The Revised CPA Competency Map

Critical Review of the Expectation Performance Gap in GST Knowledge for Newly Trained Accountants

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Agenda

Background
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Expectation-Performance Gap
Competency, Knowledge and Performance
Academic Research on Accountant Competencies
Theoretical Context
Background

“Ignore GST / HST implications”

CPA Canada competency map changes effective January 2019 (Chartered Professional Accountants of Canada, 2019)

- Increased GST technical competencies required of an accountant seeking to demonstrate competence in taxation elective
- Incorporate GST knowledge into core modules

Timeline

- Changes embedded in the curriculum of PEP for offerings starting after January 2019
- First tested on CFE September 2020
- University level courses to integrate knowledge into pre-requisite courses by September 2021
- Integration into PREP throughout 2019 and 2020
- Taxation elective after September 2019
Background

Value added taxes (VAT) were introduced in 1991 as a successor to the more complex Manufacturer’s Sales Tax (Bolton & Dollery, 2005).

Implementation and ongoing compliance requirements were supposed to be straightforward. Canadian VAT model (GST / HST) is an end-user, consumer based tax.

Critics of GST argue there is a risk of inappropriate refund of net tax slowing down legitimate refund claims (Drysdale, 2010).

Canadian Federation of Independent Businesses 2008: $12.6 billion a year in compliance costs and tax advice.

Justification for leaving GST / HST out of CM is VAT varies by province or territory.

- GST or HST is a common thread in all provinces / territory
- Personal income tax system varies by province / territory
Competency Map

Level C: Retrieval and comprehension skills
Level B: Demonstrate knowledge, analyze problems and draw logical conclusions in routine situations that have low to moderate complexity
Level A: Demonstrate knowledge, analyze problems in sufficient depth and draw conclusions in routine situations that have low to moderate complexity

Revised CPA Competency Map: Taxation Competency (Chartered Professional Accountants of Canada, 2019)

◦ Candidates need to demonstrate they can explain and discuss GST concepts (Level C with some Level B)
◦ Comparison: candidates need to be able to analyze and advise on corporate and personal income taxes (Level A)

◦ No existing academic study on technical competencies of Canadian accountants
Expectation-Performance Gap

Definition

A perceived mis-match between the competencies which the public or employers expects and perceives newly trained accountants to possess and the competence newly trained accountants can demonstrate in a technical area (Bui & Porter, 2010)

RQ1: Has the Canadian accounting profession adequately addressed any expectation-performance gap on the competencies of newly trained Canadian professional accountants in GST knowledge?

RQ2: If accountants are obtaining competencies in GST technical areas, how are they obtaining this knowledge.
Competency, knowledge and performance

Competency framework is a high-level description of the competencies an accounting professional should possess (Barac 2009).

Performance is what can be observed under typical working circumstances. Knowledge does not guarantee competent professional performance (Boritz and Carnaghan, 2003). Based on Klemp (1977), amount of knowledge in a content area is unrelated to superior performance in an occupation.

“Competence is a basic or minimal ability to do something” (Garner & Black, 1999)
Academic Research
Accountant Competencies

Morpurgo (2014): Examined the extent to which post-graduate professional education programs in accounting contribute to the development of meta-competencies.

Naidoo, Jackling, Oliver & Prokofieva (2013): Australian empirical study of recent graduates, employers and course teaching teams provided perceptions of students’ employability skills upon graduation. Results found the most desirable workplace skills (in descending order of importance):

1. Critical thinking
2. Speaking clearly and effectively
3. Work-related knowledge and skills
4. Writing clearly and effectively
5. Working effectively with others (teams)
6. Ability to solve real-world complex problems
7. Using computing and information technology
The Right Fit

Barac (2009): Mandating too many competencies in a professional program becomes counterintuitive to the skills-based nature of a competency-based program.

Increased desire for more communication skills imparted during the training process for accountants (Barac, 2009); (Gupta & Marshall, 2010); (Nkhoma, Nkhoma & Tu, 2018); (Riley & Simons, 2016).

Undergraduate accounting courses are more focused on attaining technical skills than professional competencies (Jackling and de Lange, 2009)
Theoretical Context

Area for development

Stakeholder theory
- Canada Revenue Agency
- Employers

Coleman’s (1988) closure model
- Education path for a training accountant is an integrated process including education, evaluation and experience
- Social capital built from on-going professional development obtaining GST knowledge post qualification

Educational theory
- Bloom’s taxonomy
References


References


Questions