

PRACTICAL EXPERIENCE REQUIREMENTS – APPENDIX A

CHARTERED PROFESSIONAL
ACCOUNTANTS OF ONTARIO

AMENDED MARCH 16, 2021



APPENDIX A:

TECHNICAL COMPETENCY SUB-AREAS

Note: the technical competency requirements are based on achieving a certain number of competency sub-areas at Level 1 and Level 2 proficiency; Level 0 will be defined solely for the purpose of providing guidance to CPA students with their self-assessments.

CPA TECHNICAL COMPETENCIES FOR THE PURPOSE OF PRACTICAL EXPERIENCE

Competency sub-area	Level 2 High level of autonomy with Low-to-Moderate complexity (knowledge utilization); Lower level of autonomy for complex and non-routine (analysis)	Level 1 Low-to-Moderate complexity (analysis); Moderate complexity limited to Retrieval/Comprehension; Restricted to routine	Level 0 Foundational (clerical / administrative)
Financial Reporting			
Financial reporting needs and systems (FR1)	Identify and analyze financial reporting information required by various stakeholders, including regulatory requirements (can include specialized financial reporting requirements); plus (a) Evaluate the appropriateness of the basis of financial reporting; or (b) Evaluate reporting systems, data requirements and business processes to support reliable financial reporting	Explain the financial reporting information required by various stakeholders, including regulatory requirements (can include specialized financial reporting requirements); plus (a) Analyze the appropriateness of the basis of financial reporting; or (b) Analyze reporting systems, data requirements or business processes to support reliable financial reporting	Use the accounting system to process transactions and/or generate reports. Verify mathematical accuracy of financial information (sub-totals, totals). Perform simple reconciliations.

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Accounting polices and transactions (FR2)	<p>Evaluate appropriate accounting policies and procedures; or Evaluate treatment for routine and non-routine transactions; or Research and analyze treatment for complex events/transactions.</p>	<p>Research the appropriate accounting policies and procedures (or explains the basis in which they were selected and applied to an organization); or Research and analyze treatment for routine transactions.</p>	Record accounting entries for routine transactions. Rollforward provisions from prior years.
Financial report preparation (FR3)	<p>Analyze or prepare financial statements, including note disclosures.</p>	<p>Explain financial statements, including note disclosures</p>	Verify mathematical accuracy of the financial statements and note disclosures.
Financial statement analysis (FR4)	<p>Analyze or prepare management communication (e.g., MD&A), or Analyze or prepare financial reporting results for stakeholders (internal or external), or Analyze or estimate the impact of strategic, and operational decision on financial results (external or internal).</p>	<p>Explain the management communication (e.g., MD&A), or Explain financial reporting results for stakeholders (external or internal), or Explain the impact of strategic and operational decision on financial results (external or internal).</p>	Calculate ratios and/or % changes in account balances.

Competency sub-area	<p style="text-align: center;">Level 2</p> <p>High level of autonomy with Low-to-Moderate complexity (knowledge utilization);</p> <p>Lower level of autonomy for complex and non-routine (analysis)</p>	<p style="text-align: center;">Level 1</p> <p>Low-to-Moderate complexity (analysis);</p> <p>Moderate complexity limited to Retrieval/Comprehension; Restricted to routine</p>	<p style="text-align: center;">Level 0</p> <p>Foundational (clerical / administrative)</p>
Management Accounting			
<p>Management reporting needs and systems (MA1)</p>	<p>Analyze management information requirements, plus</p> <p>Evaluate business processes, systems and data requirements and evaluate or recommend improvements to meet information needs, plus</p> <p>Analyze ethical and privacy issues related to information technology and its use.</p>	<p>Explain management information requirements, plus</p> <p>Analyze business processes, systems and data requirements and analyze potential improvements to meet information needs, plus</p> <p>Explain ethical and privacy issues related to information technology and its use.</p>	<p>Use existing information systems to generate management reports.</p> <p>Recognize ethical and privacy issues related to information technology.</p>
<p>Planning, budgeting and forecasting (MA2)</p>	<p>Evaluate data and information inputs (including assumptions) for operational plans, budgets and forecasts, plus</p> <p>Analyze operational plans, budgets, and forecasts, and</p> <p>Analyze implications of variances</p>	<p>Analyze or prepare data and information inputs for operational plans, budgets and forecasts, plus</p> <p>Prepare operational plans, budgets, and forecasts, and</p> <p>Explain and calculate variances</p>	<p>Verify mathematical accuracy of plans, budgets and/or forecasts.</p>

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<p>Cost / revenue / profitability management (MA3)</p>	<p>Cost management: Apply appropriate cost classifications and costing methods for management of ongoing operations, and apply cost management techniques appropriate for specific decisions, and evaluate and recommend either: (a) change identified by applying process improvement methodologies or (b) cost management improvements across the entity; or</p> <p>Revenue management: evaluate sources and drivers of revenue growth; or</p> <p>Profitability management: analyze sensitivity analysis, evaluate sustainable profit maximization and capacity management performance.</p>	<p>Cost management: Explain the appropriate cost classifications and costing methods for management of ongoing operations, explain cost management techniques appropriate for specific decisions, and analyze potential changes identified by applying process improvement methodologies; or</p> <p>Revenue management: analyze or prepare information to understand the sources/drivers of revenue growth; or</p> <p>Profitability management: explain and calculate the sensitivity analysis, and analyze alternatives for sustainable profit maximization/capacity management performance.</p>	<p>Collect information to assist with cost, revenue or profitability management.</p>
<p>Organizational / individual performance measurement (MA4)</p>	<p>Evaluate root causes of performance issues through one of:</p> <p>Analyze the implications of management incentive schemes and employee compensation methods, or</p> <p>Evaluate performance using accepted frameworks or KPIs, or</p> <p>Evaluate performance of responsibility centers</p>	<p>Analyze possible root causes of performance issues, through one of:</p> <p>Explain the implications of management incentive schemes and employee compensation methods, or</p> <p>Analyze performance using accepted frameworks or KPIs; or</p> <p>Analyze performance of responsibility centers.</p>	<p>Calculate/prepare performance scorecard/ KPI based on information supplied by units.</p>

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Audit & Assurance (consider public accounting licence needs a depth in Assurance)			
Internal control (AA1)	<p>Evaluate the entity's risk assessment processes; or</p> <p>Evaluate the information system and processes, using knowledge of data requirements and risk exposures</p>	<p>Analyze or prepare the entity's risk assessment processes; or</p> <p>Analyze the information system and processes, using knowledge of data requirements and risk exposures</p>	Execute procedures that relates to existing internal controls.
Internal audit or external assurance requirements, basis and risk assessment (AA2)	<p>Analyze an entity's assurance needs plus</p> <p>Basis: Analyze which set of criteria to apply to the subject matter being evaluated, or analyze which standards/guidelines to apply based on the nature and expectations of the assurance engagement/project, plus</p> <p>Risk assessment: Evaluate issues related to the undertaking of the engagement or project, or evaluate materiality for the assurance engagement/project, or evaluate the risks of the project (for audit engagements, evaluate the risks of material misstatement at the financial statement level and at the assertion level for classes of transactions, account balances, and disclosures).</p>	<p>Explain an entity's assurance needs plus</p> <p>Basis: Explain which set of criteria to apply to the subject matter being evaluated, or explain which standards/guidelines to apply based on the nature and expectations of the assurance engagement/project, plus</p> <p>Risk assessment: Explain issues related to the undertaking of the engagement or project, explain and calculate materiality for the assurance engagement/project, or explain the risks of the project (for audit engagements, explain the risks of material misstatement at the financial statement level and at the assertion level for classes of transactions, account balances, and disclosures).</p>	Assemble information about the business (external), or department (internal).

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<p>Internal audit projects or external assurance engagements (AA3)</p>	<p>Work plan: Evaluate or develop appropriate procedures, considering the use of data analytics, based on the identified risk of material misstatement, analyze or perform the work plan, evaluate the evidence and results of analysis, documents the work performed and its results, plus</p> <p>Draw conclusions, communicate results, and contribute to a report for stakeholders using data visualization where appropriate.</p>	<p>Work plan: Analyze or perform the work plan on less complex/ riskier areas, evaluate the evidence and results of analysis, documents the work performed and its results, plus</p> <p>Draw conclusions, communicate results, and contribute to a report for Stakeholders, using data visualization where appropriate.</p>	<p>Compile planning documentation. Coordinate third party confirmations; identify outstanding items.</p>
<p>Finance</p>			
<p>Financial analysis & planning (FN1)</p>	<p>Evaluate the entity's financial state, including an assessment of reporting systems, data quality and the analytical models used to support financial analysis and decision-making ; or</p> <p>Evaluate financial proposals and financing plans including an assessment of reporting systems, data quality and the analytical models used to support financial analysis and decision-making</p>	<p>Analyze the entity's financial state, or</p> <p>Analyze or prepare financial proposals and financing plans</p>	<p>Perform calculations to support analysis (ratios and/or % changes in account balances).</p>

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<p>Treasury management (FN2)</p>	<p>Analyze the entity's cash flow and working capital, plus</p> <p>Evaluate the entity's investment portfolio, or</p> <p>Evaluate sources of financing and decisions affecting capital structure, or</p> <p>Evaluate the entity's cost of capital, or</p> <p>Evaluate/review decisions related to distribution of profits</p>	<p>Explain and calculate the entity's cash flow and working capital, plus</p> <p>Analyze or research the entity's investment portfolio (less complex), or</p> <p>Analyze or research sources of financing and decisions affecting capital structure, or</p> <p>Analyze or research the entity's cost of capital, or</p> <p>Analyze or research decisions related to distribution of profits</p>	<p>Record investment/ FX transactions based on confirmations; update market values from third-party sources, if applicable.</p> <p>Reconcile differences between records and third-party statements.</p>
<p>Capital budgeting, valuation, corporate finance (FN3)</p>	<p>Analyze or prepare financial models or business plans as part of or in addition to:</p> <p>Evaluate capital budgeting processes and decisions, or</p> <p>Evaluate the value of a tangible asset or analyze or estimate the value of an intangible asset, or</p> <p>Analyze or estimate the value of a business, or</p> <p>Evaluate financial risk management policies, or</p> <p>Analyze the use of derivatives as a form of financial risk management, or</p> <p>Evaluate the purchase, expansion or sale of a business, or</p> <p>Evaluate or advise a financially troubled entity.</p>	<p>Analyze or prepare information to aid in the capital budgeting processes and related decisions, or</p> <p>Analyze or estimate the value of a tangible asset, or</p> <p>Explain and calculate value of a business, or</p> <p>Explain financial risk management policies, or</p> <p>Explain the use of derivatives as a form of financial risk management, or</p> <p>Analyze the purchase, expansion or sale of a business, or</p> <p>Analyze possible solutions to aid a financially troubled entity.</p>	<p>Coordinate the capital budgeting process.</p> <p>Calculate market value of publicly-traded security.</p> <p>Calculate/collect multiples for market-based valuations.</p>

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Taxation			
Income tax legislation and research (TX1)	Research and analyze treatment for transactions/ events, plus Draw conclusion and communicate results.	Explain the relevant section of the Income Tax Act, tax conventions and/or treaties, as it relates to specific transactions/events.	Use Income Tax Act to assemble rates, filing deadlines and requirements.
Tax compliance: corporate or personal (TX2)	Analyze the relevant tax issues plus Analyze or prepare a tax return	Explain the relevant tax issues plus Explain tax return or analyze or prepare information to support the preparation of the corporate tax return	Assemble information for tax return and explains required information. Use tax software to process corporate tax returns. Prepare schedule of due dates.
Tax planning: corporate or personal (TX3)	Explain and calculate specific tax-planning opportunities for individuals or corporations, and applicable GST implications, such as: (a) income tax implications of death of an individual (b) compensation planning between shareholders and a corporation, or (c) purchase and sale of a corporation	Analyze specific tax-planning opportunities for individuals or corporations, and applicable GST implications, such as: (a) income tax implications of death of an individual (b) compensation planning between shareholders and a corporation, or (c) purchase and sale of a corporation	Use information prepared internally/ externally to explain changes arising from Federal or Provincial budgets. Use tax software to calculate pro-forma taxes payable under various tax planning opportunities.

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Strategy & Governance			
<p>Governance, mission, vision, values & mandate (SG1)</p>	<p>Analyze or prepare the entity's governance policies, processes, and/ or code, and analyze information and analysis to ensure entity remains compliant with regulatory/compliance requirements, or</p> <p>Evaluate whether management decisions align with the entity's mission, vision and values.</p>	<p>Explain describes the entity's governance policies, processes, and/or code, and prepares information to aid in the analysis to ensure entity remains compliant with regulatory/compliance requirements, or</p> <p>Analyze management decisions to the entity's mission, vision and values</p>	<p>Describe the entity's governance policies, processes, and/or code.</p>
<p>Strategy development / implementation (SG2)</p>	<p>Analyze the entity's strategic objectives and evaluate related performance measures, or</p> <p>Evaluate the entity's internal and external environment and analyze its impact on strategy development; analyze strategic alternatives, or</p> <p>Analyze the key operational issues including the use of information assets and analyzes alignment with strategy.</p>	<p>Explain the entity's strategic objectives and analyze related performance measures, or</p> <p>Analyze the entity's internal and external environment and explain its impact on strategy development; explain strategic alternatives, or</p> <p>Explain the key operational issues including the use of information assets and explains the alignment with strategy</p>	<p>Explain the entity's strategic objectives.</p> <p>Collect information on the entity's internal and external environment.</p>
<p>Enterprise risk management (SG3)</p>	<p>Evaluate components of an effective risk management program and evaluate its impact on shareholder value, or</p> <p>Evaluate the impact of IT/IS risks on enterprise risk and recommend appropriate risk management strategies</p>	<p>Analyze or research components of a risk management program and analyze its impact on shareholder value, or</p> <p>Analyze the impact of IT/IS risks on enterprise risk and identify appropriate risk management strategies</p>	<p>Record risk responses.</p>