



CPA

CHARTERED
PROFESSIONAL
ACCOUNTANTS
CANADA

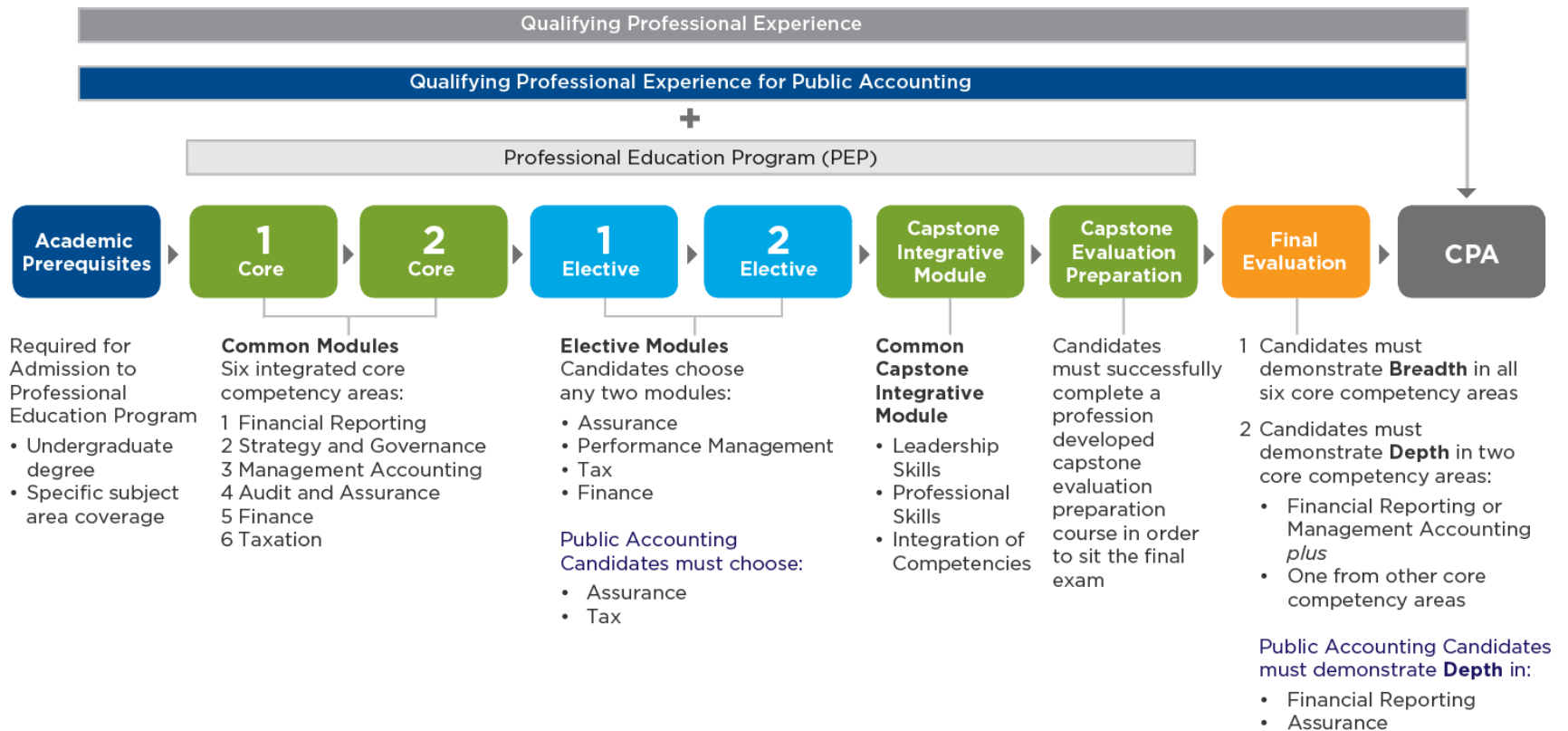
COMPTABLES
PROFESSIONNELS
AGRÉÉS
CANADA

The Common Final Examination and Competency Referenced Evaluation Methodology

Information Package

- I. Overview and Background
- II. The Evaluation Process Day 1
- III. The Evaluation Process Day 2 and 3

The CPA Program



The Foundation

The Entry-level CPA

- A business professional
- Possessing broad competency
- Possesses enabling skills

The CPA Competency Map provides an overview of the enabling competencies that CPA candidates are expected to demonstrate on the profession's Common Final Evaluation (CFE).



The "Ground Rules" for Evaluation

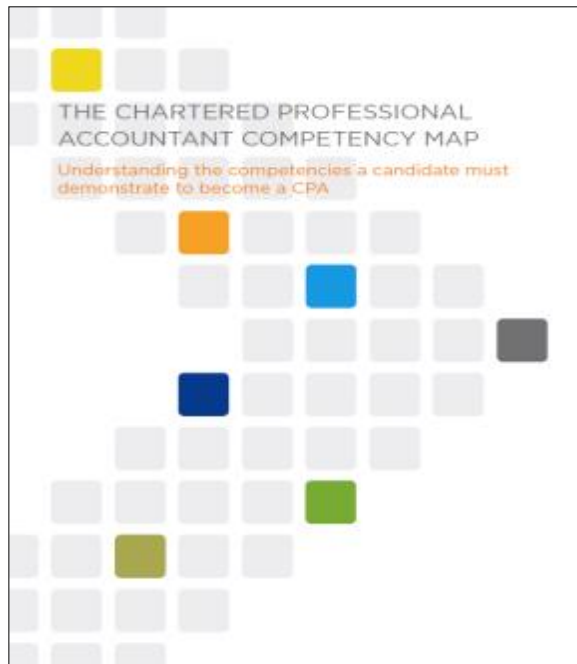
Six technical competency areas:

- Governance and Strategy
- Finance
- Taxation
- Audit and Assurance
- Financial Reporting and
- Management Accounting

There are competency area coverage (breadth and depth tests) requirements to be met.



The CPA Competency Map and Knowledge Supplement



The foundation for the CFE blueprint








Evaluating Responses to Individual Simulations

The BOE needs to consider whether the situation being presented to the candidate in the simulation is “routine vs non-routine” and whether it is “complex or non-complex”.

In routine, non-complex situations the candidate is expected to be able to perform at a higher level than in an non-routine, complex situation. Generally, highly-complex non-routine situations are NOT testable. *[Appendix A of the CPA Competency Map provides examples.]*

The CFE assesses the highest level of skill allowed by Map....

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

The new CPA CFE

Competency based assessment; each day of the CFE does something very unique:

1. Day 1 is evaluated separately from Day 2 and 3. It is “linked” to the Capstone 1 group case work. It assesses the decision making/ professional skills. Assessment is at a “high-level”.
2. Day 2 is the DEPTH test. It assesses technical DEPTH in one of 4 unique roles (that reflect the four CPA Electives) and provides DEPTH opportunities in common core - Financial Reporting and/or Management Accounting. Candidates choose 1 role.
3. Day 3 supplements the DEPTH test in common core Financial Reporting and/or Management Accounting and is the BREADTH test for all common core competency areas.

Day 1 (cont'd)

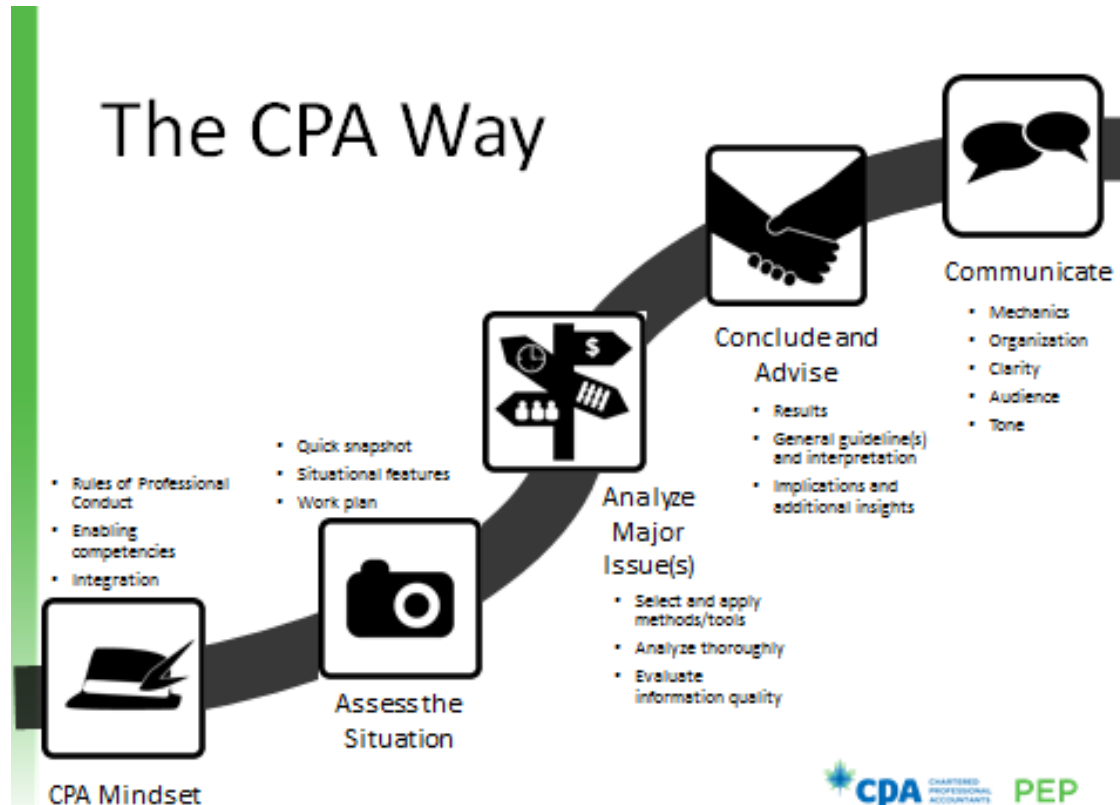
- Day 1 is a 4 hour case
- Case targets “board room and senior management” level of discussion i.e. not expected to get into the details (which will be addressed later by the operational teams)
- Candidates told not to do the detailed analysis. Day 2 and 3 assess the technical competencies
- Day 1 is “linked”/related to the Capstone 1 case, which is worked on in groups for 8 weeks
- Candidates allowed to access their Capstone 1 case (not their group’s answer, and not the sample response)
- Candidates encouraged to limit their responses to 5,000 words, but there is no imposed limit

Day 1

BASIC PREMISE: Day 1 is a holistic assessment - Pass or Fail only. Having passed Capstone 1, there is a presumption that candidates are able to respond to the linked case. The assessment is looking for “fatal flaw” weaknesses in their responses.

- Assessment focuses on the enabling competencies NOT the technical competencies (e.g. broad thinking, decision-making skills, integration, professional judgement, ability to provide useful advice, etc.)
- Assessment also looks at “links” to Capstone 1 (i.e., did they really understand the key success factors, mission, vision, objectives of the business?) What do they draw upon from Cap 1?
- Can think on their feet and adjust to the changes in the case? I.e., If we “twist” the scenario/ provide new issues to deal with what do they do?
- The assessment reflects the CPA Way and its main components (see next slide)

Evaluating Responses to Individual Simulations - Day 1



The new CPA CFE - Day 2

1. A four hour case, but candidates are given five hours to respond to allow time to filter /find the information that they need to answer their requireds
2. Candidates have pre-selected a role (Finance or Tax or Assurance or Perf. Management); all get the same case –a common section and four sets of appendices containing additional information applicable to each role
3. Excel sheet in candidates response file will be “preloaded” with financial statements from the case (balance sheet and income statement only)
4. All “Requireds” are VERY directed
5. DEPTH in Role is = ELECTIVE level competency for those competencies listed in Map in Elective area; remainder is tested at CORE level.

The new CPA CFE - Day 3

1. A four hour examination; a mix of small cases (60 to 90 minutes)
2. Testing the common CORE competencies only
3. CPA “entry-level” skill is expected i.e., a higher level of integration and judgment required to deal with the issues than in Core modules
4. Cases are designed to hit several competency areas, but must provide opportunities for DEPTH in Financial Reporting and Management Accounting and BREADTH in all areas.

Day 2 and 3

1. BOE will evaluate responses using individual assessment opportunities
2. BOE will develop a “profile” for passing candidates for each “exam/ROLE” for the combined Day 2 and 3, using predefined expectations of what a “competent” entry-level CPA must do
3. Determine the pass/fail standing of each candidate using that profile and equate the four “exams” (ROLES)

Profile for Passing Candidate - Day 2 and 3

The BOE's Strategy:

For each simulation, ask "What would a competent CPA do?" Then, evaluate each candidate's performance on each Assessment Opportunity, and prepare a composite evaluation.

Profile of a "Competent" Candidate

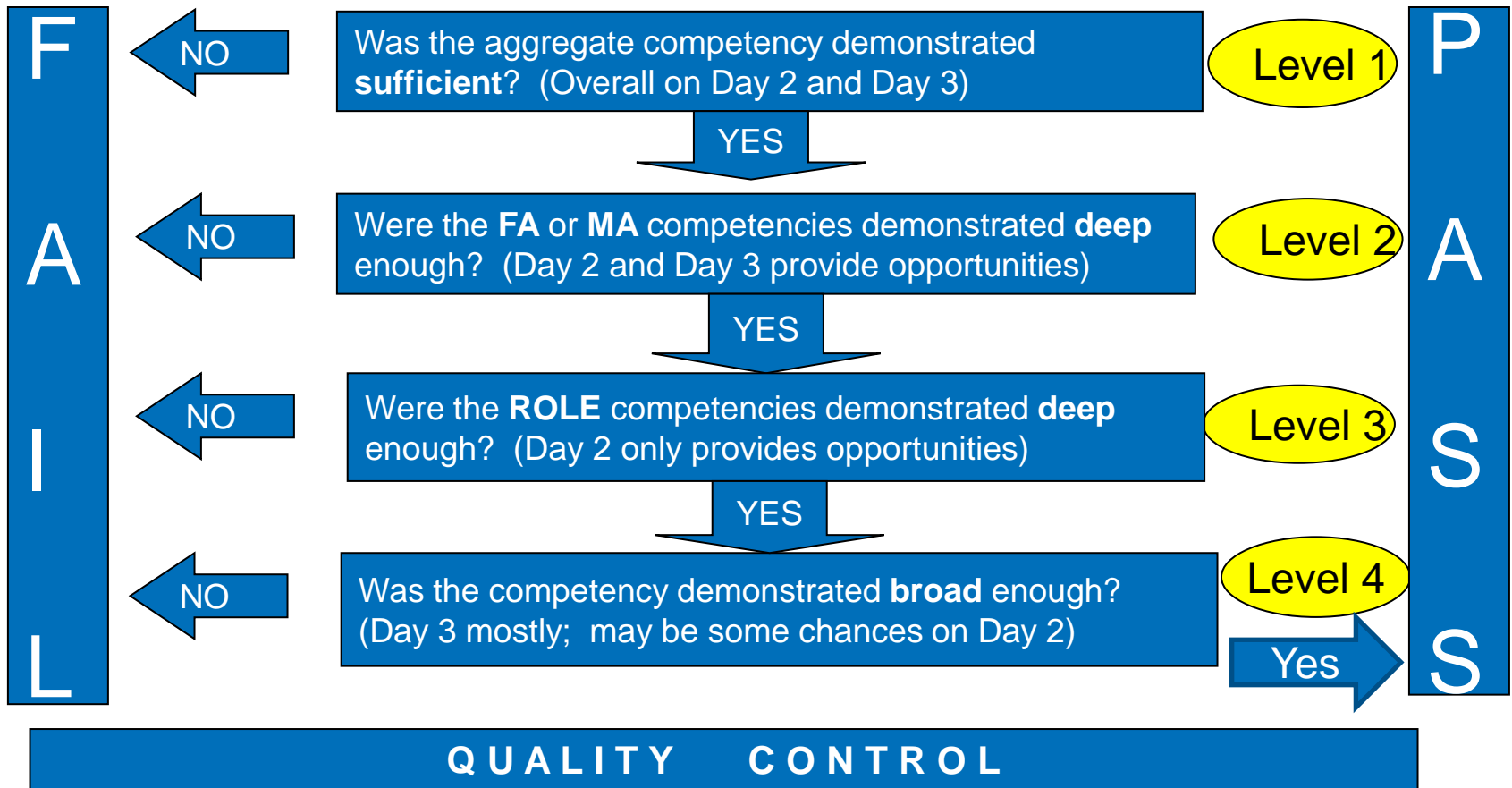
Across an entire evaluation, performance must be:

- **Sufficient** in scope (RC +C= score) →
- **Deep** in 2 main competency areas (# of C) →
- **Deep** in other competency ("role") area (# of C) →
- **Broad** across all six areas (# of RC) →

Implication for 'Pass/Fail' Assessment

- Need to show competence consistently/enough times
- Financial Reporting or Management Accounting competencies
- Elective Role competencies (Assurance, Finance, Taxation or Performance Management)
- Avoiding a specific competency is not permitted

Day 2 and 3 Pass/Fail



Setting the Passing Profile - Day 2 and 3

As part of the fair pass process, the board considers whether the results have been affected by any of the following:

- The competency area requirements (Depth/Breadth/Sufficiency)
- The number of valid opportunities provided to candidates in each of the competency areas and in each of the roles
- The level of difficulty of each Assessment Opportunity and each simulation
- The design and application of the marking guides
- Comments from leaders and markers regarding any marking difficulties encountered or candidate time constraints noticed
- Possible ambiguity of wording or translation

Evaluating Responses to Individual Simulations (AO)

In assessing a candidate's performance on any given Assessment Opportunity (AO), the judgment requires more latitude than a simple 'yes/no' decision. Having these "levels" provides more information in comparing aggregate candidate performance to the overall profile of 'competence'.

Nominal competence	The candidate displays virtually no evidence of competence
Reaching competence	The candidate displays some evidence of competence, but it is insufficient to be evaluated as 'competent'.
Competent	The candidate displays evidence of competence.
Competent with Distinction	The candidate displays overwhelming evidence of competence.

Each level of performance must be described/delineated for each AO based on Map defined levels of competency- Level A, Level B, Level C.

Difficulty Assessment

- A difficulty rating is assigned to each Assessment Opportunity by the Board
- The assignment of the difficulty level considers:
 - Familiarity of scenario/the situation, what is asked as the required
 - Role assigned (familiar or unusual)
 - Length/word count of simulation
 - Technical difficulty, etc. (is complex?/ is it routine?)

Evaluating Responses to Individual Simulations (CFE)

What is testable? Defined by Map AND Knowledge Reference List*. **The level tested/what is testable depends on the day of the CFE!! (e.g. Day 3 common Core)**

For Accounting and Assurance Standards:

- Assurance Handbook- mix of Level B or A, but mostly B at Core
- IFRS and Accounting Standards for Private Enterprise (ASPE)- mix of Level B or A, but mostly A at Core.
- Not-for-profit, Part III in combination with Part II (ASPE) or Part I (if case permits it)- Level B or A
- Concepts Unique to Government Accounting (awareness only- Level C)
- Standards changes that have taken place but are not in effect yet/ or proposed changes- Level C (or B in Elective)

***see Knowledge Reference list for actual standards that are testable.**

NOTE:—Candidates are expected to apply standards issued and effective before December 31 of the prior year (i.e., the Knotia version available in SecureClient). For those updates that are only effective in and after that, candidates may apply these updates if they choose to, but are not required to do so. Tax-same cut off – candidates are responsible for the tax rules substantively enacted by December 31st.