Your external client needs tax-planning advice. Your boss wants you to perform an analysis to help company managers make a decision. You become aware that a co-worker is stealing office supplies. Your CPA firm manager asks you to prepare an audit planning memo. You want to achieve the next job promotion. You notice deficiencies in your external client’s governance structure. Your goal is to pass the CPA final exam on the first sitting. What do all of these situations have in common? Arriving at and implementing a high-quality professional response to each situation requires strong CPA enabling competencies.

**The CPA Way** is a methodical approach for addressing professional problems. You can think of it as taking a professional journey. The stronger your skills when taking the journey, the more successful you will be. You will use The CPA Way throughout the Professional Education Program (PEP) to help you develop the most essential aspects of the enabling competencies, and you will use it throughout your career to achieve greater professional success.
The CPA Way contains five parts, as shown in the following diagram.

You will see this diagram and the individual icons throughout the PEP. For an overview, see the video that accompanies this document.

**Does The CPA Way Apply to all Professional Problems?**

The CPA Way is useful for problems that require professional judgment such as the situations described at the beginning of this document. Professional judgment is needed when providing an assessment, performing an analysis, recommending a course of action, developing a plan, deciding how to communicate, responding to an ethical dilemma, and for many other problems. The more complex and ambiguous the situation and the more factors that need to be considered, the greater the benefit from using The CPA Way. It is less useful for simple problems, such as those requiring only memorization, mechanical procedures, or straightforward applications of knowledge.

After a short time in the PEP, you will easily recognize and know when to apply The CPA Way. At first you might struggle to apply each step thoroughly. Detailed weekly feedback from your online facilitator will point to specific areas where you can improve. With thoughtful and deliberate practice over time, you will develop a habit of applying The CPA Way, and your performance on each part will gradually improve.
**Decision maker**

The decision maker in The CPA Way is the person or organization responsible for making a decision or drawing a conclusion for the problem you are addressing. The decision maker might be an external client, an internal customer, or you. Consider the decision makers for problems listed at the beginning of this document:

- **Decision maker = External client**
  - Your external client needs tax-planning advice.
  - You notice deficiencies in your external client’s governance structure.

- **Decision maker = Internal customer**
  - Your boss wants you to perform an analysis to help company managers make a decision (assuming you work for the company).
  - Your CPA firm manager asks you to prepare an audit planning memo.

- **Decision maker = You**
  - You become aware that a co-worker is stealing office supplies (you need to decide whether and how to address this information).
  - You want to achieve the next job promotion.
  - Your goal is to pass the CPA final exam on the first sitting.

**Performance during the PEP**

At the beginning of the PEP, you might have fairly weak skills when applying The CPA Way. Typical weaknesses include:

- Mistakenly assuming that a problem has an answer that can be determined solely through calculations
- Performing analyses that only partially address relevant factors
- Ignoring relevant factors that do not fit neatly into a solution
- Failing to adapt analyses for the unique characteristics of the situation
- Overlooking a key issue that needs to be addressed
- Focusing on irrelevant information
- Drawing conclusions without clarifying the decision criteria
- Inappropriately emphasizing less important decision criteria
- Disregarding the limitations of a proposed solution
- Providing unprofessional communication
As shown in the following diagram from the CPA Map (p. 27), your performance on the enabling competencies that underlie The CPA Way is expected to improve as you proceed through the PEP and beyond to your professional career:

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Reinforced Throughout the PEP

You will first learn about the CPA Way during the PEP Orientation Session and will have opportunities to learn the approach more deeply during workshop sessions for each PEP module. Throughout the PEP, you will also receive Immersive Case feedback tied to The CPA Way, and you will use The CPA Way to self-evaluate your performance on short cases. The goal will be for you to develop stronger skills for applying The CPA Way as you progress through the program, enhancing your ability to perform well on the final case-based exam and to provide excellent service to your external clients and/or internal customers.

How Can I Learn More?

You can learn more about details of The CPA Way and how to use it in the following Documents:

- The CPA Way 2-CPA Mindset
- The CPA Way 3-Assess the Situation
- The CPA Way 4-Analyze Major Issue(s)
- The CPA Way 5-Conclude and Advise
- The CPA Way 6-Communicate
- The CPA Way 7-Ethical Behaviour
Self-Assessment Questions

Question #1
You are an assistant controller for a small software company. You would expect use of The CPA Way to be MOST beneficial for which of the following professional problems?

a. Prepare a monthly bank reconciliation.
b. Prepare a memorandum describing the financial accounting treatments for alternative joint venture arrangements.
c. Prepare a report comparing departmental performance measures against targets.

Question #2
You have been hired to audit the financial statements of a privately-owned company. You would expect use of The CPA Way to be LEAST beneficial for which of the following professional problems?

a. Assess materiality before working on other aspects of the audit plan such as the risk assessment and audit approach.
b. Generate an independent estimate for the allowance for doubtful accounts after testing the mechanical accuracy of the aging of receivables.
c. Draft the audit report after all other work on the audit has been completed, including choice of opinion to be expressed.
## Answers to Self-Assessment Questions

### Question #1

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<tr>
<td><strong>a.</strong></td>
<td>Incorrect</td>
<td>Assuming that the company’s accounting records are reasonably complete, preparation of the bank reconciliation involves primarily a mechanical set of procedures to arrive at a single correct answer. Only a small amount of professional judgment may be needed to decide how to go about performing and documenting the work performed.</td>
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<td><strong>b.</strong></td>
<td>Correct</td>
<td>This problem will probably require use of profession judgment to apply financial accounting standards to different potential economic transactions.</td>
</tr>
<tr>
<td><strong>c.</strong></td>
<td>Incorrect</td>
<td>Assuming that the performance measures and targets are already established and that systems exist to gather relevant data, preparation of the report would involve primarily a mechanical set of procedures. Even with this assumption, some professional judgment may be needed to format the information and to decide whether/how to provide analysis commentary.</td>
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### Question #2

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<tr>
<td><strong>a.</strong></td>
<td>Incorrect</td>
<td>The assessment of materiality requires application of several criteria using professional judgment.</td>
</tr>
<tr>
<td><strong>b.</strong></td>
<td>Incorrect</td>
<td>Judgment is required to evaluate the economic situation and the assumptions to be used for estimating the allowance for doubtful accounts. Testing the mechanical accuracy of the aging of receivables does not eliminate the need to use judgment when forming the estimate.</td>
</tr>
<tr>
<td><strong>c.</strong></td>
<td>Correct</td>
<td>Once all audit work has been completed and the choice of audit opinion has been made, preparation of the audit report usually requires little professional judgment.</td>
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