

# “Preparing for the CFE” Panel Discussion Q&A

On August 24, 2020, Employer Relations at CPA Alberta hosted a panel discussion about preparing for the CFE. Due to time constraints, some attendee questions were unable to be answered. Panelists volunteered extra time to answer the additional questions.

The questions and answers below are unedited. Answers reflect the panelists’ opinions and views, which are not necessarily those of CPA Alberta.

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## Panelists

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## Q&A

### Do you have any advice on how to efficiently include everything in my Day 3 calculations?

Jeff: A perfect calculation, particularly on a Day 3 case, is difficult to achieve. I can say with absolute certainty that few (if any) of my calculations were 100% correct on my CFE cases. The goal is not achieving a perfect calculation. Instead, the goal is reasonably attempting a calculation, clearly outlining your process, and logically interpreting your results.

I am sure you have noticed on your feedback guides that you can easily achieve competent on your calculations, despite missing certain elements of the calculations. With this in mind, focus on fitting as many elements (including supporting work) into your calculations within your allotted time frame. Once that time is up, regardless of how much you have included, move on.

That being said, the key to including everything in your Day 3 calculations is a solid plan. Highlight any numbers/items you want to use in your calculations during your initial reading of the case. Furthermore, note the highlighted items and page numbers on your plan. When it comes time to calculate, you can easily reference these items from your plan and cross them off as you address them. This will lower the risk of you missing something in your calculations.

Some other pointers to save time:

- Where possible, combine elements of your calculations. For example, rather than outlining every cash inflow and every cash outflow on an NPV calculation, could you start with EBITDA and adjust for cash/non-cash items?
- Try using pre-determined templates for common calculations. For example, management accounting commonly tests on contribution margin. Come up with a standard template for this calculation that you can consistently use.
- Use keyboard shortcuts (e.g. Ctrl-C, Ctrl-V) and formulas (e.g. =NPV) to speed up your calculations. The less time you spend setting up your calculations, the more elements you can include in your calculations.
- Use cell references wherever possible. Not only is this faster than duplicating previous work, but it will also save time if you catch an error that carries through a calculation.
- Focus on the important components of a calculation first (e.g. material items). This will increase the likelihood of your final answer being closer to the actual solution if you run out of time during your calculations.
- Keep your supporting notes simple and to the point.

My weakness on time allocation on day 2 is the common AOs. What is your suggestion on how much time we should allot to these (i.e. for 5 common AOs) and how much time for your role to get to level C?

Shawn: Candidates should consider reviewing the following Capstone 2 Module Workshop materials related to outlining and preparing a Day 2 CFE case:

- Content > Module Workshop > Power Point Slides > Day 2.pptx
- Content > Module Workshop > CFE Day 2 – Characteristics and Outline

Any tips for getting depth (scoring C) on Day 2 common AOs? I know Day 2 isn't meant to be time-pressured but I'm still struggling with FR issues.

See above answer.

Under time pressure, did you experience anxiety which impacted your ability to read case effectively? If so, what would you suggest for candidates while writing under time pressure?

Nimra: I felt the time pressure on day 2 because I was stumped by one of the AOs as I have never practiced it and then it took me some time to find it in the handbook and analyze the issue. Do your best to stick to your allotted time and if you're feeling like you're going extra on an AO, just move on. If you don't move on, you'll impact the rest of the AOs and it will just add stress and may impact the AOs you actually know how to attempt.

I have trouble completing my analysis and reaching a conclusion when I allocate my time. What can I do?

Adrian: Generally, you should look at two things. The first one is how much you are writing. You may be writing too much and that is why you are not able to finish everything. Remember it's the quality of your answer not the quantity that will score you the most points.

The second one is tied to the first point. Make sure you are allocating time correctly between the AOs, for example allocating 15 minutes on a simple NPV calculation might be too much and it might eat some of your time. Alternatively, allocating 5 minutes on analyzing four financial reporting issues might be too tight. Try to monitor the amount of time it takes you to complete each AO and that will help you estimate time better.

I am always put off for time when an AO has a quant in a day 3 case. I can only allocate 10 minutes to the AO because that's all the time I have, but it takes me 20 minutes to get a reasonable answer. Do you have any tips to help me be faster with these types of AOs?

Vicky: When I wrote my second day 3 case, the number I calculated in my quant was definitely wrong. I gave myself an extra 5 minutes to see if I could figure out what I did wrong but that's it. It's really REALLY important on day 3 that you do not spend more time on an AO than you've allocated. Preparing the quant and the qualitative response might only be one AO. Prepare the calc, include as many material factors as you can, discuss what items you've used to calculate it (and anything you specifically excluded) and why and then move on. Even if you know it's wrong. The profession knows that by this point, given enough time you can prepare an accurate calc. What they really want to see is that in a time constrained environment you can set the quant up appropriately and understand all the relevant factors - the right interest rate, PV, etc.

You can still get an RC or even a C with an incorrect answer so don't spend so much time trying to fix it, that you're not able to answer another AO. It could end up being the difference between passing and failing.

To be faster with these types of AOs, you can create a "quant template" for some of the more commonly tested topics. So when you see a capital budgeting, breakeven or divisional analysis you'll already have it in your mind how to set it up and you can just slide the details from the case in. I would also suggest putting a concise purpose statement at the very top of every quant (and a conclusion at the end) just in case you don't have time to do the qualitative discussion. It also helps to focus you which will make you faster and it lets the markers know what you're trying to do (for example, "Purpose: determine pre-tax net income by division"). Don't try to include everything in your calcs. Focus on the larger more material items first and just try to aim for more than half.

### When you say stick to your time on each AO, how do you know or justify how much time to allocate?

Jeff: This comes from trial and error on your Capstone 2 cases. For example, if you achieved RC on one AO, but CD on another, you probably should have spent more time on the RC AO. Fortunately, similar AOs appear on many of your Capstone 2 cases (and ultimately, the CFE). For example, after seeing a couple of ASPE revenue-recognition AOs, you may know you can do them competently in 5 to 10 minutes (depending on the complexity). This will form a baseline for allocating time to future ASPE revenue-recognition AOs.

I generally aimed to allocate my time in multiples of 5 minutes (e.g. 5 minutes, 10 minutes, etc.), then adjust by a couple minutes here and there. Furthermore, I aimed to allocate more time to AOs I felt less comfortable with (e.g. management accounting calculations, unfamiliar HB sections, etc.). AOs you are less comfortable with generally require more time (e.g. setting up calculations, searching the HB, etc.). For example, if I initially allocated 10 minutes to a revenue-recognition AO, and 15 minutes to a management accounting AO, I might shift 2 or 3 minutes from the revenue recognition AO to the management accounting AO.

Lastly, I always incorporated a buffer when allocating time to my AOs. That is, I allocated a few minutes to editing my case response and providing a contingency if I went over my allocated time on an AO. This is also useful on Day 3, where you may spend a minute or two transitioning from one case to the next.

### How can I better manage time on Day 2? I struggle with finishing financial reporting issues in one hour as I take more time searching the handbook. Do I rely on the handbook or on memory for Day 2?

Adrian: The short answer would be both. For the very common issues like Revenue, Leases, Intangibles, Capitalize vs Expense you should semi-memorize the criteria and also know exactly where to find it. You could use Folio Views when you do all your practice exams to replicate the CFE conditions as much as possible. Another thing you can do is to go into Folio Views every day for 10 minutes and practice getting to the most common criteria.

Some good resources on time management are <https://dailydividends.cpaalberta.ca/hot-tips-for-time-management-in-case-writing-part-1/> and <https://dailydividends.cpaalberta.ca/part-2-hot-tips-for-time-management-in-case-writing/>.

When I copy from HB, I get feedback that I should have directly started to the point to save time. When I write on my own, I get feedback that I should have used HB criteria. Should I copy or should I write my own?

Jeff: This depends on the HB section and how much you are copying and pasting. At this point, you have probably seen the same HB standards on several cases (e.g. revenue recognition, contingent liabilities, research and development, etc.). These are HB sections that you have probably memorized (or loosely memorized). You do not need to waste time looking through the HB if you can loosely recite the standard from memory.

For example, you may know that an intangible asset must be identifiable, controlled by the entity, and capable of producing future economic benefits. Those are three simply criteria that you do not need to waste time searching the HB for. However, you may be less comfortable with reciting the six criteria to recognize a development asset. This could be something you copy and paste from the HB.

How were you able to quickly find handbook guidance for financial reporting issues in a case?

Nimra: I tried to familiarize myself with the handbook sections (i.e., where can I find the stuff for IFRS, ASPE, assurance, not for profit, etc.). There are certain sections you have practiced so much of that you are very familiar with where the information is. Usually the first question I asked myself was whether this is IFRS or ASPE and then just skimmed through the section and paraphrased or copied pasted whatever I needed.

I will be in my hotel room an hour and a half before my assigned start time. What would be the best use of that time?

Nimra: I would do anything to de-stress – since you have the space maybe do some breathing exercises or whatever will help you stay calm. Get familiarized with the setup of your room, i.e., make sure your mouse is working fine and your pencils are sharpened. Do some yoga exercises or whatever helps you to keep calm.

Do you think doing only the Capstone 2 cases weekly is enough, or do we need to be doing more?

Adrian: It all depends on you and where you are right now. If you are getting mostly Cs and are finishing up the cases in the allotted time, then doing only the Capstone 2 cases might be enough for you. If you are getting mostly RCs, NCs or NAs then you might need to look into doing more to prepare for the CFE.

I feel as if I have retained nothing since I started studying in July. Is this normal?

Vicky: Yes, I think it's normal to feel like you haven't retained anything. That's why tracking your progress is so important. I just looked back at my tracking sheet (below) and even up to the week before the CFE I had a few NAs/NCs on my cases but on the whole my responses would have more RCs and Cs and my time management was so much better.

Also, remember that you're still seeing some cases for the same time so you might not know how to approach it but once you start seeing topics repeated, you'll notice that you know what they're looking for. Make sure that you're spending as much or more time debriefing the case than you spend writing the case. I think debriefing is what makes it really start to stick, so if you're not seeing enough improvement, focus on debriefing.



depends where you are and how you feel. Ultimately, you need to continuously self-evaluate to figure out where you are and what you think you need to improve on.

### What are some tips and tricks for staying focused during long cases and exams?

Vicky: I never really had any trouble staying focused. I always felt time was flying by. It might be helpful to focus on just one AO at a time.

### For a Day 1 case, what information relevant to situational analysis should you bring in from Capstone 1 if the case says you already know the client background?

Shawn: Candidates writing the CFE Day 1 case will need to determine what information is relevant given the facts presented in the case and the AOs identified.

### What are your thoughts about tackling role AOs first?

Shawn: Candidates are welcome to approach the AOs within a case in any order they wish. However, candidates may wish to consider first ranking or ordering their AOs, as their response to some AOs might depend on their analysis of another AO. Additionally, candidates should budget their time to allow for each AO identified to be addressed.

### How do you know which method of outlining is correct for you? Would it be useful to outline differently for Day 1 vs Day 2/3 cases?

Nimra: Eventually everything needs to be typed up on the computer, so if you're a slow or quick typist, you will need to have your outline on the laptop. So in that case, I always wrote my outline on the computer and wrote very little on the paper. This came with practice, it helped to save time because I would add to my outline and write my response within. So I kind of had a template set up for myself. For example, if I know I have to do weakness, implications, recommendations, for that AO I would type

W  
I  
R

multiple times so then I can quickly jot down the response and move on. At the end of the day, there is no correct or incorrect way of outlining—it is whatever works best for you. Stick to the routine you've developed during Capstone 2.

### How do you counteract being a slow reader on the CFE? Did you read everything through or did you find the AOs and then go back to read fully?

Vicky: I'm still a slow reader and I read slowly during the exam. By the time I finished reading the case on day 1 and 2, the people next to me had already been writing for what felt like a very long time! I noticed that when I tried to rush my reading, I ended up having to reread things which just wasted time. I did find that my reading improved from when I started Capstone 2 to when I wrote the CFE.

After a while I understood what things weren't critical pieces of information. Yes, I did use the tactic of finding the AOs first and then going back and doing a good thorough read. I would skim the case for the AOs and write them down in my plan (this is easy on day 2 because the AOs are laid out neatly on the page for your specific role. It's a bit harder on day 3 cases but once you start practicing skimming the case you'll notice some things, like the AO is usually at the

end of the paragraph). When you write down the AOs on your plan, leave room for additional ones you might have missed while skimming.

Will it be more difficult to pass given that there are likely many more writers (2019 writers who chose to the free writer option for 2020, 2019 writers, and others who planned to write in 2020)? They would have had much more time to prepare rather than those of us who just finished electives in 2020.

Shawn: The CPA Canada CFE pass rates are published on the CPA Canada website, where candidates can observe that the population of potential candidates who may choose to re-write the CFE in 2020 appear to be statistically similar to prior-years:

<https://www.cpacanada.ca/en/become-a-cpa/cpa-certification-program-evaluation/cpa-examination-performance-rates>

Is Level 1 sufficiency based on RCs or Cs?

Shawn: The Level 1 Sufficiency component of “The Decision Model” for the CFE is detailed in the CPA Canada CFE Board of Examiners’ Report on pg. 4-5.

<https://www.cpacanada.ca/en/become-a-cpa/cpa-certification-program-evaluation/the-common-final-examination-report-simulations-and-guides-for-the-cfe>

If day 2 and 3 are assessed collectively, would it make sense to address role requirements last on day 3 if crunched for time?

Shawn: Yes, the Day 2 and Day 3 of the CFE are addressed collectively overall. However, the CFE role requirement (Level 3 Role Depth Test) only considers AOs within a candidate’s pre-selected role on Day 2. For reference, the AOs assessed for each Level of “The Decision Model” for the CFE are described in the tables within the CPA Canada CFE Board of Examiners’ Report in *Appendix E: Results by Assessment Opportunities for Day 2 and Day 3* on pg. 252-253.

<https://www.cpacanada.ca/en/become-a-cpa/cpa-certification-program-evaluation/the-common-final-examination-report-simulations-and-guides-for-the-cfe>

I would like to understand the passing criteria for Day 2 and 3 and how to achieve level 1 passing. Is that more related to number of RCs received or Cs received during Day 2 and 3 of writing?

See previous answer.

Does an unsuccessful CFE result impact my ability to get my designation?

Employer Relations: You may attempt the CFE up to three times. There are many CPAs who were initially unsuccessful on the profession’s final exam but were later able to pass; these CPAs are now among the profession’s most successful individuals and some of them have been honoured with CPA Alberta Achievement Awards. They prove that an unsuccessful CFE result does not impact your ability to get your designation later.

As mentioned during the panel, writing the CFE is also a mental game and it’s important for candidates to stay positive and motivated. If you’re having a tough time, remember that you have access to CPA Assist, the profession’s free 24/7 health and wellness program. Visit [cpa-assist.ca](http://cpa-assist.ca) for more information.

For day 2, case facts are spread throughout the case and multiple AOs require different information. Do you have any tips on how to track those effectively? I feel like there are so many that I can't take them all to my plan. But because I don't, I spend too much time looking through the case.

Employer Relations: Please check out these blog posts and presentations on the subject.

- [Planning a case](#): in this pre-recorded webinar, Allen Manuel CPA provides his approach to case planning and responding to case requirements. Would you rather read his tips? [Check out the blog post](#).
- [CPA case prep & outlines webinar](#): Chelsey Craig CPA plans her cases using pencil crayons. Learn her methods on the presentation or [read the blog post](#).