



**The National Standard for Public Accounting
for Certified Management Accountants**

Approved by the CMA Canada National Board of Directors

September 12, 2009



The National Standard for Public Accounting for Certified Management Accountants

Index	Page
Introduction.....	1
Entrance into the CMA Public Accountant Process	3
Education Component of the CMA Public Accountant Practice Requirements.....	7
Examination Component of the CMA Public Accountant Practice Requirements.....	8
Practical Experience Component of the CMA Public Accountant Practice Requirements	11
Ongoing Practice Requirements for CMA Public Accountants	15
Appendix A – Glossary	
Appendix B – Institutional Members of the Association of Universities and Colleges of Canada (AUCC)	
Appendix C – CMA Public Accountant Practice Requirements for CMAs Providing Compilation Services Only	
Appendix D: Incremental Syllabus for CMAs to Practise Public Accounting	

Originally approved by the CMA Canada National Board of Directors - May 15, 2004

Interpretation Guidelines Updated by the Accreditation Administration Committee and the National Certification Board - January 25, 2006



The National Standard for Public Accounting for Certified Management Accountants

Introduction

CMA Canada, a partnership of The Society of Management Accountants of Canada and The Societies/Order of Management Accountants of each province and territory, established the National Standard for Public Accounting for Certified Management Accountants. This National Standard includes each element of the CMA Public Accountant process, defining the purpose, attributes and specifications of each element, and describing what is required to complete each successfully.

A standard is defined by the International Standardization Organization (ISO) as a documented agreement containing technical specifications or other precise criteria to be used consistently as rules, guidelines, or definitions of characteristics to ensure that materials, products, processes and services are fit for their purpose. A standard, however, is not framed with the intent to act as a restraint on programming, to limit innovation or freedom in design to meet the requirements of the standard nor to limit the properties of a program or service to those expressed in the standard.

Through its published National Standard for Public Accounting for Certified Management Accountants, CMA Canada provides assurance that its public accounting practice regulations integrate the features and characteristics necessary to meet the high quality standards demanded of public accountants.

In order to provide greater specificity, definitions of key terms and interpretations of selected specifications used in the National Standard for Public Accounting for Certified Management Accountants are incorporated in the Standards document.

This Standard has been developed with reference to the National Standard for the Accreditation of Certified Management Accountants. Accordingly, any changes to the Accreditation Standard will be reviewed and, if appropriate, adopted in the National Standard for Public Accounting for Certified Management Accountants.

The CMA Canada requirements to be eligible for the practise of public accounting are positioned as a post CMA designation area of practice. They are built on the foundation of professional accounting and management expertise and high standards of professionalism and ethics already established in the awarding of the CMA designation. Therefore, the requirements are focused on the incremental knowledge, skills and attributes required to perform public accounting at an equally high standard.

Introduction (continued)

It is important that the CMA designation continue as the pre-eminent designation for management accounting, with the addition of the public accounting area of practice being a logical step into an area of specialization. All CMAs should have the opportunity to undertake this public accounting area of specialization should they choose.

While the National Standard established by CMA Canada for CMAs to practise public accounting is designed to meet or exceed legislated requirements across the country and thus to ensure it meets the requirements of the Agreement on Internal Trade (AIT), should legislation change and exceed the standard defined by CMA Canada, such legislation must take precedence.

Entrance into the CMA Public Accountant Process

CMA Canada members seeking to pursue the practise of public accounting shall have the required professional, academic and residence attributes.

Attributes	Specifications	Interpretation Guideline
<p>1. Eligibility</p> <p>1.1 Professional Standing</p>	<p>1.1.1 Certified member in good standing of CMA Canada.</p> <p>1.1.2 Certified member of the Provincial/Territorial Society/Order in the province/territory in which seeking to become eligible for public accounting practice.</p>	<p>1.1.1 No fees or assessments are in arrears.</p> <p>Member is in compliance with the Continuous Professional Learning and Development requirements.</p> <p>There are no outstanding matters of misconduct.</p> <p>1.1.2 Member shall complete the CMA Public Accountant Practice Requirements through the Provincial/Territorial Society/Order of which s/he is a certified member.</p>
<p>1.2 Academic</p>	<p>1.2 Holds degree from an institutional member of the Association of Universities and Colleges of Canada (AUCC), or a Canadian tertiary educational institution who is not an institutional member of the AUCC but whose degree is deemed equivalent to a degree from an institutional member of the AUCC, or a non-Canadian tertiary educational institution whose degree is deemed equivalent to a degree from an institutional member of the AUCC.</p>	<p>1.2.1 The list of AUCC members is included in Appendix B.</p> <p>A degree from an institutional member of the AUCC will be a Bachelor or graduate level degree.</p> <p>1.2.2 For CMAs at the date of approval of the National Standard, five years of continuous Certified membership in good standing will be accepted as fulfilling the degree requirement.</p>

Entrance into the CMA Public Accountant Process (continued)

Attributes	Specifications	Interpretation Guideline
1.3 Transition Provisions	1.3 CMAs already practicing public accounting (including as employees) at the date of approval of the National Standard will be eligible to continue to practise provided they meet pre-defined requirements and comply with local legislation.	1.3 See page 5.

Entrance into the CMA Public Accountant Process (continued)

Interpretation Guideline

1.3 The pre-defined requirements for CMAs already practicing public accounting at the date of approval of the National Standard to be eligible to continue to practise are based on the nature of the practice and role, years of public accounting experience, and the results of prior practice inspections or performance evaluations. CMAs wishing to continue in public practice must provide evidence that they are currently practicing as public accountants. In jurisdictions where required, registration as public practitioners will suffice. The minimum years of verified public practice experience must be current within the relevant tier and members will be required to submit a declaration within 120 days of notification by a provincial/territorial Society, specifying one of the four categories of practice noted below. When appropriate, provinces/ territories will need to facilitate practice reviews in order to meet the defined requirement.

<i>Nature of Practice¹ (Tier)</i>	<i>Minimum Years of Verified Practice Experience³</i>	<i>Compliant Practice Inspections</i>
<i>Review and Audit of Public Entities</i>	5	2
<i>Audit of Non-Public Entities</i>	5	2
<i>Review of Non-Public Entities</i>	3	1
<i>Compilations</i>	2	1

<i>Role of Employee</i>	<i>Minimum Years of Verified Work Experience</i>	<i>Performance Appraisals²</i>
<i>Public Accounting Employee with experience in all facets of assurance requirements</i>	5	5 <i>Verification of Quality and Type of Work to be provided.</i>

¹ Transition provisions will apply at the current tier of practice and apply downward as depicted above. Moving upward within the tiers will entail meeting the criteria defined in the new standard.

² CMA Provincial/Territorial Partner verification of satisfactory performance in all facets of assurance is required.

³ Minimum Years of Verified Practical Experience represents consecutive years in a tier where the practitioner has a minimum average of 500 chargeable hours of experience per year. Below this threshold, the provincial office will interview the practitioner to determine eligibility on an exception basis.

Entrance into the CMA Public Accountant Process (continued)

<p>2. Applicability</p> <p>2.1 Scope of Practice</p>	<p>2.1 The requirements to become eligible to practise public accounting shall be commensurate with the nature of public accounting services to be provided, i.e. assurance-based services as distinct from compilation services only.</p>	<p>2.1 CMAs seeking to become eligible to provide review and/or audit services (and compilations should they choose) shall fulfil the Education, Examination and Practical Experience Components of the CMA Public Accountant Practice Requirements as defined in the National Standard for Public Accounting for Certified Management Accountants.</p> <p>CMAs seeking to become eligible to provide compilation services only shall fulfil the CMA Public Accountant Practice Requirements for CMAs Providing Compilation Services Only as defined in Appendix C to the National Standard for Public Accounting for Certified Management Accountants.</p>
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Education Component of the CMA Public Accountant Practice Requirements

Prior to attaining eligibility to practise the full scope of public accounting, CMAs shall gain the incremental knowledge, skills and attributes required to perform public accounting at a high standard as defined in the CMA Public Accounting Syllabus.

Attributes	Specifications	Interpretation Guideline
1. Eligibility	1. Satisfied all aspects of the National Standard described in "Entrance into the CMA Public Accountant Process".	
2. CMA Public Accounting Syllabus 2.1 Aim	2.1 Syllabus provides CMAs with the incremental knowledge, skills and attributes required to perform public accounting at a high standard.	2.1 The knowledge, skills and attributes required to perform public accounting at a high standard that are incremental to the knowledge, skills and attributes already established by the CMA designation are defined within the CMA Public Accounting Syllabus, found in Appendix D. <u>This syllabus must reflect the competencies required by IFAC, certain regulatory authorities and the CICA Handbook for the practice of public accounting</u>
2.2 Design	2.2.1 Syllabus covers all incremental topical areas required to perform public accounting at a high standard. 2.2.2 Syllabus describes the cognitive skill levels to be attained in each topical area.	
2.3 Outcome	2.3 The CMA Public Accountant is proficient in the knowledge, skills and attributes required to perform public accounting at a high standard.	2.3 Required measure of success in the CMA Public Accounting Syllabus will be 60%.
2.4 Continuous Renewal	2.4 Syllabus is reviewed to ensure it meets the expectations of business and regulators of the practise of public accounting at a high standard.	2.4 The CMA Public Accounting Syllabus will be reviewed every three years, at a minimum, to ensure it meets the expectations of business and regulators of

Attributes	Specifications	Interpretation Guideline
		the practise of public accounting at a high standard.

Examination Component of the CMA Public Accountant Practice Requirements

Prior to attaining eligibility to practise the full scope of public accounting, CMAs shall demonstrate proficiency in the incremental knowledge, skills and attributes required to perform public accounting at a high standard as defined in the CMA Public Accounting Syllabus.

Attributes	Specifications	Interpretation Guideline
1. Eligibility	1. Satisfied all aspects of the National Standard described in <i>“Education Component of the CMA Public Accountant Practice Requirements”</i> .	
2. CMA Public Accounting Examination 2.1 Aim	2.1 CMA Public Accounting Examination provides the assurance that CMAs seeking to practise public accounting have acquired the knowledge of topics within the prescribed syllabus and at the prescribed cognitive levels.	2.1 The CMA Public Accounting Examination has the following attributes: a. The examination should test knowledge as defined in the CMA Public Accounting Examination Syllabus only and not test knowledge previously examined during the CMA Canada accreditation program b. The examination should test the knowledge of Canadian Generally Accepted Accounting Principles, Generally Accepted Assurance and Compilation Standards, basic taxation knowledge as well as, National and International Rules of Conduct and Independence c. The examination should be initially paper based. d. Candidates who fail the examination will be expected to retry within a given timeframe.

Examination Component of the CMA Public Accountant Practice Requirements (continued)

Attributes	Specifications	Interpretation Guideline
2.2 Design	2.2 The lower order cognitive skills of knowledge, comprehension and application and the higher order cognitive skills of analysis, synthesis and evaluation will be assessed.	2.2 Nature of assessment is as follows: The examination is one five-hour exam made up of five case-based questions testing financial accounting, taxation and assurance topics
2.3 Outcome	2.3.1 Successful writers pass a national public accounting examination marked centrally by CMA Canada.	2.3.1.1 Required measure of success in the CMA Public Accounting Examination will be 60%. 2.3.1.2 CMAs seeking to practise public accounting will normally be permitted a maximum of four attempts at the CMA Public Accounting Examination. Additional attempts may be granted at the discretion of the partner organization.
	2.3.2 Examination marking ranks writers according to their performance on the examination and is not constrained to produce a prescribed outcome.	

Examination Component of the CMA Public Accountant Practice Requirements (continued)

Attributes	Specifications	Interpretation Guideline
2.3 Outcome (continued)	2.3.3 CMAs who demonstrate mastery of prescribed syllabus and required cognitive skill levels are eligible to register to practise as a CMA Public Accountant subject to fulfilment of the Practical Experience Component of the CMA Public Accountant Practice Requirements as defined in the National Standard for Public Accounting for Certified Management Accountants.	
2.4 Continuous Renewal	2.4 The CMA Public Accounting Examination is reviewed to ensure that it continues to measure appropriately the knowledge, competencies, skills and attributes required to perform public accounting at a high standard.	2.4 The CMA Public Accounting Examination will be reviewed every three years, at a minimum, to ensure its structure is appropriate and represents the most reliable and valid testing instrument available to assess whether CMAs seeking to practise public accounting have acquired the knowledge of topics within the prescribed syllabus and at the prescribed cognitive levels.

Practical Experience Component of the CMA Public Accountant Practice Requirements

Prior to attaining eligibility to practise the full scope of public accounting, CMAs shall demonstrate proficiencies appropriate to newly qualified public accountants capable of performing public accounting at a high standard.

Attributes	Specifications	Interpretation Guideline												
1. Nature	1. CMAs seeking to practise public accounting apply the required knowledge, skills and attributes to real world issues so as to perform public accounting at a high standard.	1. CMAs seeking to practise public accounting are able to apply the required knowledge, skills and attributes to real world issues at a level of proficiency appropriate to newly qualified public accountants capable of performing public accounting at a high standard. Complex or unusual matters may be referred to specialists in those areas of practice.												
2. Duration	2.1 The duration of practical experience is sufficient to provide assurance that a newly eligible CMA Public Accountant is capable of functioning at a professional level.	2.1 Practical experience will be comprised of a minimum of 1,450 chargeable hours in approved categories.												
<table border="0"> <thead> <tr> <th data-bbox="310 984 716 1011">Practical Experience Categories</th> <th data-bbox="968 984 1199 1011">Chargeable Hours</th> </tr> </thead> <tbody> <tr> <td data-bbox="310 1076 617 1104">Financial statement audits</td> <td data-bbox="1073 1076 1121 1104">625</td> </tr> <tr> <td data-bbox="310 1122 638 1149">Financial statement reviews</td> <td data-bbox="1073 1122 1127 1149">625*</td> </tr> <tr> <td data-bbox="310 1167 449 1195">Compilation</td> <td data-bbox="1073 1167 1121 1195">100</td> </tr> <tr> <td data-bbox="310 1213 827 1240">Tax work related to third party engagements</td> <td data-bbox="1073 1213 1121 1240"><u>100</u></td> </tr> <tr> <td></td> <td data-bbox="1052 1258 1121 1286">1,450</td> </tr> </tbody> </table>		Practical Experience Categories	Chargeable Hours	Financial statement audits	625	Financial statement reviews	625*	Compilation	100	Tax work related to third party engagements	<u>100</u>		1,450	<p>The experience noted is specific to public accounting. To the extent that public accounting experience meets the criteria to qualify as a CMA (24 months' practical experience requirement), the above experience will apply to both requirements.</p> <p>Practical experience and the experience provider must be pre-approved by the Provincial/Territorial Society/Order, as must any changes.</p>
Practical Experience Categories	Chargeable Hours													
Financial statement audits	625													
Financial statement reviews	625*													
Compilation	100													
Tax work related to third party engagements	<u>100</u>													
	1,450													
<p>*Audit hours in excess of required minimum (625 hours) can be used to qualify toward review hours; however, actual review hours (exclusive of audit hours) cannot be less than 200 hours.</p>														

Practical Experience Component of the CMA Public Accountant Practice Requirements (continued)

Attributes	Specifications	Interpretation Guideline
2. Duration (continued)		<p>2.1 Practical experience must be gained under the supervision of an approved training organization or individual. An approved training organization or individual must meet defined criteria prescribed for the capability to instruct, guide, supervise and evaluate the proficiencies of a CMA seeking to become eligible to practise public accounting.</p> <p>An approved training organization or individual must have a minimum of five (5) years of public accounting experience and must at a minimum be compliant on the two (2) most recent practice inspections.</p> <p>Each province/territory will compile a list of approved training organizations within their jurisdiction.</p>
	2.2 Practical experience may be acquired prior to, concurrent with or subsequent to the public accounting course of study.	<p>2.2 A portion of the required chargeable hours in assurance must be acquired concurrent with or subsequent to the public accounting course of study.</p> <p>No more than 75% of the required (verifiable) chargeable hours in assurance may be acquired prior to undertaking the CMA public accounting course of study.</p>

Practical Experience Component of the CMA Public Accountant Practice Requirements (continued)

Attributes	Specifications	Interpretation Guideline
3. Time Limit	3. CMAs seeking to practise public accounting are allowed a prescribed period of time from the date of passing the CMA Public Accounting Examination to satisfy the Practical Experience Requirements as defined in the National Standard for Public Accounting for Certified Management Accountants.	3. CMAs seeking to practise public accounting are allowed five years from the date of passing the CMA Public Accounting Examination to satisfy the Practical Experience Requirements as defined in the National Standard for Public Accounting for Certified Management Accountants.
4. Evaluation	<p>4.1 The approved training organization or individual provides verification of nature and duration of the member's experience.</p> <p>4.2 The Provincial/Territorial Society/Order evaluates the nature and duration of the member's experience.</p>	<p>4.1 The member shall provide a written report on the nature and duration of the practical experience completed and to be obtained, which shall be agreed to by the approved training organization or individual.</p> <p>4.2.1 Practical experience will be evaluated upon entrance into the CMA Public Accountant process, subsequently when the nature of the member's practice or duties change, and at the completion of the Practical Experience Requirement.</p> <p>4.2.2 The person or persons within the Provincial/Territorial Society/Order who are responsible for confirming the nature and duration of the work experience will meet when necessary with the approved training organization's representatives or the approved training individual to confirm the duration and quality of the work experience.</p>

Practical Experience Component of the CMA Public Accountant Practice Requirements (continued)

Attributes	Specifications	Interpretation Guideline
5. Continuous Renewal	5. Practical Experience Requirement is reviewed to ensure it meets the expectations of business and regulators of the practise of public accounting at a high standard.	5. The CMA Public Accounting Practical Experience Requirement will be reviewed every three years, at a minimum, to ensure it meets the expectations of business and regulators of the practise of public accounting at a high standard.

Ongoing Practice Requirements for CMA Public Accountants

Subsequent to attaining eligibility to practise public accounting, CMA Public Accountants shall comply with ongoing incremental practice requirements designed to maintain their competency in the practise of public accounting and protect the public interest.

Attributes	Specifications	Interpretation Guideline
1. Professional Liability Insurance	1. CMA Public Accountants shall carry professional liability insurance.	1. The minimum level of professional liability insurance will be the greater of the level set by provincial legislation and the Society/Order in the province/territory in which the CMA Public Accountant practices.
2. Rules of Professional Conduct	2. CMA Public Accountants shall be subject to rules of conduct established to protect the public and ensure a uniform and high standard of professional practice and conduct.	2. As a supplement to the provincial/territorial ethical code, rules of professional conduct will be established to guide and regulate the conduct of members in the practise of public accounting at a high standard.
3. Practice Inspections	<p>3.1 CMA Public Accountants shall be subject to practice inspections performed by qualified public accountants under the direction of the Provincial/Territorial Society/Order.</p> <p>3.2 A provincial/territorial Practice Quality Review Committee shall review the findings of the practice inspections and advise the related Management and/or Board/Council on practice matters.</p>	<p>3.1.1 The first inspection of a new practice will be conducted within a two-year period of its inception.</p> <p>On an ongoing basis, each practice will be inspected on a 3- to 4-year cycle contingent upon unqualified findings on the previous practice inspection.</p> <p>3.1.2 To be eligible for continued practise as a CMA Public Accountant, the member shall satisfactorily address on a timely basis any deficiencies noted in a practice inspection.</p>

Ongoing Practice Requirements for CMA Public Accountants (continued)

Attributes	Specifications	Interpretation Guideline
<p>4. Continuous Professional Learning and Development</p>	<p>4.1 CMA Public Accountants shall complete continuous professional learning and development in specified syllabus areas in order to support their ongoing professional competency in the practise of public accounting.</p>	<p>4.1 CMA Public Accountants shall complete a minimum number of continuous professional learning and development hours every three years.</p> <p>Professional learning and development designed to enhance the competencies of the CMA public accountants will be based on the nature of the public accounting services provided (e.g. compilations, assurance) and the nature of clients served (e.g. non-public entity, public entity).</p> <p>Related courses will be assigned learning credits that CMA Public Accountants may apply against the Continuous Professional Learning and Development Requirement specified in the National Standard for Continuous Professional Learning and Development for Certified Management Accountants.</p>
	<p>4.2 CMA Public Accountants providing assurance services to public entities shall demonstrate their proficiency in the evolving principles, standards and practises for public accounting for public entities.</p>	<p>4.2 CMA Public Accountants providing assurance services for public entities will be evaluated on a continuous basis to assess their proficiency in the evolving principles, standards and practises for public accounting for public entities, relating but not limited to accounting, assurance, taxation and professional orientation.</p> <p>CMA Public Accountants providing assurance Services for public entities must be registered with the Canadian Public Accountability Board (CPAB).</p>

Ongoing Practice Requirements for CMA Public Accountants (continued)

Attributes	Specifications	Interpretation Guideline
<p>5. Activity Level in Chosen Scope of Practice</p>	<p>5. CMA Public Accountants shall practise on a continuous basis sufficient to maintain competency in their chosen scope of practice.</p>	<p>5. The minimum level of activity to maintain continuity of practice will be 500 chargeable hours of practice per year in public accounting. Below this level, the provincial/ territorial partner will interview the practitioner to determine if they continue to qualify as a CMA public accounting practitioner. The province/territory will grant permission to continue in practice on an exception basis where extenuating circumstances warrant.</p> <p>The determination of continuity of practice will consider the critical dimensions of public accounting activity including: number and types of clients served, nature of role in the engagements, number of hours devoted to public accounting activity, dollar value of services provided and the results of prior practice inspections.</p> <p>Within the activity level, it is critical to determine that the practitioner is practicing in compliance with GAAP/IFRS, auditing standards, review standards, CICA handbook, CMA by-laws and code of ethics; as well as to ensure that CMA's in public accounting are practicing at sufficiently high standards having regard to accepted standards in the practise of the profession.</p>

Ongoing Practice Requirements for CMA Public Accountants (continued)

Attributes	Specifications	Interpretation Guideline
5. Activity Level in Chosen Scope of Practice (continued)		Key elements considered will include financial statement presentation, quality control for practitioners and assurance engagements, performance of audits, performance of reviews, other reporting options including differential reporting and financial statements prepared using a basis of accounting other than GAAP/IFRS, and performance of compilations, and practice management parameters including adherence to legislative requirements.
6. Discipline	<p>6.1 CMA Public Accountants who are found guilty of professional misconduct under the provincial/territorial ethical code or Rules of Professional Conduct shall be subject to disciplinary action by the governing Provincial/Territorial Society/Order.</p> <p>6.2 The decision of the disciplinary body shall specify the conditions for reinstatement of eligibility to practise public accounting, if applicable.</p>	6.1 Disciplinary and discovery hearings for CMA Public Accountants shall include one CMA Public Accountant, at a minimum, on the hearing committee.



**The National Standard
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Glossary

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Glossary

Accreditation Process

CMA Canada's accreditation process is a post-graduate learning program that develops proficiencies in the knowledge and skills expected of newly qualified professional management accountants.

The accreditation process is based upon a dynamic curriculum guided by an application-based philosophy of learning and governed by continuous improvement principles.

Graduates of the CMA accreditation process have satisfied academic, professional and practical experience performance measures that provide assurance they conform to a pre-determined standard.

Approved Training Organization or Individual

An approved training organization or individual is an organization or individual that has met the defined criteria prescribed for the capability to instruct, guide, supervise and evaluate the proficiencies of a CMA seeking to become eligible to practise public accounting.

Attributes

Attributes are those elements within each component of the National Standard recognized as necessary to attaining the Standard. They are further amplified by specifications (see Specifications).

Audit

According to the CICA Handbook – Section 5090.01, the objective of an audit of financial statements is to express an opinion whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in accordance with generally accepted accounting principles, or in special circumstances another appropriate disclosed basis of accounting consistently applied. Such an opinion is not an assurance as to the future viability of an entity nor an opinion as to the efficiency or effectiveness with which its operations, including internal control, have been conducted.

Centrally Marked

The process of conducting performance evaluations at one location using a marking guide common to all evaluators.

Certified Management Accountant

A professional deemed by CMA Canada to be proficient in that part of the management process that develops and uses both financial and non-financial information to add long-term value by:

- informing the process of strategic planning,
- guiding and implementing strategic plans, and
- monitoring the results of implemented strategies.

Chargeable Hours

Chargeable hours are public accountant-supervised hours normally chargeable to clients, excluding time spent on work of routine clerical nature. Routine clerical work does not include the research, deliberation and development of input into manual, mechanized or electronic systems up to and including the preparation of a trial balance.

Competency

Competency represents a measurable set of skills, level of knowledge and behavioural practises obtained through formal education, and practical experience. It is the ability to perform occupational/professional tasks and duties. However, competency is a term that has many descriptions, definitions and shades of meaning, both in general literature and in application. This lack of precision limits the application of the term and may create confusion.

By way of illustration, the term has been used to mean knowledge, skills and attributes. It has also been described as the ability and willingness to perform a task. Often, it is described or defined as a characteristic of an individual that underlies performance, including not only knowledge and skills, but also personal characteristics such as principles, values, beliefs, attitudes, personality traits and motives.

In light of the many shades of meaning attributed to competency, CMA Canada has chosen to place emphasis on the term 'proficiency' in framing the National Standard for Public Accounting for Certified Management Accountants.

Compilation

According to the CICA Handbook – Section 9200.03, a compilation engagement is one in which a public accountant receives information from a client and arranges it into the form of a financial statement. The public accountant is concerned that the assembly of information is arithmetically correct; however, the public accountant does not attempt to verify the accuracy or completeness of the information provided. Unlike an audit or a review engagement in which the public accountant does sufficient work to issue a communication that provides assurance regarding the financial statements, no expression of assurance is contemplated in a compilation engagement.

Continuous Professional Learning and Development

Through continuous professional learning and development, Certified Management Accountants maintain proficiencies in knowledge and skills previously accredited and advance their understanding of evolving knowledge and skills. Also referred to as Post-Designation Learning.

Degree

A degree is a certificate issued by a tertiary (post secondary) educational institution to recognize the successful completion of an organized program of academic studies, which normally extends over the course of three or four years.

Locally Marked

The process of conducting performance evaluations at multiple locations using marking guides developed in each location.

Profession

A profession is an occupation that typically requires a bachelor's degree from a university, and in most cases a period of postgraduate study. Professions are normally self-regulating, with members adhering to a code of ethics and discipline.

Professional Accountant

An individual who has met the academic, professional and practical experience criteria established by a recognized professional accounting body for the awarding of that body's professional credential. Further, this person continues to meet all the criteria for remaining a member in good standing in that body.

Professional Conduct

Professional conduct is anchored in ethics, the explicit reflection on moral beliefs and practises. All professionals are guided by codes of conduct embodying the ethical principles that govern their performance and behaviour.

A code of conduct must be treated as setting out the minimum standard of behaviour. Where rules are silent, an even greater sense of responsibility is demanded to ensure the course of action followed reflects the general standards established by members of the profession.

For CMAs, the code of ethics and professional conduct is an important element in their formation as Certified Management Accountants and a continuing guide to their behaviour as professionals.

As a professional organization, CMA Canada is obligated to ensure that its members meet a high standard of professional conduct.

Proficiency

The term proficiency refers to the three interrelated dimensions of knowledge, skills, and practical experience needed by CMAs practicing as public accountants to fulfil the requirements of their professional roles and responsibilities.

Knowledge

- Knowledge refers to the information that the practicing public accountant has in specific content areas. Knowledge can be obtained in a number of ways – through formal education and training, learning from others, and practical experience.
- There are three levels of knowledge: basic knowledge, working knowledge, and in-depth knowledge.
 - Basic knowledge means having a passing familiarity of basic issues, practises, developments, etc., and a general understanding and appreciation of their broad implications.
 - Working knowledge means having a good knowledge of related concepts, theories, principles, standards, frameworks, procedures, etc.
 - In-depth knowledge means having a thorough understanding as to why and how things operate.

Proficiency (continued)

Skill

- Skill refers to the ability of the practicing public accountant to perform a physical or mental task. There are three levels of skill: basic, intermediate, and accomplished.
 - Basic means having the ability to operate effectively in relation to straightforward matters and within well-established practice or procedure parameters.
 - Intermediate indicates having the ability to operate effectively in relation to complex matters and to be able to bring to these matters an element of innovation.
 - Accomplished is defined as having the ability to operate effectively in relation to highly complex matters that can be contentious and/or test conventional modes of thinking or practice.

Practical Experience

- Practical experience refers to the practicing public accountant's application of knowledge and skills. There are three aspects of practical experience that are pertinent:
 - the amount or extent of practical experience,
 - the role in which practical experience has been gained, and
 - the context in which practical experience has been gained.

Program Element

A fundamental, essential, or irreducible part of a program that together with other program elements, makes up an entire program.

Public Accountant

A person who provides, or offers to provide, the following types of services:

- Audit or review engagements which may or may not include the rendering of an opinion or other positive or negative statement by the service provider as to the correctness, fairness, completeness or reasonableness of a financial accounting statement or any statement attached or related thereto, and

Public Accountant (continued)

- Compilation services where it can be reasonably expected that all or any portion of the work product prepared by the service provider will be relied upon and/or used by a third party; provided however that compilation services which would otherwise be within the scope of this paragraph (b) will be excluded from the definition if the work product prepared by the service provider includes a notice to reader which provides that any assurance given by the service provider is limited to the accuracy of the computations required in order to complete the compilation (the specific wording of the notice to reader would be as set forth under current CICA 9200, unless and until alternative wording is approved – in Ontario).

Public Accounting

Public accounting is the provision of compilation, review and audit services, relating to a financial accounting statement or any statement attached or related thereto, by an independent party where the information is for third party use. Public accounting does not include the preparation of tax returns.

Public Entity

A public entity is an entity whose securities are publicly traded, either on a stock exchange or on the over-the-counter market.

Quality Control

Quality control refers to the organization's systems and processes employed to ensure that its output or product consistently meets specifications. CMA Canada exercises quality control in its accreditation process, public accounting practice requirements, professional conduct and discipline processes, and post-designation learning policies.

Quality Growth

Quality growth is a conscious policy of developing a critical mass of Certified Management Accountants capable of superior performance in the differentiated territory claimed by CMA Canada and related areas of specialization, including public accounting.

Review

According to the CICA Handbook – Section 8100.05, reviews are distinguishable from audits in that the scope of a review is less than that of an audit and therefore the level of assurance provided is lower. A review consists primarily of enquiry, analytical procedures and discussion related to information supplied to the public accountant by the enterprise with the limited objective of assessing whether the information being reported on is plausible within the framework of appropriate criteria. The word “plausible” is used in the sense of appearing to be worthy of belief based on the information obtained by the public accountant in connection with the review.

Specifications

Specifications are the specific requirements that must be met for each attribute of the National Standard (see Attributes).

Standard

A standard is defined by the International Standardization Organization (ISO) as a documented agreement containing technical specifications or other precise criteria to be used consistently as rules, guidelines, or definitions of characteristics, to ensure that materials, products, processes and services are fit for their purpose. A standard, however, is not framed with the intent to act as a restraint on programming nor to limit innovation or freedom in design to meet the requirements of the standard. Rather, it is a benchmark for knowledge, skills and practical experience against which the practise of a profession is measured and as such does not limit the properties of a program or service to those expressed in the standard.

Standard Setting for CMA Public Accountants

Standard setting is the process of identifying the knowledge and skills within a profession and establishing the required achievement levels in performance of those tasks in a practical environment. Standard setting is an obligation of all professional organizations.

Through its accreditation process, its public accounting eligibility process, its belief in life-long learning for its members, and its commitment to ethical behaviour under a code of professional conduct, CMA Canada establishes and maintains the standards for CMAs practicing public accounting. While the National Standard established by CMA Canada for CMAs to practise public accounting is designed to meet or exceed legislated requirements across the country, should legislation change and exceed the standard defined by CMA Canada, such legislation must take precedence.

Strategic Financial Management Professional

A professional deemed to be proficient by CMA Canada in that part of the management process that develops and uses both financial and non-financial information to add long-term value by:

- informing the process of strategic planning,
- guiding and implementing strategic plans, and
- monitoring the results of implemented strategies.

Syllabus

A syllabus is a summary outline of a program of study or of examination requirements.

University

In Canada, a university is generally defined as an institutional member of the Association of University and Colleges of Canada. To be admitted to the AUCC, such an institution must satisfy, *inter alia*, the following requirements:

- It has the powers it purports to exercise pursuant to authority granted by the Crown or by Statute or by formal agreement with its affiliated or federated university, or the university of which it is a constituent portion.
- It has as its primary mission the provision of university degree programs and offers a full program or programs of undergraduate or graduate studies leading to a degree or degrees conferred by itself or, if federated, affiliated or a constituent, by the parent institution. Such degree programs must be characterized by breadth and depth in the traditional areas of the liberal arts and/or sciences or be of a professional nature (such as medicine, law, teacher education, engineering) with a major liberal arts and/or science component.
- It provides its academic staff with the time and institutional support to engage in scholarship, academic inquiry and research.
- It satisfies the Board of Directors, after receiving a report by a Visiting Committee appointed by the Board of Directors, that it is providing education of university standard.



**Institutional Members of the Association of
Universities and Colleges of Canada (AUCC)**

Institutional Members of the Association of Universities and Colleges of Canada (AUCC) as of September 2009

British Columbia

The University of British Columbia
Emily Carr University of Art and Design
University of the Fraser Valley
Kwantlen Polytechnic University
University of Northern British Columbia
Royal Roads University
Simon Fraser University
Thompson Rivers University
Trinity Western University
Vancouver Island University
University of Victoria

Alberta

University of Alberta
Athabasca University
University of Calgary
Concordia University College of Alberta
The King's University College
University of Lethbridge

Saskatchewan

Campion College
First Nations University of Canada
Luther College
University of Regina
University of Saskatchewan
St. Thomas More College

Manitoba

Brandon University
Canadian Mennonite University
Collège universitaire de Saint-Boniface
University of Manitoba
University of Winnipeg

Ontario

Algoma University
Brescia University College
Brock University
Carleton University
Dominican College of Philosophy and Theology
University of Guelph
Huron University College
King's University College at The University of Western Ontario
Lakehead University
Laurentian University of Sudbury
McMaster University
Nipissing University
Ontario College of Art & Design
University of Ontario Institute of Technology
University of Ottawa
Queen's University
Redeemer University College
Royal Military College of Canada
Ryerson University
Saint Paul University
St. Jerome's University
University of St. Michael's College
University of Sudbury
University of Toronto
Trent University
University of Trinity College
Victoria University
University of Waterloo
The University of Western Ontario
Wilfrid Laurier University
University of Windsor
York University

Quebec

Bishop's University
Concordia University
HEC Montréal
Université Laval
McGill University
Université de Montréal
École Polytechnique de Montréal

Quebec (cont'd)

Université du Québec

Université du Québec à Montréal

Université du Québec à Trois-Rivières

Université du Québec à Chicoutimi

Université du Québec à Rimouski

Université du Québec en Outaouais

Université du Québec en Abitibi-Témiscamingue

Université du Québec : Institut national de la recherche scientifique

Université du Québec : École nationale d'administration publique

Université du Québec : École de technologie supérieure

Université du Québec : Télé-université (now affiliated with UQAM)

Université de Sherbrooke

New Brunswick

Université de Moncton

Mount Allison University

University of New Brunswick

St. Thomas University

Prince Edward Island

University of Prince Edward Island

Nova Scotia

Acadia University

Cape Breton University

Dalhousie University

University of King's College

Mount Saint Vincent University

Nova Scotia Agricultural College

NSCAD University

Université Sainte-Anne

St. Francis Xavier University

Saint Mary's University

Newfoundland and Labrador

Memorial University of Newfoundland



**The National Standard for Public Accounting
for Certified Management Accountants**

**CMA Public Accountant Practice Requirements
for CMAs Providing Compilation Services Only**

CMA Public Accountant Practice Requirements for CMAs Providing Compilation Services Only

Prior to attaining eligibility to provide compilation services only, CMAs shall gain the incremental knowledge, skills and attributes required to perform compilations for third party use as defined in the CMA Public Accounting Syllabus. They shall demonstrate proficiencies appropriate to newly qualified public accountants capable of performing compilations for third party use at a high standard.

Attributes	Specifications	Interpretation Guideline
1. Eligibility	1. Satisfied all aspects of the National Standard described in <i>“Entrance into the CMA Public Accountant Process”</i> .	
2. Education 2.1 Aim	2.1 Syllabus provides CMAs with the incremental knowledge, skills and attributes required to perform compilations for third party use at a high standard.	2.1 The knowledge, skills and attributes required to perform compilations for third party use at a high standard that are incremental to the knowledge, skills and attributes already established by the CMA designation are defined within the CMA Public Accounting Syllabus, found in Appendix D.
2.2 Design	2.2.1 Syllabus covers all incremental topical areas required to perform compilations for third party use at a high standard. 2.2.2 Syllabus describes the cognitive skill levels to be attained in each topical area.	
2.3 Outcome	2.3 The CMA Public Accountant is proficient in the knowledge, skills and attributes required to perform compilations for third party use at a high standard.	

CMA Public Accountant Practice Requirements for CMAs Providing Compilation Services Only (continued)

Attributes	Specifications	Interpretation Guideline
2.4 Continuous Renewal	2.4 Syllabus is reviewed to ensure it meets the expectations of business and regulators of the provision of compilation services at a high standard.	2.4 The CMA Public Accounting Syllabus will be reviewed every three years, at a minimum, to ensure it meets the expectations of business and regulators of the provision of compilation services at a high standard.
3. Examination 3.1 Applicability	3.1 CMAs seeking to provide compilation services only shall demonstrate proficiency in the incremental knowledge, skills and attributes required to perform compilations for third party use at a high standard through practical experience; an examination is not applicable.	
4. Practical Experience 4.1 Nature	4.1 CMAs seeking to provide compilation services apply the required knowledge, skills and attributes to real world issues so as to perform compilations for third party use at a high standard.	4.1 CMAs seeking to provide compilation services are able to apply the required knowledge, skills and attributes to real world issues at a level of proficiency appropriate to newly qualified public accountants capable of performing compilations for third party use at a high standard.

CMA Public Accountant Practice Requirements for CMAs Providing Compilation Services Only (continued)

Attributes	Specifications	Interpretation Guideline
<p>4.2 Duration</p>	<p>4.2.1 The duration of practical experience is sufficient to provide assurance that a newly eligible CMA Public Accountant providing compilation services only is capable of functioning at a professional level.</p>	<p>4.2.1 Practical experience will be comprised of a minimum number of chargeable hours of approved experience as defined by the related Provincial/Territorial Society/Order.</p> <p>An approved training organization or individual must have a minimum of three (3) years of public accounting experience and at a minimum be compliant on the most recent practice inspections.</p> <p>Each province/territory will compile a list of approved compilations only training organizations within their jurisdiction.</p> <p>Practical experience and the experience provider must be pre-approved by the Provincial/Territorial Society/Order, as must any changes.</p> <p>Practical experience must be gained under the supervision of a approved training organization or individual. An approved training organization or individual must meet the defined criteria prescribed for the capability to instruct, guide, supervise and evaluate the proficiencies of a CMA seeking to become eligible to practise public accounting.</p> <p>Practical experience for Compilation Services Only will require 200 chargeable hours of compilation and tax work related to compilations. A minimum of 100 chargeable hours must be compilation experience.</p>

CMA Public Accountant Practice Requirements for CMAs Providing Compilation Services Only (continued)

Attributes	Specifications	Interpretation Guideline
4.2 Duration (continued)	4.2.2 Practical experience may be acquired prior to, concurrent with or subsequent to the public accounting course of study.	
4.3 Time Limit	4.3 CMAs seeking to provide compilation services only are allowed a prescribed period of time from the date of completing the public accounting course of study to satisfy the Practical Experience Requirements as defined in the National Standard for Public Accounting for Certified Management Accountants.	4.3 CMAs seeking to provide compilation services only are allowed three years from the date of completing the public accounting course of study to satisfy the Practical Experience Requirements as defined in the National Standard for Public Accounting for Certified Management Accountants.
4.4 Evaluation	<p>4.4.1 The approved training organization or individual provides verification of nature and duration of the member's experience.</p> <p>4.4.2 The Provincial/Territorial Society/Order evaluates the nature and duration of the member's experience.</p>	<p>4.4.1 The member shall provide a written report on the nature and duration of the practical experience completed and to be obtained, which shall be agreed to by the approved training organization or individual.</p> <p>4.4.2.1 Practical experience will be evaluated upon entrance into the CMA Public Accountant process, subsequently when the nature of the member's practice or duties change, and at the completion of the Practical Experience Requirement.</p> <p>4.4.2.2 The person or persons within the Provincial/Territorial Society/Order who are responsible for confirming the nature and duration of the work experience will meet when necessary with the approved training organization's representatives or the approved training individual to confirm the duration and quality of the work experience.</p>

CMA Public Accountant Practice Requirements for CMAs Providing Compilation Services Only (continued)

Attributes	Specifications	Interpretation Guideline
4.5 Continuous Renewal	4.5 Practical Experience Requirement is reviewed to ensure it meets the expectations of business and regulators of the provision of compilation services at a high standard.	4.5 The CMA Public Accounting Practical Experience Requirement will be reviewed every three years, at a minimum, to ensure it meets the expectations of business and regulators of the provision of compilation services at a high standard.

Ongoing Practice Requirements for CMAs Providing Compilation Services Only

CMAs who become eligible to provide compilation services only shall comply with Ongoing Practice Requirements for CMA Public Accountants to maintain their competency in the practise of public accounting and protect the public interest.

Attributes	Specifications	Interpretation Guideline
1. Professional Liability Insurance	1. CMA Public Accountants shall carry professional liability insurance.	1. The minimum level of professional liability insurance will be the greater of the level set by provincial legislation and the Society/Order in the province/territory in which the CMA Public Accountant practises.
2. Rules of Professional Conduct	2. CMA Public Accountants shall be subject to rules of conduct established to protect the public and ensure a uniform and high standard of professional practice and conduct.	2. As a supplement to the provincial/territorial ethical code, rules of professional conduct will be established to guide and regulate the conduct of members in the practise of public accounting at a high standard.
3. Practice Inspections	<p>3.1 CMA Public Accountants shall be subject to practice inspections performed by qualified public accountants under the direction of the Provincial/Territorial Society/Order.</p> <p>3.2 A provincial/territorial Practice Quality Review Committee shall review the findings of the practice inspections and advise the related Management and/or Board/Council on practice matters.</p>	<p>3.1.1 The first inspection of a new practice will be conducted within a two-year period of its inception.</p> <p>On an ongoing basis, each practice will be inspected on a 3-4 year cycle contingent upon unqualified findings on the previous practice inspection.</p> <p>3.1.2 To be eligible for continued practise as a CMA Public Accountant, the member shall satisfactorily address on a timely basis any deficiencies noted in a practice inspection.</p>

Ongoing Practice Requirements for CMAs Providing Compilation Services Only (continued)

Attributes	Specifications	Interpretation Guideline
4. Continuous Professional Learning and Development	4.1 CMA Public Accountants shall complete continuous professional learning and development in specified syllabus areas in order to support their ongoing professional competency in the practise of public accounting.	4.1 CMA Public Accountants shall complete continuous professional learning and development in specified syllabus areas every three years, at a minimum. The syllabus areas will be specified based on the nature of the public accounting services provided (e.g. compilations, assurance) and the nature of clients served (e.g. non-public entity, public entity). Related courses will be assigned learning credits that CMA Public Accountants may apply against the Continuous Professional Learning and Development Requirement specified in the National Standard for Continuous Professional Learning and Development for Certified Management Accountants.
5. Activity Level in Chosen Scope of Practice	5. CMA Public Accountants shall practise on a continuous basis sufficient to maintain competency in their chosen scope of practice.	5. The minimum criteria will be expressed as a composite of the critical dimensions of public accounting activity, including: number and types of clients served, nature of role in the engagements, number of hours devoted to public accounting activity, dollar value of services provided, and the results of prior practice inspections.

Ongoing Practice Requirements for CMAs Providing Compilation Services Only (continued)

Attributes	Specifications	Interpretation Guideline
6. Discipline	<p>6.1 CMA Public Accountants who are found guilty of professional misconduct under the provincial/territorial ethical code or Rules of Professional Conduct shall be subject to disciplinary action by the governing Provincial/Territorial Society/Order.</p> <p>6.2 The decision of the disciplinary body shall specify the conditions for reinstatement of eligibility to practise public accounting, if applicable.</p>	6.1 Disciplinary and discovery hearings for CMA Public Accountants shall include one CMA Public Accountant, at a minimum, on the hearing committee.

Incremental Syllabus for CMAs to Practise Public Accounting



January 2005

Table of Contents

Introduction..... 1

Sections:

1. Financial Accounting..... 3

2. Taxation..... 5

3. Assurance 12



Incremental Syllabus for CMAs to Practise Public Accounting

Introduction

In May 2004, the CMA Canada National Board of Directors approved the *National Standard for Public Accounting for Certified Management Accountants*. The purpose of establishing this standard was to provide assurance that CMA Canada's public accounting practice regulations integrate the features and characteristics necessary to meet the high quality standards demanded for public accounting. This standard was developed with reference to *The National Standard for the Accreditation of Certified Management Accountants* and it defines the incremental requirements for designated CMA members to become eligible for the practise of public accounting.

The National Standard for Public Accounting for Certified Management Accountants sets out the following education requirement:

“Prior to attaining eligibility to practise the full scope of public accounting, CMAs shall gain the incremental knowledge, skills and attributes required to perform public accounting at a high standard as defined in the CMA Canada Public Accounting Syllabus.”

This document represents incremental syllabus content for the post-designation requirements to practise public accounting as defined in the National Standard for Public Accounting for Certified Management Accountants.

Introduction

In order to communicate the expectations of the CMA Public Accounting Examination, each topic area in the syllabus includes the following:

Overview – to provide a context as to why the topic area is included in the syllabus.

Aims – to specify general testing objectives relating to the topic content.

Objectives – to indicate the cognitive skills and learning objectives to be tested for each topic and subtopic in the syllabus. The cognitive skill level expectations are based on Bloom’s Taxonomy of Educational Objectives. The cognitive skills tested are as follows:

1. **Knowledge** — This is the most basic level of learning, and requires the recognition and recall of basic facts. Objectives use words such as *define, list, describe, identify*.
2. **Comprehension** — In addition to recalling the information, the candidate can demonstrate that he or she understands the material. Objectives use words such as *explain, differentiate, summarize*.
3. **Application** — This level involves the use of knowledge and comprehension. After learning rules, principles and quantitative methods, the candidate applies this knowledge to problem situations. Objectives use words such as *calculate, use, formulate, determine, prepare*.

	Knowledge	Comprehension	Application
1. Knowledge — This is the most basic level of learning, and requires the recognition and recall of basic facts. Objectives use words such as <i>define, list, describe, identify</i> .	✓		
2. Comprehension — In addition to recalling the information, the candidate can demonstrate that he or she understands the material. Objectives use words such as <i>explain, differentiate, summarize</i> .		✓	
3. Application — This level involves the use of knowledge and comprehension. After learning rules, principles and quantitative methods, the candidate applies this knowledge to problem situations. Objectives use words such as <i>calculate, use, formulate, determine, prepare</i> .			✓

The required cognitive skill level is indicated by a checkmark on a table to the right of each objective.

1. Financial Accounting

Overview

The CMA Canada Entrance Examination Syllabus defines the knowledge skills and attributes required for CMAs in the area of Financial Accounting. Within the CMA Canada Entrance Examination Syllabus, the subject of “*long-term investments and business combinations*”, including “*consolidations*”, is identified as requiring a comprehension level of knowledge. The practise of public accounting requires a deeper level of understanding at an application level and is therefore included within the CMA Canada Public Accounting Syllabus.

Aim

To test a CMA’s ability to prepare an organization’s consolidated financial statements in accordance with generally accepted accounting principles.

Knowledge	Comprehension	Application
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1. Financial Accounting

1.1 Consolidations

- Account for unrealized profits in inventory, land and depreciable assets and the implications for future income taxes.
- Prepare a set of consolidated financial statements.
- Account for indirect shareholdings.
- Account for consolidation of subsidiaries with preferred shares outstanding.
- Calculate the gain or loss resulting from reductions in ownership
- Prepare a consolidation of a joint venture using proportionate consolidation

		✓
		✓
		✓
		✓
		✓
		✓

1.2 Revaluation of Assets and Liabilities

- *Comprehensive revaluation of assets and liabilities*

		✓
--	--	---

2. Taxation

Overview

The CMA Canada Entrance Examination Syllabus defines the knowledge skills and attributes required for CMAs in the area of Taxation. The Entrance Examination Syllabus specifies that candidates understand tax principles and broad tax planning concepts. The practise of Public Accounting requires a more detailed level of understanding of taxation, both at a comprehension and at an application level of understanding. Taxation is therefore included within the CMA Canada Public Accounting Syllabus as an incremental knowledge area.

Aim

To test a CMA’s comprehensive understanding of the federal taxation system in Canada.

Knowledge	Comprehension	Application
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1. Federal Taxation in Canada

1.1 The Canadian Tax System and Legislation

- Explain the following concepts relating to tax administration, returns, assessments, payment and appeals:
 - Other returns
 - Electronic filing of returns
 - Assessment-important dates
 - Notice of assessment
 - Objections to assessments and the appeal process
 - Taxpayer’s representative
 - Misrepresentation by third party
 - Refunds and interest

	✓	
	✓	
	✓	
	✓	
	✓	
	✓	
	✓	
	✓	

Knowledge	Comprehension	Application
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1. Federal Taxation in Canada

1.1 The Canadian Tax System and Legislation (continued)

- Discuss the following rules applicable to all taxpayers:

- Foreign tax credit
- Minimum tax
- Changes in residence

	✓	
	✓	
	✓	

- Explain the following rules relating to financially troubled businesses:

- Unpaid amounts
- General rules for debt forgiveness

	✓	
	✓	

1.2 Principles of Tax and Estate Planning

- Explain the following concepts relating to estate planning and tax planning:

- Basic rules that apply for death of a taxpayer
- Reserves for year of death
- Charitable donations
- Inter vivos transfers – spouse
- Arm’s length and affiliated persons
- Extended meanings – “child”, “parent”, “spouse”, “former spouse”
- Introduction to trusts

	✓	
	✓	
	✓	
	✓	
	✓	
	✓	

- General definitions and liability
- Types of trusts – testamentary, inter vivos
- Income determination for trusts

	✓	
	✓	
	✓	

Knowledge	Comprehension	Application
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2. Net Income for Tax Purposes

2.1 Income (loss) from office and employment.

- Explain the rules applicable to individuals in the following sections:

- Tax payable under Part I

	✓	
--	---	--

- Non-refundable tax credits:

- Personal, age and pension credits

	✓	
--	---	--

- Other tax credits

	✓	
--	---	--

- Transfer of unused credits

	✓	
--	---	--

- Part year and non-resident

	✓	
--	---	--

- Ordering of credits

	✓	
--	---	--

- Credits in separate returns

	✓	
--	---	--

- Income for the year

	✓	
--	---	--

- Minimum tax carry-over

	✓	
--	---	--

- Overseas employment tax credit

	✓	
--	---	--

- Refundable tax credits:

- Goods and services tax credit

	✓	
--	---	--

- Refundable medical expense supplement

	✓	
--	---	--

- Child tax benefit

	✓	
--	---	--

Knowledge	Comprehension	Application
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2. Net Income for Tax Purposes

2.1 Income (loss) from office and employment (continued)

- Compute the following taxable income deductions:
 - Worker’s compensation social assistance, etc.
 - Home relocation loan
 - Lump sum payments
 - Charitable gifts
 - Gifts of capital property
 - Gifts made by partnership
 - Capital gains deduction
 - Losses deductible
 - Net capital losses
 - Net capital losses in year of death
 - Limitation on deductibility & change in control

		✓
		✓
		✓
		✓
		✓
		✓
		✓
		✓
		✓
		✓
		✓
		✓

2.2 Business and Property Income

- Explain the following concepts relating to Income or loss from a business or property:
 - Extended meaning of carrying on business
 - Owner manager tax planning: Incorporation
 - Limitation on certain interest, property tax and construction cost
 - Amounts to be included — dividends
 - Deductibility of interest expense
 - Split income
 - Reserves

	✓	
	✓	
	✓	
	✓	
	✓	
	✓	
	✓	

Knowledge	Comprehension	Application
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2. Net Income for Tax Purposes

2.2 Business and Property Income (continued)

- Convention expenses
- Foreign taxes
- Accrued bond interest
- Ceasing to carry on business
- Professional business, work in progress of professionals

	✓	
	✓	
	✓	
	✓	
	✓	

2.3 Other Sources of Income Inclusions and Deductions

- Explain the rules pertaining to the following other income inclusions and deductions:
 - Indirect payments
 - Interest-free or low-interest loans
 - Exemptions — municipalities in Canada

	✓	
	✓	
	✓	

2.4 Capital Gains and Losses

- Explain the following special rules relating to taxable capital gains and allowable capital losses:
 - Proceeds of disposition – allocation
 - Election – disposition of Canadian Securities
 - Limitations, re reserves
 - Principal residence
 - Small business share rollover
 - Special rules
 - Dispositions to affiliated persons
 - Options & convertible property
 - Adjusted cost base — deductions
 - Corporate dividend — transfer of property

	✓	
	✓	
	✓	
	✓	
	✓	
	✓	
	✓	
	✓	
	✓	
	✓	

Knowledge	Comprehension	Application
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2. Net Income for Tax Purposes (continued)

2.5 Deferred Income Plans and Other Sources of Income and Deductions

- Discuss the following concepts relating to deferred income plans:
 - Registered Education Savings Plan
 - Registered Retirement Income Funds
 - Transfers between plans
 - Exemptions from Part I tax

	✓	
	✓	
	✓	
	✓	

2.6 Taxes Payable by Corporations

- Explain the rules applicable to investment income from associated corporation deemed to be active business income.
- Explain the following concepts related to business combinations and corporate reorganizations:
 - Sale of a business – assets or shares
 - Non-arm’s length sale of shares – deemed dividend
 - Transfer of property to corporation
 - Mergers, divestitures & acquisitions – basic rules and planning opportunities:
 - Share for share exchange
 - Section 86 reorganization
 - Amalgamations
 - Winding up a subsidiary
 - Winding up other companies
 - Planning opportunities — capital gains deduction

	✓	
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	✓	
	✓	
	✓	

	✓	
	✓	
	✓	
	✓	
	✓	
	✓	

Knowledge	Comprehension	Application
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2. Net Income for Tax Purposes (continued)

2.7 Partnerships

- Explain the following rules relating to partnerships and their members:
 - *Partnerships – general rules*
 - Limited partnerships – at risk rules
 - Contribution of property
 - Terminated partnership
 - Information returns

	✓	
	✓	
	✓	
	✓	
	✓	

2.8 Other Taxes

- Explain the following rules relating to specialized areas:
 - Tax on old age security benefits
 - Part I.3 Tax on large corporations
 - Tax on certain taxable dividends
 - Non-resident — Tax on income from Canada interest, rents or royalties, alimony, dividends

	✓	
	✓	
	✓	
	✓	

3. Assurance

Overview

This section covers knowledge of auditing and assurance.

As a public accounting practitioner, standards of conduct and professional ethics are of paramount importance. Consequently, in addition to a code of professional ethics, the conduct of practitioners in public practice must be guided by standards in the following areas:

- Competency
- Integrity
- Reputation
- Independence
- Objectivity
- Due Care
- Confidentiality
- Unlawful Activities
- Disciplinary Procedures

Aim

To test a CMA's understanding of ethics, standards of conduct, the audit environment, auditing standards (including assurance and other engagements), audit evidence, the audit process, the audit approach for specific areas and in the public sector.

Knowledge	Comprehension	Application
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1. Professional Ethics in Public Accounting

1.1 Standards of Conduct - Relations

- Explain standards of conduct as it applies to the following aspects of relations with fellow members and with non-members engaged in public accounting:
 - Joint engagements
 - Special assignments
 - Communication with predecessor accountant
 - Non-solicitation of engagements

	✓	
	✓	
	✓	
	✓	

1.2 Standards of Conduct – Professional Practice

- Explain standards of conduct that apply to a public accounting practice:
 - Practise of public accounting
 - Practise of related functions concurrently with public accounting
 - Recording of work performed
 - Right of access to public accountant's records
 - Acceptance of engagements
 - Management of engagements
 - Liability insurance

	✓	
	✓	
	✓	
	✓	
	✓	
	✓	
	✓	

Knowledge	Comprehension	Application
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2. The Audit Environment

2.1 Audit Environment

- Explain the nature, objectives, and public expectations of an audit, including the responsibility to detect and communicate misstatements and illegal acts, statutory requirements for financial statement audits, and legal liability of the auditor:
- Discuss management’s role and responsibility in an audit

		✓
		✓

2.2 Audit Committees

- Explain the responsibilities of audit committee relating to: financial reporting, the work of the external auditor, the work of the internal auditor, and corporate behaviour

	✓	
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3. Auditing Standards

3.1 Generally Accepted Auditing Standards

- Discuss the following issues relating to auditing standards:
 - Formulation of auditing standards in Canada
 - General standard
 - Examination standards
 - Reporting standards

	✓	
		✓
		✓
		✓

3.2 Standards for Assurance Engagements

- Explain the definitions and underlying concepts of an assurance engagement, including the attest engagement, the direct reporting engagement, the audit engagement and the review engagement
- Discuss the general, performance, and reporting standards relating to the above engagements

		✓
		✓

Knowledge	Comprehension	Application
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3.2 Standards for Assurance Engagements (continued)

- Discuss the following issues relating to audit engagements:
 - General-purpose financial statements
 - Special-purpose financial statements
 - Financial information other than financial statements
 - Compliance with agreements, statutes and regulations
 - Control procedures at a service organization
 - Compliance with legislative and related authorities in the public sector
 - Value-for-money auditing in the public sector
 - Auditor involvement with prospectuses and other offering engagements

		✓
		✓
		✓
		✓
		✓
		✓
	✓	
	✓	

3.3 Review Engagements

- Discuss standards relating to review engagements i.e. general, review, reporting (standard review engagement report, reservations in the review engagement report, other modifications to the review engagement report)
- Explain reviews of financial statements, reviews of financial information other than financial statements, and reviews of compliance with agreements and regulations
- Formulate the following issues relating to review engagements:
 - General-purpose financial statements
 - Special-purpose financial statements
 - Financial information other than financial statements
 - Compliance with agreements and regulations
 - Interim financial statements

		✓
		✓

		✓
		✓
		✓
		✓
		✓

Knowledge	Comprehension	Application
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3.4 Other Engagements

- Discuss the following issues relating to other engagements:

- Compilation engagements
- Compilation of future-oriented financial information
- Operational audits
- Continuous auditing
- Investigative/forensic audits
- Environmental audits
- Emerging services
- Specified auditing procedures
- Reports on application of accounting principles, auditing standards and review standards
- Derivative reporting
- Auditor involvement with prospectuses and other offering documents, including auditor assistance to underwriters and others
- Examination of a financial forecast or projection included in a prospectus or other offering document
- Foreign reporting (international accounting standards and international standards on auditing)
- Auditor review of interim financial statements
- Audit of financial statements affected by environmental matters
- Applying audit procedures to segment disclosures in financial statements
- Using a legal opinion as audit evidence concerning a transfer of receivables

		✓
	✓	
	✓	
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	✓	
	✓	
	✓	
	✓	

	Knowledge	Comprehension	Application
3.4 Other Engagements (continued)			
▪ The auditor’s consent and comfort in connection with securities offering documents		✓	
▪ Value-for-money auditing in the public sector		✓	
▪ Services on matters relating to solvency		✓	
▪ Audit of employee future benefits — defined benefit plans		✓	
3.5 Communication of Matters – Financial Statement Audit			✓
3.6 Related Services			
▪ Discuss reports on the results of applying specified audit procedures to financial information other than financial statements		✓	
▪ Explain the nature, terms of engagement, professional standards, and communication protocols relating to compilation engagements			✓
▪ Discuss reporting on the application principles, auditing standards or review standards			✓
3.7 Other Topics			
▪ Discuss the auditor’s involvement with prospectuses and other offering documents		✓	
▪ Discuss the auditor’s involvement with future oriented financial information, including examination of a financial forecast or projection and compilation of future oriented financial information		✓	
3.8 Public Practice Review and Quality Control			✓

Knowledge	Comprehension	Application
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4. Audit Evidence

- Formulate the following aspects of audit evidence:
 - Appropriateness, including relevance to financial statement assertions and reliability (i.e., nature and sources of audit evidence)
 - Sufficiency
 - Methods of obtaining evidence
 - Documentation of evidence, including purpose of audit working papers and standards for working paper preparation
 - Audit of accounting estimates
 - Audit evidence considerations when an enterprise uses a service organization
 - Audit evidence considerations for related party transactions
 - Using the work of internal audit
 - Reliance on another auditor
 - Using the work of a specialist

		✓
		✓
		✓
		✓
		✓
		✓
		✓
		✓
		✓
		✓

5. The Audit Process

5.1 Planning

- Formulate the following issues relating to the planning of an audit:
 - Knowledge of an entity's business
 - Materiality (definition, use and determination)
 - Audit risk
 - Types of risk factors (inherent, control, detection)
 - Preliminary assessment of control risk

		✓
		✓
		✓
		✓
		✓

Knowledge	Comprehension	Application
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5.1 Planning (continued)

- Preliminary assessment of control environment and relevant control systems
- Efficiency considerations
- *Design of procedures to support control risk assessment below maximum*

		✓
		✓
		✓

5.2 Execution of Audit Strategy

- Formulate the following issues relating to the execution of an audit:
 - Combined audit approach, including documentation of control systems, documentation of evidence to support control risk assessment below maximum, revisions to preliminary control risk assessment, design of substantive procedures based on control risk assessment
 - Substantive audit approach, including documentation of control systems, assessment of control risk at maximum, design of substantive procedures based on control risk assessment
 - Nature, extent and timing of audit procedures, including materiality and audit risk considerations and sampling techniques
 - Analysis
 - Computer assisted audit techniques
 - Communication with law firms
 - Management's letter of representation
 - Subsequent events
 - Assessing the effect of misstatements, including aggregation/projection of misstatements, disagreements with accounting estimates, materiality considerations, and financial statement presentation considerations

		✓
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		✓
		✓
		✓
		✓
		✓
		✓
		✓

Knowledge	Comprehension	Application
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5.3 Reporting

- Formulate the following issues relating to audit reporting:
 - Auditor's standard report, including form and content, effect of changes in GAAP or the application thereof, and effect of a departure from a CICA Handbook recommendation that would have resulted in misleading financial statements
 - Reservations in the auditor's report, including determining if a reservation is necessary
 - Reporting on a basis of accounting other than GAAP
 - Date of the auditor's report
 - Foreign reporting
 - Reporting on comparative financial statements
 - Auditor's involvement with annual reports
 - Special auditor's reports, including auditor's reports on financial information other than financial statements, auditor's reports on compliance with aspects of contractual agreements, statutes and regulations, opinions on control procedures at a service organization, and audit reports on summarized financial statements

		✓
		✓
		✓
		✓
		✓
		✓
		✓
	✓	

6. Audit Approach for Specific Areas

6.1 Cash Processes

- Formulate the audit considerations pertaining to cash processes, in particular with respect to the source of cash, receipt of cash, cash handling and custody, and cash disbursements

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Knowledge	Comprehension	Application
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6.2 Sales and Receivables Processes

- Formulate the audit considerations pertaining to sales and receivables processes, in particular with respect to generating receivables, disposition of receivables, and policy aspects

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6.3 Purchases and Payables Processes

- Formulate the audit considerations pertaining to purchases and payables processes, in particular with respect to generating payables, intermediate administration, and payment

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6.4 Payroll

- Formulate the audit considerations pertaining to payroll processes, in particular with respect to sources of payroll data, payroll preparation, and payment of salaries and wages

		✓
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6.5 Securities

- Formulate the audit considerations pertaining to securities, in particular with respect to receiving, handling and release

		✓
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7. Auditing in the Public Sector

- Discuss issues relating to auditing in the public sector, including auditing financial statements of government and other public sector entities, auditing for compliance with legislative and related authorities, and value-for-money auditing standards

	✓	
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8. New Handbook Sections

	✓	
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