

## MESSAGE TO CANDIDATES

### Introduction

The Post-Designation Public Accounting (PDPA) exam provides an opportunity for candidates who have not previously met the requirements for public accounting practice to demonstrate competency in the profession's standards and meet the regulatory requirements for public accounting licensure in their jurisdictions.

Public accountants perform services that can reasonably be expected to be relied upon or used by a third party. As a result, the Board of Examiners (BOE) expects PDPA candidates to demonstrate depth of knowledge in the areas of Assurance and Financial Reporting, breadth of knowledge in the area of Taxation, and sufficient competence overall.

The intent of this message is to highlight common areas of deficiency and offer advice from the BOE in order to help candidates understand how to improve their performance on the PDPA exam.

### General Comments

The PDPA exam consists of a case portion and a multiple-choice-question (MCQ) portion. Overall, candidates generally performed as expected on the MCQ portion of the exam, but performance on the case portion did not meet the BOE's expectations. Given that the case portion represents almost one-half of the exam, this significantly affects a candidate's ability to pass the exam.

Candidates must meet multiple requirements to pass the exam. Most candidates who failed the exam did so as a result of failing to demonstrate depth in Assurance and/or Financial Reporting.

The quality of responses on the case portion of the exam varied widely. While some candidates clearly demonstrated their application of the CPA Way in their analysis — identifying the issue, providing sufficient analysis, and reaching conclusions consistent with their analysis — weak candidates often jumped to a conclusion without first discussing the factors that would support that conclusion. Strong candidates were able to provide sufficient analysis by ensuring that they identified guidance from the *CPA Canada Handbook*, where appropriate, and integrating relevant case facts in their analysis. Many weak candidates provided only generic discussions and did not attempt to apply the guidance to the specific case facts presented, or they copied and pasted large sections of the *CPA Canada Handbook* and did not provide a supported conclusion by integrating case facts with this guidance. Many weak candidates also demonstrated technical weakness in their analysis. In addition, strong candidates appeared to have allocated their time appropriately, spending sufficient time on the case portion and providing appropriate analysis of each issue identified.

Weak candidates generally provided shorter responses than was expected, given the suggested time of two hours for the case portion. It is unclear whether these candidates managed their time inappropriately or lacked the technical knowledge to address the issues in the case, but their responses were of insufficient length to demonstrate appropriate depth of analysis on the case issues.



## **Comments by Competency Area**

### Assurance (Case Component and 10 MCQs)

Overall, performance on the Assurance requests in the case was disappointing. Candidates struggled with typical requests, such as providing an audit planning memo and discussing the internal control weaknesses presented. For example, in their audit planning memo, some candidates struggled to explain why each identified risk factor would increase the chance of errors in the financial statements. Other candidates struggled to sufficiently describe the users of the financial statements in their materiality discussion. Many candidates tied their materiality calculation to the level of risk instead of the sensitivity of the users. For the required on internal controls, many candidates were able to identify the weaknesses but struggled to adequately discuss the implication of a weakness or to provide a valid, sufficiently detailed recommendation that would address it. The BOE expected candidates to perform better on these assessment opportunities since the requirements related to these topics were very typical, with no additional complexity. Candidates are reminded that it is important to ensure they understand the fundamentals of Assurance, given the likely tasks they will perform as public accountants.

For the less common Assurance requests, candidates were generally able to identify the required and attempt an analysis. However, at times the depth of analysis was insufficient, with many candidates failing to incorporate specific case facts into their discussions or explain why there was a concern.

Performance on the Assurance MCQs was in line with the BOE's expectations.

### Financial Reporting (Case Component and 10 MCQs)

Performance in the Financial Reporting competency area was generally weak. Candidates struggled with their analyses of various issues in the case. Some provided incorrect technical knowledge, while others had the correct technical knowledge but did not demonstrate an ability to apply it to the specific case facts presented. This prevented candidates from demonstrating sufficient competence across the Financial Reporting requests. For example, in their discussion of revenue recognition, many candidates focused on the more minor criterion of the standard (e.g., whether a contract existed) and did not adequately discuss the significant criterion regarding performance. In addition, candidates struggled to identify the appropriate guidance for some of the non-routine transactions presented. Candidates are reminded that it is important to spend sufficient time analyzing the issues presented and discussing the relevant guidance from the *CPA Canada Handbook* before providing a conclusion on how a particular issue should be accounted for.

Performance on the Financial Reporting MCQs was in line with the BOE's expectations.

### Taxation (30 MCQs)

Performance on the Taxation MCQs was in line with the BOE's expectations.

### Finance and Strategy and Governance (10 MCQs)

Candidates performed as expected on the Finance portion of the exam and better than expected on the Strategy and Governance portion of the exam.