and marketable securities management	B	B	A	5.2.1 Evaluates the entity's cash flow and working capital
• Receivables, inventory, and payables management	B	B	A	5.2.3 Evaluates sources of financing
c) Sources of short-term financing (trade, factoring, lines of credit)	C	B	A	5.5.1 Develops or evaluates financial risk management policies
d) Credit policy decisions (evaluating credit risk, determining collection policy and credit period, making use of cash discounts, organizing the credit function)	C	B	A	5.5.2 Analyzes the use of derivatives as a form of financial risk management
e) Short-term versus long-term financial planning (objectives and process, forecasting, pro forma financial statements)	C	B	A	

Topics	Entry	Core	Elective	Related CPA Competency
f) Sources of medium- and long-term financing				
• Bank loans	C	B	A	
• Internally generated funds	C	B	A	
• Initial public offerings	C	B	A	
• Venture capital	C	B	A	
• Securitization	C	B	A	
• Government assistance	C	B	A	
g) Asset-based financing	C	B	A	
h) Lease financing (direct lease, sale and leaseback)	C	B	A	
i) Derivative financial instruments	—	C	B	
j) Project financing	C	B	A	
<b>Investing and Risk Management</b>				
a) Forms of ownership and extent of ownership (direct, outsourcing, strategic partnerships)	C	B	A	5.2.2 Evaluates the entity's investment portfolio 5.2.3 Evaluates sources of financing
b) Nature and use of financial instruments	C	B	A	5.5.1 Develops or evaluates financial risk management policies
c) Debt instruments	C	B	A	5.5.2 Analyzes the use of derivatives as a form of financial risk management
d) Equity instruments	C	B	A	
e) Derivative financial instruments (options, rights, warrants, futures, forwards, swaps, other derivatives)	C	B	B	
f) Convertible securities	C	C	B	
g) Stock-based compensation (options, appreciation rights)	—	C	B	
h) Tools to hedge exposures (e.g., interest rate swap, foreign currency hedge)	C	B	B	
i) Other types of investments	C	C	B	
j) Portfolio diversification and optimal investment decision making	C	B	A	
k) Macro-economic risk assessment	C	B	A	
<b>Capital Structure Decisions</b>				
a) Optimal capital structure	C	B	A	5.2.4 Evaluates decisions affecting capital structure
b) Ownership and control considerations	C	B	A	
c) Financial leverage	C	B	A	
d) Tax considerations (tax shield, etc.)	—	C	B	
e) Effects of bankruptcy costs	C	C	B	
<b>Determination of the Cost of Capital</b>				
a) Capital components and cost	C	B	A	5.2.5 Evaluates the entity's cost of capital
b) Capital asset pricing model (CAPM)	C	B	A	
c) Weighted average cost of capital (WACC)	C	B	A	
d) Marginal cost of capital	C	B	A	
<b>Distribution of Earnings</b>				
a) Dividend policy	C	B	A	5.2.6 Evaluates decisions related to distribution of profits
b) Alternatives to cash dividends (stock dividend, stock split, share repurchase, dividend reinvestment)	C	B	A	

Topics	Entry	Core	Elective	Related CPA Competency
<b>Capital Budgeting</b>				
a) Role and nature of capital budgeting	B	B	A	5.3.1 Develops or evaluates capital budgeting processes and decisions
b) Discount versus capitalization rate	C	B	A	
c) Investment in working capital	C	B	A	
d) Evaluation criteria (capital rationing, abandonment decisions)	—	C	B	
e) Tax effects	C	B	A	
f) Post-audit of capital investments	—	C	B	
<b>Cash Flow/Net Income Estimation</b>				
a) Tax effects	C	B	A	5.3.1 Develops or evaluates capital budgeting processes and decisions
b) Effects of non-cash items	C	B	A	
c) Discounting	C	B	A	
<b>Valuation</b>				
a) Purpose and nature of the valuation	C	B	A	5.4.1 Determines the value of a tangible asset
b) Fair market value concept	C	B	A	5.4.2 Applies appropriate methods to estimate the value of a business
c) Common inputs to valuation techniques (credit risk, market price, marketability, volatility, etc.)	C	B	A	
d) Approaches to valuation (for fixed income securities and/or equity instruments):				5.4.3 Estimates the value of an intangible asset
• Asset based (adjusted book value, liquidation value, replacement cost)	C	B	A	
• Transaction based (capitalization of earnings, capitalization of cash flows, discounted earnings, discounted cash flow)	C	B	A	
• Market based (multiples)	C	B	A	
e) Approaches to the valuation of intangible assets	C	C	B	
<b>Corporate Finance Transactions</b>				
a) Forms of expansion and divestiture (mergers, acquisitions, strategic alliances, joint ventures, spin-offs)	C	B	A	5.6.1 Evaluates the purchase, expansion, or sale of a business
b) Transaction considerations	—	C	B	5.6.2 Advises a financially troubled entity
c) Key risks and rewards in corporate finance	C	B	A	
d) Synergies involved in the combination of entities	—	C	A	
e) International considerations (exchange risks, political risks, economic risk, international sources of capital)	C	C	B	

## Example of the Knowledge Expectations at Each Proficiency Level

### Knowledge Item: *Approaches to Valuation*

To assist candidates in differentiating among the levels, all three levels of expectations are illustrated.

#### Level C

The candidate at *Level C* proficiency would be able to:

- describe or explain the three different valuation approaches (assets, transactions, and market based); and
- describe or explain the factors that affect the determination of a valuation.

#### Level B

In addition to the tasks noted at *Level C*, the candidate at *Level B* proficiency would be able to provide a valuation on a preliminary basis by:

- calculating a preliminary value using an appropriate method from basic approaches (earnings based and asset based); and
- using income statements/projections that are provided, prepare a preliminary valuation (for example, discounted cash flow analysis or normalized earnings amount, taking into account the key relevant adjustments).

The CPA candidate at *Level B* would understand the need to review the valuation with a more senior subject matter expert.

#### Level A

In addition to the tasks noted at *Level C* and *Level B*, the candidate at *Level A* proficiency would be able to:

- prepare a valuation considering all three valuation approaches (assets, transactions, and market based) and related methods (earnings can be normalized earnings or discounted cash flow, etc.);
- identify and explain which valuation method is most appropriate in the circumstances; and
- provide a recommended valuation amount, supported by detailed calculations, and explain the rationale behind the valuation.

*Level A* proficiency requires much greater depth of understanding of the methods of valuation and the variables affecting the calculations.



## Section 6-6: Taxation

**Taxation:** Includes tax compliance and reporting, and tax planning and implementation strategies for both corporate and personal tax payers, and an understanding of the administrative processes in Canadian taxation.

Topics	Entry	Core	Elective	Related CPA Competency
<b>General Income Tax Concepts</b>				
a) How and why tax legislation exists; various revenue sources; responsibilities of taxpayers, their advisors, and CRA	C	B	B	6.1.1 Discusses general concepts and principles of income taxation
b) Integration concept	C	B	B	
c) Legal forms and structures: Sole proprietorship, corporation, partnership, trust	C	B	B	
d) Existence and purpose of GAAR and anti-avoidance provisions	C	B	B	
e) Preparer penalties	C	B	B	
f) Tax research	—	—	C	
<b>Reporting Systems and Data Requirements</b>				
a) Types of systems organizations need to provide information to meet their objectives	C	C	B	6.1.2 Assesses reporting systems, data requirements and business processes to support reliable tax compliance
b) Dimensions of information quality – relevance, ease of use, integrity, timeliness	C	B	A	
c) Types of data and their attributes (nature, sources, format, timing, extent and level of aggregation)	C	B	A	
d) Tax compliance technologies	C	C	B	
<b>Corporation's Income Tax Profile</b>				
a) Corporate types (private, CCPC, public)	B	B	A	6.2.1 Evaluates general tax issues for a corporate entity
b) Corporate residency	—	C	B	
c) Basic stakeholder relationships (affiliated, associated, connected, non-arm's length, related)	C	B	B	

Topics	Entry	Core	Elective	Related CPA Competency
<b>Sources and Computation of Taxable Income</b>				
a) Sources and types of income				6.2.2 Advises on taxes payable for a corporation
• Business and property income (Active business income, aggregate investment income, specified investment business income, eligible and non-eligible dividends)	B	B	A	
• Personal services business income	B	B	A	
• Business income vs. capital gain	B	B	A	
• Capital gains and losses	B	B	A	
• Other income and deductions	B	B	A	
b) Reconciling income				
• General principles of income from business or property	B	B	A	
• Common Schedule 1 adjustments	B	B	A	
• Partnership income flow-through	C	C	C	
• Common SRED adjustments	—	—	C	
c) Capital property considerations				
• General principles and definitions related to CCA (UCC, recapture, terminal loss)	B	B	A	
• Acquisition and disposition of depreciable capital property	B	B	A	
• Common CCA classes	B	B	A	
• Separate CCA classes	B	B	A	
• Replacement property	C	C	B	
• Change in use	C	B	B	
• Inducements	C	B	B	
• Available for use	B	B	A	
• Short taxation year	B	B	A	
• Dispositions of land and building	C	C	B	
• Adjusted cost base	B	B	A	
• Proceeds of disposition	B	B	A	
• Capital gains/losses	B	B	A	
• Identical property	B	B	A	
• Inadequate consideration	C	B	B	
• Business investment loss	C	C	B	
• Capital gains reserve	B	B	A	
d) Taxable income adjustments				
• Donations	B	B	A	
• Loss carry overs	B	B	A	
• Dividends	B	B	A	

Topics	Entry	Core	Elective	Related CPA Competency
e) Elements of taxes payable				
• General tax rate	B	B	A	
• Provincial abatement	B	B	A	
• Small business deduction	B	B	A	
• General rate reduction	B	B	A	
• Additional tax on personal services business income	B	B	A	
• RDTOH	B	B	A	
• Refundable Part 1	B	B	A	
• Part IV	B	B	A	
• Dividend refund	B	B	A	
• Foreign tax credits	C	C	C	
• M&P and SRED credits	—	—	C	
f) Non-arm's length transactions				
• Capital losses and terminal losses	C	C	B	
• Transactions at other than FMV consideration	C	C	B	
g) Tax implications of dividends				
• Capital dividends	B	B	B	
• Eligible and non-eligible dividends	B	B	B	
<b>Individual's Income Tax Profile</b>				
a) Individual residency	C	C	B	6.3.1 Evaluates general tax issues for an individual
b) Basic stakeholder relationships (affiliated, non-arm's length, related)	B	B	A	
<b>Income Taxes Payable for an Individual</b>				
a) Sources and types of income including deductions				6.3.2 Evaluates income taxes payable for an individual
• General principles of income from office or employment	B	B	A	
• Common employment taxable benefits (automobiles, allowances and reimbursements, 6(1)(a) exclusions, group plans, stock options)	B	B	A	
• Common employment income deductions (legal expenses, sales expenses, automobiles, meals, dues, home office)	B	B	A	
• Business & property - see corporate	B	B	A	
• Partnership income flow-through	C	C	C	
• Dividends (eligible, non-eligible, capital)	B	B	A	
• Indirect payments	C	C	C	
• Interest free / low interest loans	B	B	A	
• Other income and deductions (retiring allowances, support payments received and paid, pension income, moving expenses, child care expenses, RRSPs)	B	B	B	
• Capital property - see corporate	B	B	A	
• Personal-use and listed personal property	B	B	A	
• Principal residence	B	B	A	

Topics	Entry	Core	Elective	Related CPA Competency
b) Taxable income adjustments				
• Loss carry overs	B	B	A	
• Capital Gains Deduction - availability, limits, basic computations	B	B	A	
• Stock option deductions	B	B	A	
c) Elements of taxes payable				
• Graduated tax rates	B	B	A	
• Refundable tax credits	B	B	A	
• Non-refundable tax credits including charitable donations	B	B	A	
• Alternative minimum tax - purpose and when it applies	C	C	C	
• Dividend tax credit (eligible and non)	B	B	A	
• Foreign tax credits	C	C	B	
• Political tax credits	C	C	B	
• OAS clawback	C	C	B	
d) Non-arm's length transactions				
• Capital losses and terminal losses	C	C	B	
• Transactions at other than FMV consideration	C	C	B	
• Spousal rollovers	B	B	B	
• Attribution (spouses and children)	B	B	B	
• Tax on split income	C	C	B	
<b>Individual Income Tax Planning</b>				
a) Income splitting opportunities with family members	C	C	B	6.3.3 Analyzes specific tax-planning opportunities for individuals
b) Tax deferral and saving opportunities with e.g. RRSPs, RRIFs, TFSAs	B	B	B	
c) Employed vs. self-employed status	C	C	B	
<b>Income Tax Compliance</b>				
a) Basic compliance requirements (e.g. T1, T2, T4, T5)	C	C	B	6.4.1 Evaluates adherence to compliance requirements
b) Filing deadlines for income tax returns and objections	B	B	A	
c) Retention of books and records	C	C	B	
d) Directors liability	C	C	C	
e) Instalments and final tax payments	B	B	A	
f) Deadlines for instalments and final tax payments	B	B	A	
g) Interest and penalties	B	B	A	
<b>Residency Issues</b>				
a) Full year, part-year and deemed residents	C	C	B	6.5.1 Analyzes residency of a taxpayer
<b>Income Taxation of Non-Residents</b>				
a) Taxation of various types of income	—	—	C	6.5.2 Analyzes the taxation of Canadian sources of income for non-residents and part-year residents
b) Purpose of tax treaties	—	—	C	
c) Compliance requirements (T1, T2, treaty based return)	—	—	C	
d) Deemed acquisition/disposition rules	C	C	B	
e) Availability of elections	—	—	C	

Topics	Entry	Core	Elective	Related CPA Competency
<b>Death of a Taxpayer</b>				
a) Computation of income and taxable income	—	—	C	6.6.1 Analyzes income tax implications of death
b) Computation of taxes payable	—	—	C	
c) Returns - final return, elective returns	—	C	B	
d) Deemed disposition on death	—	C	B	
e) Spousal rollover	—	C	B	
f) Special carryback rules (capital losses, charitable donations)	—	—	C	
g) Capital distributions from estate to beneficiaries	—	—	C	
<b>Compensation Planning</b>				
a) Employment income vs. dividends	C	C	B	6.6.2 Analyzes income tax implications of compensation planning between a shareholder and a closely-held corporation
b) Shareholder loans	C	C	B	
c) Alternative compensation options - stock options, bonuses, fringe benefits	C	C	B	
d) Inter-corporate management fees	—	—	C	
<b>Purchase and Sale of a Business</b>				
a) Corporate income effect on sale of assets	C	B	B	6.6.3 Analyzes income tax implications of the purchase and sale of a CCPC
b) Corporate tax payable on sale of assets	C	B	B	
c) Vendor Shareholder tax payable on distribution	C	B	B	
d) Calculation of taxable capital gain on share sale	C	B	B	
e) Calculation of capital gains deduction	C	B	B	
f) Vendor Shareholder tax payable	C	B	B	
g) Acquisition of control issues: <ul style="list-style-type: none"> <li>• Deemed taxation year with tax return</li> <li>• Automatic recognition of accrued losses</li> <li>• Election to recognize accrued gains</li> </ul>	C	C	B	
	C	C	B	
	C	C	C	
<b>Sections 51, 85 and 86</b>				
a) Basic rules of sections 51, 85 and 86	—	—	C	6.6.4 Explains the basic tax considerations of corporate reorganizations
b) Paid-up Capital vs. Adjusted Cost Base	—	—	C	
c) Basic application of sections 51, 85 and 86	—	—	C	
<b>General GST Concepts</b>				
a) What the tax is and how it works (flow through nature)	C	C	B	6.7.1 Discusses the GST system in Canada
b) Basics of GST - key definitions	C	C	B	
c) Legislative framework - Regulations, legislation	C	C	B	
d) Entities subject to different rules	C	C	C	

Topics	Entry	Core	Elective	Related CPA Competency
<b>GST Obligations</b>				
a) Characterization of the supplier (Corporation, Individual)	C	C	B	6.7.2 Analyzes GST obligations of a person
b) When registration is required	C	C	B	
c) When tax is recoverable and by whom	C	C	B	
d) Place of supply (for goods, services and other types of supplies)	C	C	B	
e) "Consideration" for GST purposes (barter, sale, exchange)	C	C	B	
f) Characterization of supply (Intangible Personal Property, Real Property, Services, Tangible Personal Property)	C	C	B	
g) Status of supplies (taxable, zero-rated, exempt)	C	C	B	
h) Collection and remittance obligations	C	C	B	
i) Eligibility for Input Tax Credits and rebates	C	C	B	
<b>GST Calculations</b>				
a) GST treatment for specific items (bad debts, allowances, reimbursements, volume rebates, club dues, meals & entertainment)	C	C	B	6.7.3 Calculates net tax for a person
<b>GST Administration</b>				
a) Basic compliance requirements	B	B	B	6.7.4 Discusses GST compliance requirements
b) Filing deadlines for returns and objections	B	B	B	
c) Retention of books and records	C	C	B	
d) Directors' liability	C	C	C	
e) Instalments and final GST payments	B	B	B	
f) Deadlines for instalments and final GST payments	B	B	B	
g) Interest and penalties for late filed returns and payments	B	B	B	
<b>GST Implications from Tax Planning for Shareholders and a Closely Held Corporation</b>				
a) Intercompany transactions	—	—	C	6.7.5 Analyzes GST implications from tax planning for shareholders and a closely held corporation
b) Purchase and sale of a business	C	C	B	
c) GST implications of taxable benefits	C	C	B	
<b>GST Obligations in Other Transactions</b>				
a) Impact of a supply being considered incurred in Canada when transacting with non-residents	—	—	C	6.7.6 Explains GST obligations arising from other transactions
b) Real property transactions	—	—	C	
c) Self-assessment on imports and real property	—	—	C	

## Example of the Knowledge Expectations at Each Proficiency Level

### Knowledge Item: *Compensation Options for Owner-Manager*

To assist candidates in differentiating among the levels, all three levels of expectations are illustrated.

#### Level C

The candidate at *Level C* proficiency would be able to describe or explain:

- the federal personal and corporate income tax rates that are typical, creating the need for a discussion of the principle of integration;
- the principles of integrating personal and corporate income tax; and
- the benefits of tax planning and the way various compensation packages are used.

#### Level B

In addition to the tasks noted at *Level C*, the candidate at *Level B* proficiency would be able to conduct a preliminary quantitative and qualitative analysis to show alternative remuneration packages for the owner-manager by:

- explaining, after a preliminary analysis of the situation, how the principles of the integration of corporate and personal income taxation apply to the owner-manager's situation;
- calculating and explaining the tax impact of fringe benefits;
- identifying and analyzing some alternative forms of compensation for the owner-manager, such as salary or bonuses versus dividends; and
- identifying and explaining income-splitting opportunities.

The candidate would seek corroboration of the preliminary analysis from a more senior member of the personnel with additional subject-matter expertise.

#### Level A

The candidate at *Level A* proficiency would, in addition to all the tasks noted at *Level C* and *Level B*, be able to suggest alternative remuneration strategies by:

- preparing a detailed analysis of the tax consequences of alternative forms of compensation, considering some of the more complex forms of compensation (share issuance, use of trusts);
- analyzing which is the better alternative based on an appropriate application of the taxation rules; and
- identifying the optimal compensation package in the circumstances presented, for recommendation to the owner-manager.

## Section 6-7: Data Analytics and Information Systems

**Data Analytics and Information Systems:** Includes concepts associated with data analytics and information technology and is pervasive throughout the competency map. Note that there is not a separate section for these knowledge items within the competency map itself but rather the competencies, learning outcomes and knowledge items are integrated throughout the existing six technical competency areas. The complete list of knowledge items in this area has been reproduced below so that users can understand the full spectrum of knowledge required in this area.

Topics
<p><b>1 Systems concepts</b></p> <p>a) Systems theory            b) Data organization and distribution (systems and output)            c) People, hardware/devices, software, data, networks, processes that make up the system            d) Stakeholders and their interests in systems</p>
<p><b>2 Presentation of information for decision making</b></p> <p>a) Data visualization of financial and non-financial data            b) Dashboard, graphs, tables, report design            c) Communication of information for quality decision making            d) Framing information recognizing uncertainty</p>
<p><b>3 Value of information and information systems to organizations</b></p> <p>a) What is the value of information in the decision making process?            b) Transformation of data to decision relevant information            c) Creation of intellectual property and knowledge development            d) Business process improvement            e) Alignment with organizational strategy            f) Information technology costing, budgeting and chargeback models            g) Ethical use of information</p>
<p><b>4 Types of systems organizations need to provide information to meet their objectives.</b></p> <p>The following list of examples is not a comprehensive list:</p> <ul style="list-style-type: none"> <li>• AIS/ERP/transaction processing systems</li> <li>• Business intelligence systems and analytics</li> <li>• Supply chain management</li> <li>• Customer relationship management</li> <li>• Distributed databases/ledgers (blockchain) and digital payment systems/cryptocurrencies</li> </ul>
<p><b>5 Quality of information for decision making</b></p> <p>a) Dimensions of information quality – relevance, ease of use, integrity, timeliness            b) Types of data and their attributes (nature, sources, format, timing, extent and level of aggregation)            c) Professional skepticism regarding data            d) Information quality and the impact of processing models            e) Data cleansing</p>



## Topics

**6 Data and information modelling**

- a) Data structure and standards
- b) Data extraction and import
- c) Data life cycle
- d) Database management systems
- e) Understanding user information requirements
- f) Analytics and model building (descriptive, diagnostic, predictive, prescriptive)
- g) Standards for data tagging and reporting (XML, XBRL)
- h) Business intelligence, artificial intelligence and machine learning
- i) Model versus data-driven decision-making
- j) Model validation
- k) Interpretation and professional skepticism of models and analytics

**7 Management of information systems infrastructure and architecture**

- a) Information systems architecture alignment with business strategy
- b) Information systems planning and management
- c) Information technology infrastructure considerations:
  - Information technology infrastructure components
  - Insourcing vs outsourcing
  - Cloud computing (private, public, hybrid; Saas, PaaS, IaaS)
  - Vendor relationship management – service level agreements and integration challenges
  - Information technology asset management
  - Information technology project risk and business case development
  - Artificial intelligence
  - Robotic process automation
  - Internet of things
  - Audit implications

**8 Systems life cycle**

- a) Role of the accountant/business advisor/auditor and typical steps in the systems life cycle
- b) Acquisition, in-house development, customization, assembly and integration options (buy vs. build)
- c) Vendor selection and management (especially user requirements, testing, change management and risk management)
- d) Impact on processes and risks of implementation on all users (e.g., external auditor, other vendors)
- e) Systems testing (external and internal audit function) and management of data conversion
- f) System changes and system maintenance (including patch management)

**9 Risks and Controls**

- a) Impact of IS risk on enterprise risk
- b) Threat and risk exposure identification (including, but not limited to, cyber and fraud risk)
- c) Fraud detection responsibilities
- d) Risk management objectives and strategies
- e) Systems reliability – privacy, confidentiality, security, integrity, availability
- f) Internal control mix – preventive, detective, corrective, and cost assessment
- g) IT governance and control frameworks (e.g., COSO, COBIT, ITIL)
- h) Compliance with regulatory requirements (e.g., privacy, freedom of information, and anti-spam legislation)
- i) Impact of new/changing technologies on risk exposure

## Section 6-8: Other General Business Topics

The professional education program modules also draw on topics in the following disciplines: law, economics, and quantitative methods/statistics. Generally, candidates are expected to apply their knowledge in these areas at *Level B* proficiency.

### a) Law

- Overview of the Canadian legal system
  - Sole proprietorships and partnerships
  - Partnership acts, nature, agreement, limited partnerships, and limited liability partnerships (LLP)
- The nature of a corporation and its formation
  - Methods of incorporation
  - External responsibilities
  - Liability of directors
  - Shareholders' agreements
- Tort law
  - Intentional and unintentional torts and the concepts related to negligence
  - Professional liability
  - General remedies for tort
- Contract law
  - The formation of a valid contract, and enforceability of contractual rights
  - Contract issues
  - Performance and breach of contract
  - General remedies and damages
- Business law
  - Sale of goods and consumer protection law
  - Banking and negotiable instruments
  - Law of credit and finance
- Property rights
  - Real property
  - Intellectual property
  - Patents, copyrights, trademarks, and franchising
- Environmental law
- International business law

**b) Economics*****Microeconomics***

- Introduction to economics/the economic way of thinking
- Gains from trade
- Market forces (demand/supply/Market price)
- Elasticity
- Consumer demand theory
- Theory of investor decision-making
- Agency theory
- Theory of capital markets
- The costs of production
- Perfect competition
- Monopoly/oligopoly
- Monopolistic competition
- Resource markets (factors of production)
- The labour market
- Inequality and distribution
- Externalities
- Role of government

***Macroeconomics***

- Measuring national income
- Aggregate demand
- Aggregate supply
- The multiplier
- Money, banking, and monetary policy
- Unemployment
- Impact of inflation and deflation
- International trade
- Exchange rates
- Open and closed economies
- Market efficiency
- The economic perspective in the short run and long run
- Productivity and growth

**c) Quantitative Methods/Statistics**

- Basic probability and important distributions
  - Probability theory and concepts
  - Discrete probability distributions (binomial, poisson)
  - Normal and other continuous probability distributions
- Statistical inferences based on samples
  - Sampling design and distribution, confidence intervals, and estimation
  - Hypothesis testing and statistical significance, including two sample tests
  - Goodness of fit tests
  - Contingency analysis
- Regression and correlation
  - Simple linear regression
  - Correlation analysis and multiple regression analysis
  - Model building
- Other topics
  - Forecast time series data
  - Decision making using statistics
  - Statistical application in quality and productivity management





## Appendix A: 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.<sup>1</sup>

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<sup>1</sup> 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><b>Retrieval and comprehension (lowest level)</b></p> <p><i>Verbs reflecting this level include:</i></p> <p>applies calculates classifies describes explains reconciles records uses</p>	<p><i>A routine situation with low to moderate complexity:</i></p> <p>Explains, describes, locates, and applies knowledge, skills, and techniques</p>	<p><i>A routine situation with low complexity:</i></p> <p>Explains, describes, locates, and applies knowledge, skills, and techniques</p> <p>Describes and explains the effects of applying concepts and techniques</p>		
<p><b>Analysis</b></p> <p><i>Verbs reflecting this level include:</i></p> <p>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></p> <p>Identifies problems and partially analyzes, partially integrates relevant information</p> <p><i>A routine situation with moderate complexity:</i></p> <p>Identifies problems, gathers all relevant information, and partially analyzes it</p>	<p><i>A routine situation with low complexity:</i></p> <p>Identifies problems and thoroughly analyzes and integrates relevant information</p> <p><i>A routine situation with moderate complexity:</i></p> <p>Identifies problems and partially analyzes relevant information</p> <p><i>A non-routine situation with moderate complexity:</i></p> <p>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"> <li>Identifies unusual and potential future problems</li> <li>Analyzes using innovative and advanced techniques</li> </ul>



	Level C	Level B	Level A	Post-Certification (a more seasoned professional)
<p><b>Knowledge utilization (highest level)</b></p> <p><i>Verbs reflecting this level include:</i></p> <p>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>		<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>Generates, tests, and proposes new practices or techniques to improve quality of professional service</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)
<b>Retrieval and comprehension (lowest level)</b>	<p><i>Routine and low complexity:</i></p> <p><b>Taxation Competency 6.4.1 –</b>  <i>Evaluates adherence to compliance requirements</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><b>Finance Competency 5.4.1 –</b>  <i>Determines the value of a tangible asset</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)
<b>Analysis</b>		<p><i>Non-routine, low complexity:</i></p> <p><b>Management Accounting Competency 3.2.2 —</b> <i>Prepares, 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><b>Strategy and Governance Competency 2.1.1 —</b> <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)
<b>Knowledge utilization (highest level)</b>		<p><i>Routine and low to moderate complexity:</i></p> <p><b>Management Accounting Competency 3.3.2 —</b> <i>Evaluates and applies cost management techniques appropriate for specific costing 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.</p> <p>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><b>Financial Reporting Competency 1.1.1 —</b> <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.</p> <p>Thoroughly integrates information and develops reasonable decision criteria to address the intended use of financial information and cost-benefit trade-offs.</p> <p>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)
<b>Knowledge utilization (highest level)</b> — continued		<b>Taxation Competency 6.2.2 –</b> <i>Advises on taxes payable for a corporation</i> Conducts research in the <i>Income Tax Act</i> 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. 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.	<i>Routine and moderate to high complexity:</i> <b>Audit and Assurance Competency 4.3.1 –</b> <i>Assesses issues related to the undertaking of the engagement or project</i> 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. Performs analysis using criteria from professional standards for client acceptance and justifies a logical conclusion, but does not address all key issues.	

## 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.

## Appendix B: 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

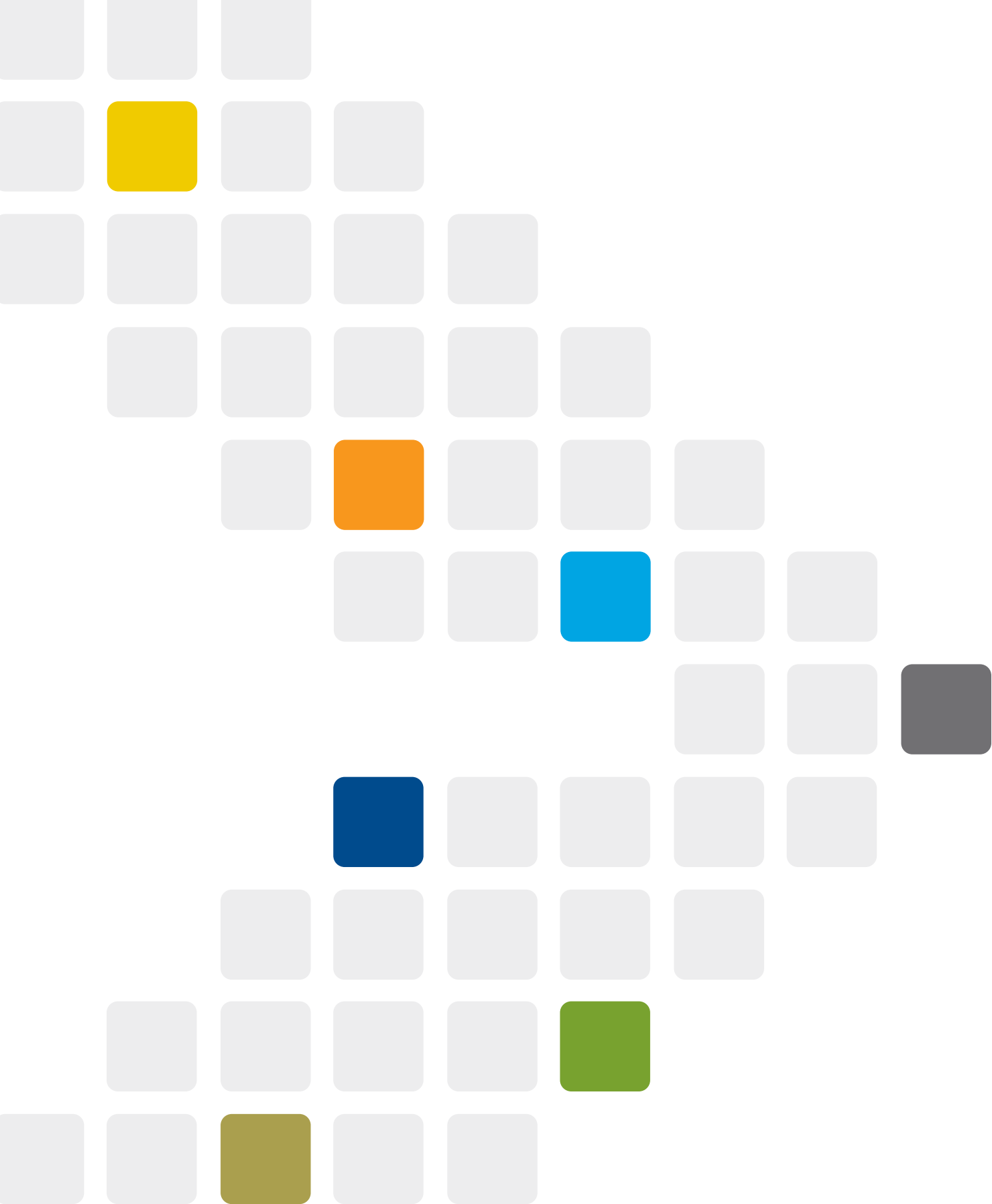
**Review:** Examine or assess something with the possibility or intention of instituting change if necessary

**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

Part 2: The CPA Competency Map - Supplemental Materials  
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