

MARCH 2025



# 2024 ANNUAL REPORT

**Protecting investors in Canada  
through audit oversight**

CPAB-CCRC.CA



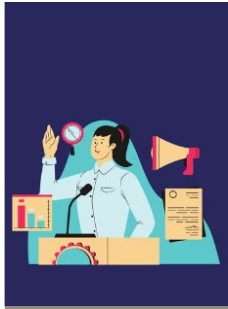
## Our vision

The Canadian Public Accountability Board (CPAB) is a leading audit regulator that reinforces public confidence in Canada's capital markets.

## Our mission

CPAB promotes audit quality through proactive regulatory oversight, facilitating dialogue with domestic and international stakeholders, and publishing practicable insights to inform capital market participants.

## CPAB's core values



### Committed to serving the public

- We are rigorous in our thinking as part of the broader capital market system.
- We make decisions that will protect the public interest.
- We always act with integrity, independence, fairness and objectivity.
- We assess our effectiveness and are agile in our pursuit of regulatory excellence.

### Team driven and inclusive

- We share a common purpose and dedicate our combined effort to achieve that goal.
- We are proud of and value everyone's contribution regardless of role or tenure.
- We respectfully say what we think, all the time and without fear.
- We speak up when things aren't right for ourselves or others.
- We make sure everyone feels they belong.

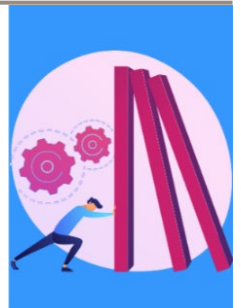


### Innovative

- We're focused on the future, informed by the past.
- We think broadly and act quickly.
- We thrive on perpetual learning.
- We don't let the quest for perfection get in the way of getting things done.
- We are curious; we ask why.

### Courageous

- We engage with intention, humility, empathy and respect.
- We show resolve in the face of ambiguity and conflicting perspectives.
- We are resilient and comfortable with criticism; it usually helps us get better.
- We are willing to make unpopular decisions when it is the right thing to do.





## Contents

A message from Richard Payette, Chair .....	1
A message from Carol A. Paradine, CEO .....	2
Strategy .....	3
CPAB's regulatory disclosures .....	8
2024 regulatory report .....	9
• Regulatory oversight .....	9
• 2024 inspections results .....	11
• Looking forward .....	28
• Enforcement overview .....	29
• External outreach .....	34
Inside CPAB .....	40
Governance .....	42
Management's discussion and analysis .....	47
Financial statements .....	59
Leadership team .....	73
Board of directors .....	74
Corporate information .....	75



## A message from Richard Payette, Chair



Auditors play a foundational role in our capital markets. CPAB, working with other capital markets regulators, makes an important contribution to public confidence in the integrity of financial reporting, and therefore to protecting Canada's investing public.

CPAB's Board of directors' key priorities in 2024 included oversight of the last year of CPAB's three-year strategic plan. We were pleased that management delivered on all key commitments in the 2022-2024 strategic plan, with the notable advancement of the multi-year initiative to enhance public disclosures regarding CPAB's regulatory assessments.

Throughout 2024, the board oversaw the preparation of CPAB's 2025-2027 strategic objectives. The result, approved by the board in November 2024, is a [three-year plan](#) with a strong focus on investor protection—an expected outcome of strategies focused on advancing audit quality.

In 2024, we saw the retirement of Benita Warmbold FCPA, FCA, ICD.D, F.ICD, who was appointed Chair of CPAB's board in 2019 and served on CPAB's board since 2011. I want to thank Benita for her important contributions to CPAB and to the broader Canadian capital markets regulatory environment.

I also want to thank my fellow board members for their support and engagement, as well as Carol Paradine and her team for their commitment to reinforcing public confidence in Canadian capital markets.

A handwritten signature in blue ink, reading "Richard Payette".

Richard Payette, FCPA, GCB.D  
Chair



## A message from Carol A. Paradine, CEO



It is often said that the only certainty is change. CPAB's staff and board recognize the dynamic nature of capital markets and the audit environment we oversee and are committed to doing our part to foster a strong, resilient audit profession.

CPAB's multi-year initiative to secure greater transparency for the investing public by increasing the information we disclose is nearing completion. Details are outlined in this report, and I want to thank all stakeholders who participated in our [public consultations](#) and the approval process, and the CPAB team who led this initiative.

Turning to our 2024 regulatory assessments, we are encouraged by significant improvements in the systems of quality management at many Canadian audit firms. Improvements in inspection results were most notable at those audit firms with sound systems of quality management. One large firm and several smaller firms continue to have high rates of significant findings. This remains an area of concern and strategic focus for CPAB.

We continue to share insights and engage in discussions with stakeholders with a view to improving audit quality. In 2024, we published reports and insight papers on a range of topics, including artificial intelligence in the audit, the impact of climate risks on financial statements, identifying and assessing the risks of material misstatements, third party involvement in the inventory management process, and the importance of systems of quality management.

Progress on CPAB's 2022-2024 strategic plan, which wrapped up in 2024, is outlined later in this report. Looking forward, CPAB developed an ambitious 2025-2027 strategic plan which was inspired by discussions with our staff, board and our Canadian and international stakeholders.

CPAB welcomed a new board chair, Richard Payette, FCPA, GCB.D, and vice chair, Alice Laberge, F.ICD, in March 2024. The team and I are grateful for the support and guidance received from the board. I also want to thank the outstanding team at CPAB for another strong year.

A handwritten signature in black ink that reads "Carol Paradine".

Carol A. Paradine, FCPA, FCA  
Chief Executive Officer



## Strategy

2024 was the final year of CPAB's 2022-2024 strategic plan. While we remained focused on executing against the four strategic commitments of this plan, we also turned our attention to the next three-year planning cycle. Below, we share an overview of our new plan which covers the years 2025 to 2027, followed by our progress against the 2022-2024 strategic plan.

### 2025-2027 strategic plan

[CPAB's 2025-2027 strategic plan](#) builds on the progress achieved over the past three years as we work to strengthen investor protection and implement changes that continue to improve the consistency and quality of audits.

Our plan is shaped by four objectives:

1. **Evolving audit oversight in a changing environment.** CPAB will do this by:
  - Influencing audit firms on how they develop and integrate controls and processes into their use of new and emerging technologies.
  - Integrating artificial intelligence and other emerging technologies into our processes to improve the efficiency and effectiveness of our oversight regime and expanding technological skillsets and capabilities at the staff and management level.
  - Preparing for sustainability assurance regulation in Canada by monitoring related developments in both Canada and internationally and adapting our oversight activities accordingly.
  - Assessing the impact of emerging issues on fraud risk and identifying and sharing good practices to address these risks.
2. **Putting investors first - raising the bar for audit ethics, culture and governance.** CPAB will do this by:
  - Conducting regulatory assessments of firms' systems of quality management, including, where appropriate, providing recommendations in firm inspection reports, which the audit firm is required to implement.
  - Coordinating activities through the International Forum of Independent Audit Regulators (IFIAR) and through international standard setters - allowing CPAB and other regulators to address this issue with the global audit firm leadership.
  - Promoting our whistleblower program and encouraging strong, visible whistleblower programs at audit firms.
  - Sharing good practices that reinforce strong culture and reduce ethical breaches.



3. **Fostering an environment that supports improved audit quality at smaller firms.** CPAB will do this by:

- Identifying and monitoring audit quality trends at these firms and sharing good practices to address challenges, while maintaining open and constructive engagement with firm management and the audit committees of their reporting issuers.
- Collaborating with other regulators to learn from experiences of other jurisdictions and to identify additional opportunities to improve audit quality in Canada.
- Working with firms throughout the registration process to proactively identify factors that could lead to audit quality risks and challenges in audit engagements.

4. **Enhancing our regulatory toolkit – increasing transparency and strengthening consequences.**

CPAB will do this by:

- Ensuring that every audit committee of reporting issuers where we inspect their audits, receives their tailored inspection report.
- Publishing summarized inspection reports for audit firms we inspect.
- Enhancing the breadth of regulatory mechanisms, including preventative tools such as continuing education and stricter registration requirements, as well as enforcement tools such as fines and disgorgement (repayment of profits earned while engaged in activities that break the rules).

Our success in delivering on these strategic objectives will be enabled by:

- **Our team and talent**, who live our values and strive for operational excellence while celebrating diversity, equity and inclusion;
- **Our operations**, where we are committed to embracing the digital evolution and being innovative in identifying opportunities to enhance our processes;
- **Our communications**, which are transparent and balanced, and educate our stakeholders on audit quality risks; and
- **Our regulatory network**, both within Canada and internationally, with whom we collaborate to proactively address audit quality risks, identify opportunities to improve our regulatory oversight activities and protect the investing public.



Figure 1





## 2022-2024 strategic plan

The following summarizes our progress against our 2022-2024 strategic plan objectives.

### *Strategic commitment one:*

Advance a quality-driven culture across auditors of Canada's public companies.

Highlights:

- We obtained the [required approvals](#) from the relevant provincial authorities to change CPAB's Rules to: introduce mandatory disclosure of significant inspection findings to the reporting issuer's audit committee, which will be done in a tailored report going forward; and to publish condensed individual firm inspection reports for each audit firm inspected by CPAB. The [summary](#) of public feedback and comment letters are available on CPAB's website. The first individual firm reports on inspections completed in 2025 are expected to be published in 2026.
- We implemented CPAB rule changes relating to our review proceedings process and expedited hearings, participation and withdrawal of firms.
- We performed testing and assessments of all annually inspected firms' systems of quality management (SQM) and published a [report](#) on how firms can strengthen their SQM, with a focus on governance and leadership, risk assessment, and monitoring and remediation.

### *Strategic commitment two:*

Tackle emerging audit quality challenges head on.

Highlights:

- We inspected 131 audit files and imposed new enforcement actions on three firms in 2024 and continued or modified enforcement actions on 14 firms.
- We engaged with audit committees and management across a range of industries through more than 41 speaking engagements and hundreds of individual meetings. Participants included audit committee chairs, chief financial officers and management of reporting issuers as well as stakeholders such as standard setters, capital markets regulators, educational institutions and academics.
- We co-hosted the sixth annual Canadian Audit Quality Roundtable with the Office of the Superintendent of Financial Institutions and the Canadian Securities Administrators.



### *Strategic commitment three:*

Evolution of the audit.

#### Highlights:

- We published numerous publications and insight papers covering a range of topics including fraud, crypto asset audit insights, strengthening audit quality through systems of quality management, third party involvement in the inventory management process, and balancing innovation and risk in the use of artificial intelligence in the audit.
- We continued to take an active international leadership role in shaping the evolution of the audit, with the goal of influencing global audit standards. CPAB holds leadership roles on several IFIAR working groups and presents at, and participates in, meetings and events hosted by other provincial and national regulators.
- We engaged with standard setters for sustainability reporting and assurance and published a thematic review on the impact of climate-related risks on financial statements.

### *Strategic commitment four:*

CPAB's team and culture - guided by our public interest responsibility.

#### Highlights:

- We achieved strong metrics regarding employee understanding of our mission, vision and values (98%), retention (97%) and engagement (83%).
- We were certified as a great place to work by Great Place to Work® Canada.
- We delivered internal training programs focused on artificial intelligence, auditing in a crypto and blockchain environment, emerging audit technology tools, as well as project management, leadership skills and diversity and inclusion awareness.

As part of the 2022-2024 strategic plan, CPAB established a participating audit firm quality target that at least 90% of audit files reviewed at each of the annually inspected firms have no significant findings. In 2024, three of the four largest and six of the nine other annually inspected firms met this target.



## CPAB's regulatory disclosures

Over the last several years, as part of our strategic commitment to advancing a quality-driven culture across auditors of Canadian reporting issuers, we have made significant progress in our efforts to increase the information that we disclose about the results of regulatory assessments.

CPAB has secured all required rule change and legislative approvals to implement the [disclosure changes](#) identified through our multi-year stakeholder consultations. This is a significant milestone, and we appreciate the ongoing support of our stakeholders and relevant provincial government and securities regulators.

First phase changes were implemented in January 2023 and as a result, CPAB now discloses:

- Significant enforcement actions imposed on a firm resulting from a CPAB inspection.
- Recommendations which were included in a firm report but not addressed by the firm.

Second phase changes required rule and legislative amendments and included:

- Improving operational effectiveness and administrative processes.
- Introducing mandatory disclosure of reporting issuer-specific significant inspection findings to the reporting issuer's audit committee (implemented March 24, 2025).
- Publishing an individual public inspection report for each audit firm inspected by CPAB in a given year (from March 24, 2025).

### Implementation of amended disclosure rules

All inspections that began after the rule and legislative changes went into effect on March 24, 2025, will be subject to publication and disclosure to the reporting issuer's audit committee.

We expect the first inspection reports to be published in Q1 2026.

### Next steps

We remain committed to providing greater transparency for the investing public, audit committee chairs and other stakeholders. CPAB will periodically review and consult with key stakeholders on the functioning and effectiveness of these disclosure changes.

For more information, visit [cpab-ccrc.ca/insights/disclosures](https://cpab-ccrc.ca/insights/disclosures).



## 2024 regulatory report

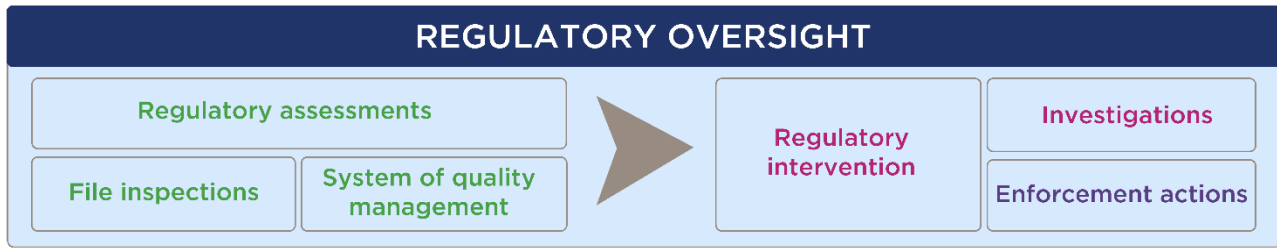


Figure 2

CPAB’s regulatory oversight of public accounting firms that audit Canadian reporting issuers includes inspecting completed audits of financial statements, assessing the firm’s system of quality management<sup>1</sup> and regulatory intervention. All public accounting firms that audit a Canadian reporting issuer must register with CPAB.<sup>2</sup>

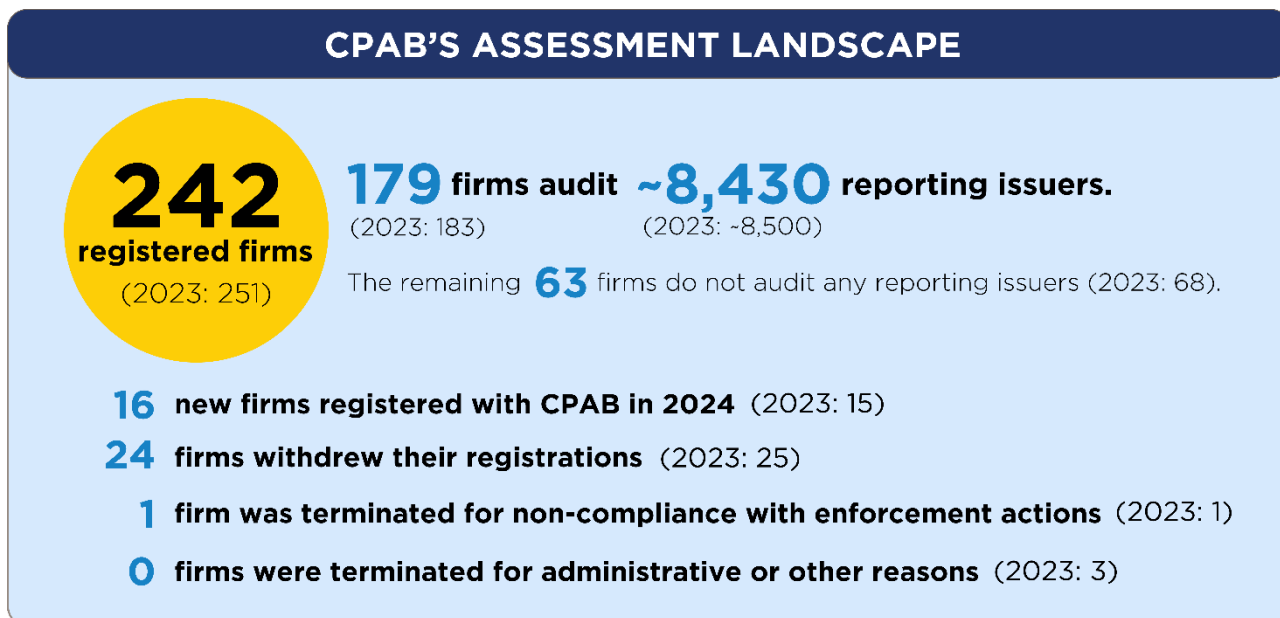


Figure 3

<sup>1</sup> Our assessment of the system of quality management at firms focused on select aspects of Canadian Standards on Quality Management (CSQM 1). Given that risk assessment processes are foundational to implementing a system of quality management, we considered whether risk assessment processes incorporated all available sources of information. We also focused on the most recent testing results for the design, implementation and operation of areas that we considered to be high priority which support each firm’s 2024 self-evaluation. Our assessment also included review of the 2023 self-evaluation for all firms as most of the 2024 self-evaluations were not finalized at the time of our inspection.

<sup>2</sup> Securities legislation defines what constitutes a reporting issuer. Each of the 13 Canadian securities commissions maintains a list of the reporting issuers in their respective jurisdictions.



## How CPAB chooses files and audit areas to review

CPAB's risk-based methodology for choosing audit files for inspection (and the specific focus areas for those files) is targeted towards higher-risk audit areas of more complex reporting issuers or areas where the audit firm may have less expertise. It is not designed to select a representative sample of a firm's audit work. Our inspections do not look at every aspect of every file, therefore, the absence of significant findings<sup>3</sup> in our review of a particular audit file does not mean that all aspects of the audit were fully compliant with professional standards, nor should it mean that any significant findings identified would be the only findings had CPAB reviewed every aspect of the file. Results should not be extrapolated across a firm's entire audit portfolio, but instead viewed as an indication of how firms address their most challenging audit situations.



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<sup>3</sup> A significant inspection finding is defined as a deficiency in the application of auditing or other relevant professional standards, as defined in Section 300 of CPAB's Rules, where the audit firm must perform additional audit work to support the audit opinion and/or is required to make significant changes to its audit approach. CPAB requires firms to carry out additional audit procedures to determine the need, if any, to restate the financial statements due to material error, or to substantiate that the firm obtained sufficient and appropriate audit evidence with respect to a material balance sheet item or transaction stream to support their audit opinion.



## 2024 INSPECTIONS RESULTS

**131**  
files inspected  
(2023: 130)

**24%** files with significant findings (2023: 34%)

### Four largest firms

**65** files inspected  
(2023: 63)

**12%** files with significant findings (2023: 16%)

### Other annually inspected

**36** files inspected  
(2023: 38)

**17%** files with significant findings (2023: 39%)

### Non-annually inspected

**30** files inspected  
(2023: 29)

**57%** files with significant findings (2023: 66%)

Each year, CPAB inspects all firms that audit 100 or more reporting issuers. These include the four largest audit firms and nine additional firms known as the other annually inspected firms.

We inspect, at least every two years, firms which audit between 50 and 99 reporting issuers. The remaining firms are inspected periodically based on CPAB's risk analysis.

## Themes identified in inspection findings

- Identifying and assessing the risks of material misstatement
- Evaluating the entity's accounting policies
- Evaluating audit evidence including information obtained from external information sources
- Auditing accounting estimates
- Use of an auditor's expert
- Ethical requirements, including independence
- Audit documentation, supervision and review
- Identifying and responding to the risk of fraud
- Compliance with licensing requirements to practice public accounting
- Services provided by a service organization

Figure 4



## All firms: file inspections overview

In 2024, we inspected 131 files (2023: 130 files). We identified significant findings in 31 of the files we inspected (2023: 44 files). This 24% findings rate compares to 34% in 2023. The decrease in the aggregate findings rate was primarily driven by a decrease in significant findings at certain annually inspected firms. We have observed a correlation between the firms that invest in a robust system of quality management and a lower level of significant findings.

The aggregate significant findings rate at the four largest firms decreased to 12% (eight of 65 files), when compared to 16% (10 of 63 files) in 2023. One of the four largest firms continued to have an elevated significant findings rate of 30% of files inspected in 2024 (2023: 29%).

The aggregate level of significant findings at other annually inspected audit firms decreased, with a findings rate of 17% (six of 36 files), compared to 39% (15 of 38 files) in 2023.

The aggregate significant findings rate at non-annually inspected firms decreased to 57% (17 of 30 files) compared to 66% (19 of 29 files) in 2023. The overall level of significant findings at these firms has remained unacceptably high over the past five years, prompting our 2025-2027 strategic objective on fostering an environment that supports improved audit quality at smaller firms.

All firms

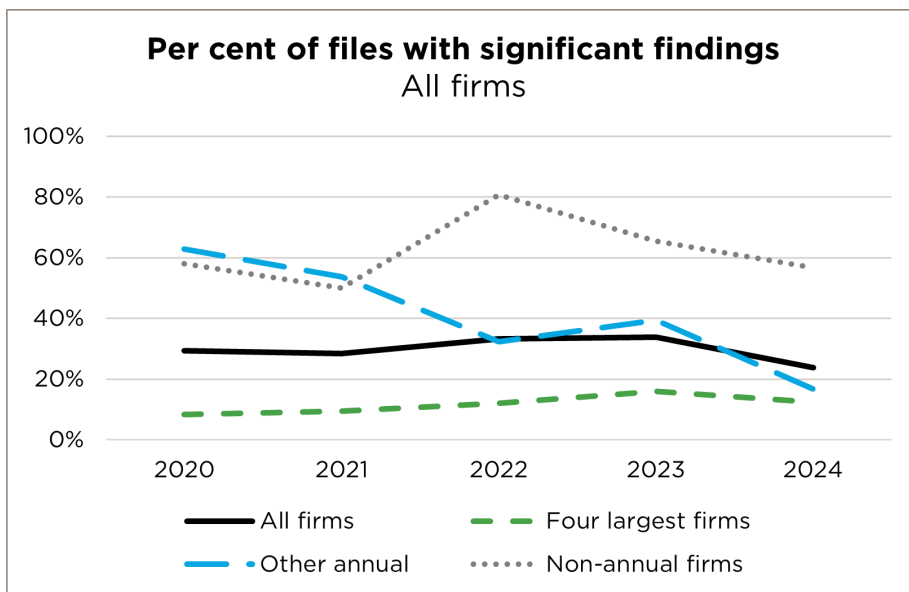


Figure 5

Our inspections in 2024 included 63 files of Toronto Stock Exchange (TSX)-listed entities and 68 non-TSX-listed entities (2023: 62 TSX; 68 non-TSX). While the overall level of significant findings at non-TSX-listed entities has remained high over the past five years, the rate of significant findings at these entities improved in 2024, decreasing to 26% (2023: 51%), primarily driven by a decrease in significant findings at other annually inspected firms. The rate of significant findings at TSX-listed entities has increased to 21% in 2024 (2023: 15%), primarily driven by an increase in significant findings at non-annually inspected firms.



All firms

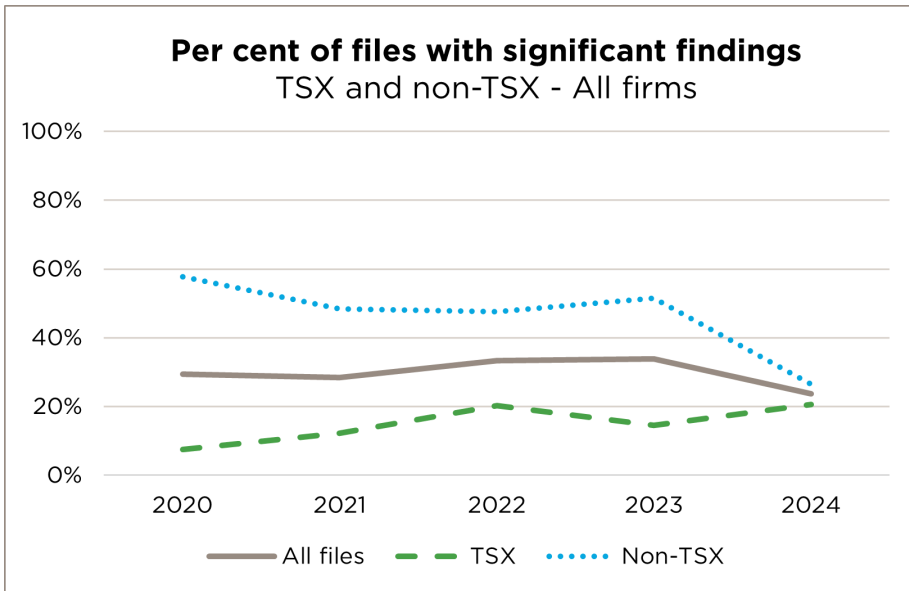


Figure 6

Figure 7 shows industries most often inspected and the number of significant findings. These four industries account for 47% of files inspected in 2024 (2023: 49%). Significant findings have increased in the financial services industry<sup>4</sup> with 42% of files inspected having significant findings (2023: 33%). Reductions in the percentage of files with significant findings were noted in the technology and mining industries. We will continue to communicate our inspections findings and insights, including industry-related trends, through our Strengthening audit quality publication series.

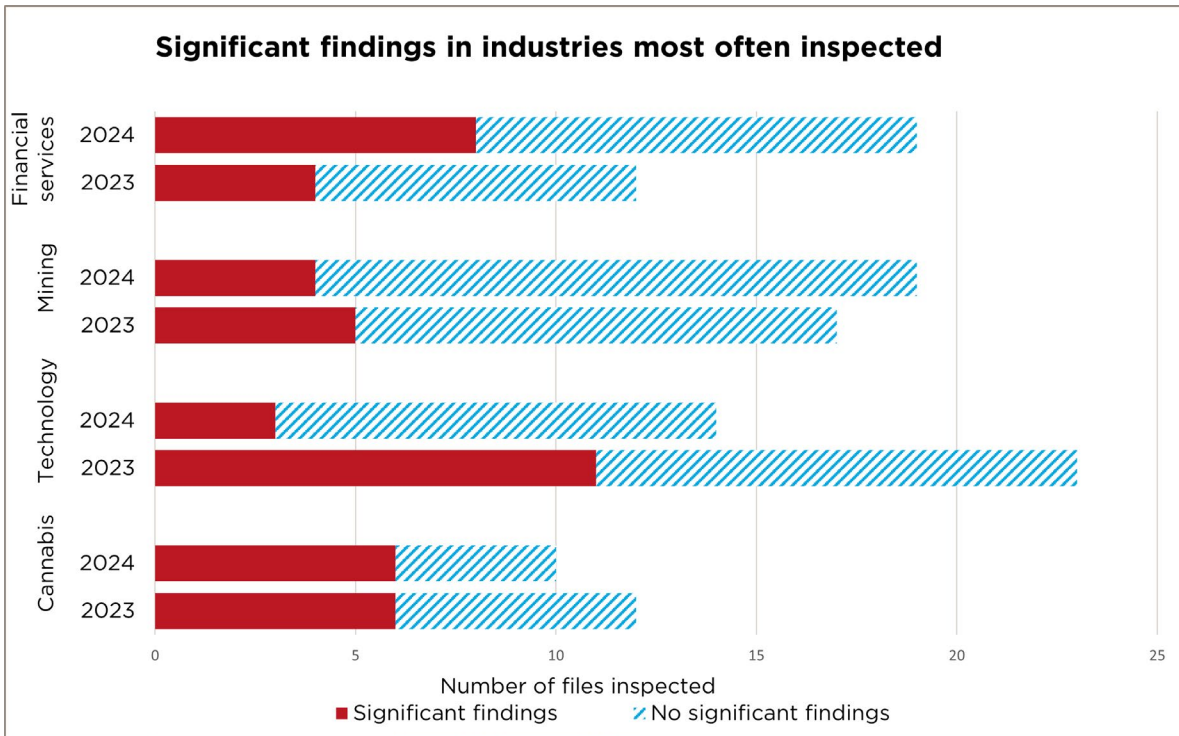


Figure 7

<sup>4</sup> This group includes financial institutions, insurance companies, fintech companies and investment funds.





All firms

Significant findings are more common in a firm's first year auditing a reporting issuer. In 2024, files that are first-year audit engagements at a specific audit firm accounted for 22% of files inspected (2023: 26%). Figure 8 shows the rate of significant findings based on files inspected considering firm tenure. We have encouraged firms to consider additional quality risks that may arise upon acceptance of new audit engagements and develop appropriate responses.

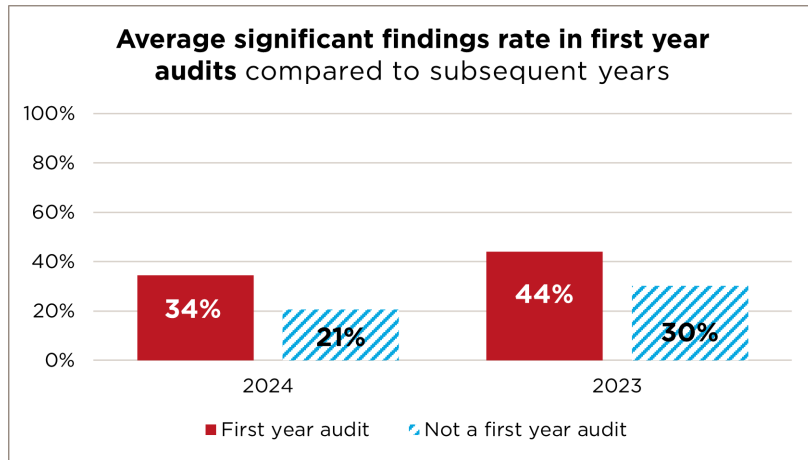


Figure 8

For more detail on the results of our inspections, please see page 19 (four largest firms), page 22 (other annually inspected firms) and page 25 (non-annually inspected firms).

Please see page 29 for information about our enforcement activities.

In 2024, we obtained access to and reviewed component auditor working papers located in [foreign jurisdictions](#) for 18 files selected for inspections (2023: 10). We identified a significant finding in one of the foreign component auditor working papers we reviewed (2023: one). In 2023, we requested and were denied access to two component auditor working papers located in China. CPAB does not currently have an agreement with Chinese authorities which would enable access to these working papers.

### How firms are required to respond to CPAB findings

Most significant findings require the firm to carry out additional audit procedures to determine the need, if any, to restate the financial statements due to material error. The remaining findings require firms to add evidence to the audit file to show they had obtained sufficient and appropriate audit evidence with respect to a major balance sheet item or transaction stream. CPAB expects firms to remediate file deficiencies before the reporting issuer's next quarterly report. Where a restatement is required, the firm is expected to work with the reporting issuer to complete the restatement as soon as possible in order to provide updated information to investors. Audit firms that voluntarily participated in the Protocol for Audit Firm Communication of CPAB Inspection Findings with Audit Committees (the Protocol) shared CPAB's annual reports, as well as CPAB inspection reports which outline any specific findings and remedial action taken, with the relevant reporting issuer's audit committee. CPAB encourages audit committees to discuss this report and specific findings, if applicable, with their auditor.



## System of quality management assessments

The Canadian standard on quality management requires all firms to annually evaluate their system of quality management and conclude whether it provides the firm with reasonable assurance that the objectives of the system are being achieved. A strong system of quality management emphasizes the need to systemically embed audit quality processes (preventative and detective) into ongoing operations across the entire assurance portfolio so that audit deficiencies are identified and corrected in real time or, at a minimum, before the audit opinion is released. Such a system is supported by a firm culture that demonstrates a commitment to quality including reinforcing the importance of the profession's public interest responsibility.

We have observed improvements in the systems of quality management across most firms inspected this year.

In September 2024, we published [Strengthening audit quality through systems of quality management](#) to provide insights into practices observed at firms with robust controls and processes that correlate with a strong system of quality management. We observed the following practices that demonstrate a firm's commitment to consistently performing quality engagements by establishing a culture that recognizes and reinforces the firm's role in serving the public interest:

- Implementing a governance and leadership structure that includes the use of committees with clearly defined accountabilities and mandates.
- Implementing clear and measurable key performance indicators for leadership and engagement partners, which are used to hold individuals accountable for quality responsibilities and accountabilities.
- Performing periodic culture surveys, with leadership input into the design of the survey questions to ensure that responses from the surveys will provide leadership with actionable insights that can be used to inform action plans.
- Performing root cause analysis for all findings, regardless of finding severity, on a timely basis to identify remedial actions required.
- Modifying processes as required to reflect changing circumstances. For example, if the firm is intending to grow its reporting issuer audit practice, ensuring that the firm has sufficient resources in place along with a robust acceptance and continuance process to support growth.

All firms



Going forward, we encourage each firm to further assess whether the objectives of the system of quality management have been achieved:

- Where shared service centres<sup>5</sup> are used as an extension of the Canadian engagement team, understand and obtain information relating to the scope of monitoring activities undertaken by the centres and assess whether additional monitoring should be performed by the Canadian firm.
- Ensure that the firm's risk assessment process considers the risks associated with the use of all technological resources (including artificial intelligence tools) including assessing the accuracy and reliability of the tool, regardless of whether the tool is developed globally, locally or sourced from a third-party software provider.

### Restatements

Since our 2023 annual report, seven restatements were made as a result of significant findings identified during our current or prior year inspections (2023: six; 2022: seven).

Figure 9 illustrates the audit areas resulting in restatements in the past three years.

Audit area resulting in a restatement	2024	2023	2022
Business combinations	◆	◆	◆
Liabilities	◆	◆	
Long-term assets	◆	◆	◆
Current assets	◆		
Revenue	◆		◆
Share capital		◆	

Figure 9

The level of restatements resulting from our inspections in the past three years raises a concern about why the auditor's work did not identify these errors, including their evaluation of the appropriateness of accounting policies.

<sup>5</sup> Firms may concentrate or centralize processes or activities in a shared service centre, and engagement teams may include personnel from the firm's shared service centre who perform specific tasks that are repetitive or specialized in nature.



## Themes identified in inspection findings

Themes identified in our inspection findings have occurred most frequently or are of heightened concern. A comparison of themes identified over the past three years is included in Figure 10.

While most themes are applicable to all firms, certain themes, such as compliance with licensing requirements to practice public accounting, have only been identified among non-annually inspected firms.

As a result of our findings, CPAB regularly issues publications to provide more detail on the nature of deficiencies identified, our expectations, and the practices observed in audit files with no significant inspection findings. Audit risk alerts and publications issued as part of our Strengthening audit quality inspections insights are included in Figure 10. These and other publications continue to be relevant and are available in the [Resource Centre](#) section of our website.

All firms

Themes identified in inspection findings	2024	2023	2022
Identifying and assessing the risks of material misstatement	! ♦	♦	♦
Evaluating the entity's accounting policies	♦	♦	♦
Evaluating audit evidence including information obtained from external sources	! ♦	♦	! ♦
Auditing accounting estimates	♦	♦	♦
Use of an auditor's expert	♦	♦	♦
Ethical requirements, including independence	♦	♦	♦
Audit documentation, supervision and review	♦	♦	♦
Identifying and responding to the risk of fraud	! ♦	♦	♦
Compliance with licensing requirements to practice public accounting	♦	♦	
Services provided by a service organization <sup>6</sup>	♦	! ♦	♦
Perpetual inventory systems		♦	

♦ Theme identified in significant findings.

! CPAB publication issued.

Figure 10

Several of the themes listed above are discussed in our [2024 Interim Inspections Results](#) report. Services provided by a service organization was discussed in our 2023 interim inspections results report, and the examples provided remain relevant. The remaining themes are described below.

<sup>6</sup> Services provided by a service organization are relevant to the audit of a company's financial statements when those services, and the controls over them, are part of the company's information system used in the preparation of the financial statements.



## Identifying and assessing the risks of material misstatement, including evaluating the entity's accounting policies

Identification and assessment of risks is foundational to an audit and includes obtaining an understanding of an entity and its environment. As part of the standard for [identifying and assessing the risks of material misstatement](#), the auditor is required to evaluate whether the entity's accounting policies are appropriate and consistent with the applicable financial reporting framework.

Our 2023 annual report highlighted deficiencies in the auditor's evaluation of the entity's accounting policies. We continue to identify similar deficiencies in our inspections, which is concerning as such deficiencies are more likely to result in a restatement.

## Evaluating audit evidence including information obtained from external sources

The auditor's responsibility to obtain sufficient appropriate audit evidence includes a requirement to evaluate the relevance and reliability of information used in an audit. While the audit standard explains that reliability of audit evidence increases when it is obtained from independent sources outside the entity, the auditor is nevertheless required to evaluate the reliability of the information to be used as audit evidence.

A number of deficiencies related to the sufficiency of audit procedures to address the existence and condition of inventory (or other assets) held by a third party. As a result, in December 2024 we issued [CPAB audit risk alert: Third party involvement in the inventory management process](#) highlighting deficiencies and good practices observed in our inspections of inventory when the auditor used external confirmations as the primary source of audit evidence to evaluate the existence and condition of inventory (or other assets) held by a third party.

## Auditing accounting estimates

Deficiencies related to auditing accounting estimates stemmed from audit work over business acquisitions, impairment evaluations and allowance for credit losses. Many deficiencies are similar to those spotlighted in our publication, [Auditing accounting estimates: strengthening audit quality](#) published in September 2021.



Four largest firms: *Deloitte LLP, Ernst & Young LLP, KPMG LLP & PwC LLP*



Figure 11

*File inspections*

We inspected 65 files (2023: 63) at the four largest firms and identified significant findings in eight of those files (2023: 10), which is a findings rate of 12% (2023: 16%). One firm had seven files (30%) with significant findings (2023: six files; 29%), one firm had one file with a significant finding, while two firms had no files with a significant finding in 2024 (2023: two firms with one file with a significant finding, and one firm with two files with a significant finding).

Four largest firms

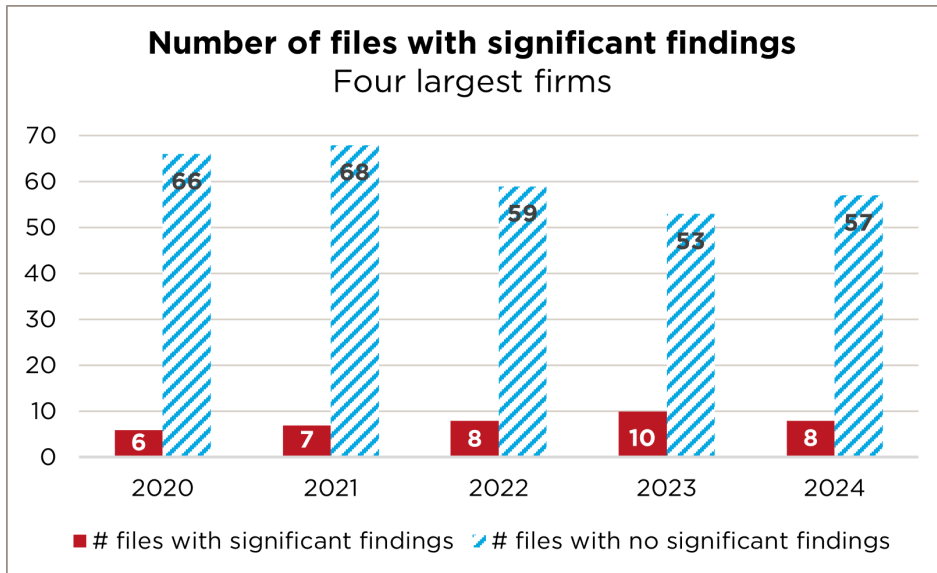


Figure 12



Other findings<sup>7</sup> have decreased since the prior year, driven by the same two firms that had no significant findings.

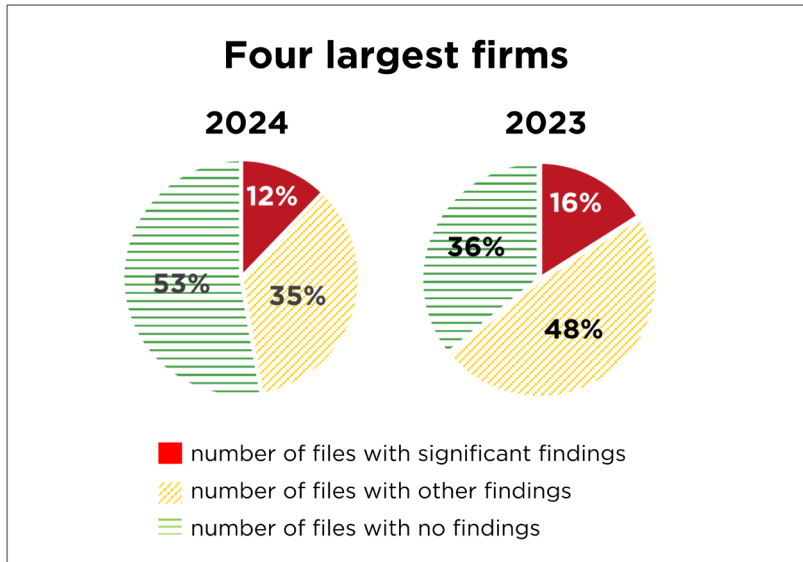


Figure 13

Enforcement actions were imposed on one of the four largest firms as a result of unacceptable levels of significant findings over consecutive years.

Figure 14 reflects the audit areas we most frequently reviewed at the four largest firms in 2024 and 2023 and the total number of significant findings per audit area. These areas were selected because they were generally material to the reporting issuer's financial statements or included complex issues or judgment.

Audit area	2024	2023
	Significant findings per number of times inspected	
Revenue and related accounts	3 / 49	4 / 49
Long-lived assets <sup>1</sup>	4 / 40	1 / 31
Business combinations	0 / 26	2 / 27
Inventory	1 / 12	3 / 27
Financial instruments <sup>2</sup>	4 / 24	1 / 20

<sup>1</sup> Includes goodwill, intangible assets, investment properties and property, plant and equipment.

<sup>2</sup> Includes investments, loans, allowance for credit losses, derivative assets/liabilities, claims liabilities and reinsurance assets.

Figure 14

<sup>7</sup> Other findings – A noted deficiency in the application of generally accepted auditing standards related to a material balance sheet item or transaction stream where CPAB is able to conclude, without the engagement team performing additional procedures to support the audit opinion, that the deficiency is unlikely to result in a material misstatement. These findings, while not significant, indicate areas for improvement.



For a list of the industries where we identified significant findings and the number of files inspected by industry at the four largest firms in 2024 and 2023, please see Figure 24 on page 37 of this report. Significant findings have most notably increased in the consumer products and financial services industries when compared to 2023.

### *System of quality management assessments*

In the current year, we transitioned from our previous assessment model to one based on CSQM 1 now that this standard is fully effective. The previous assessment model was used for the four largest firms since 2018 and consisted of an assessment across four key areas of focus which we identified as being critical to audit quality (governance and leadership's accountability for audit quality, risk management, talent and resource management and oversight).

In the prior year, three of the four largest firms were rated acceptable or acceptable with opportunities for enhancement across the four key areas of focus. One firm was rated as needs improvement across all four areas of focus. The firm that was rated as needs improvement had significant inspection findings in the prior year.

We reviewed the 2023 self-evaluations completed by the firms. Each of the four largest firms concluded in their 2023 self-evaluation that their system of quality management provides them with reasonable assurance that the objectives of the system of quality management were achieved<sup>8</sup>.

In the current year, all firms have improved their system of quality management and continue to show a commitment to improving audit quality culture. For one firm, we identified concerns with their monitoring and remediation process and whether it provides them with relevant, reliable and timely information about the design, implementation and operation of their system of quality management. This firm had significant inspection findings this year. For this firm, we also identified concerns over the completeness of information considered in its 2023 self-evaluation of its system of quality management, including evidence to demonstrate how the firm satisfied itself that the remedial actions taken prior to the evaluation were effective.

### *Restatements*

There have been two restatements as a result of significant findings identified during our inspections at the four largest firms since our 2023 annual report. The restatements resulted from the current and prior year inspections in the financial services and mining industries. This compares to two restatements at the four largest firms in the industrial services and healthcare industries in 2023.

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<sup>8</sup> Results of all four firms' 2023 annual evaluations are published in their transparency reports, available on their respective websites.





Other annually inspected firms: *Crowe MacKay LLP, Davidson & Company LLP, De Visser Gray LLP, DMCL LLP, Manning Elliott LLP, McGovern Hurley LLP, MNP LLP, Raymond Chabot Grant Thornton LLP, Smythe LLP*

Other annually inspected firms

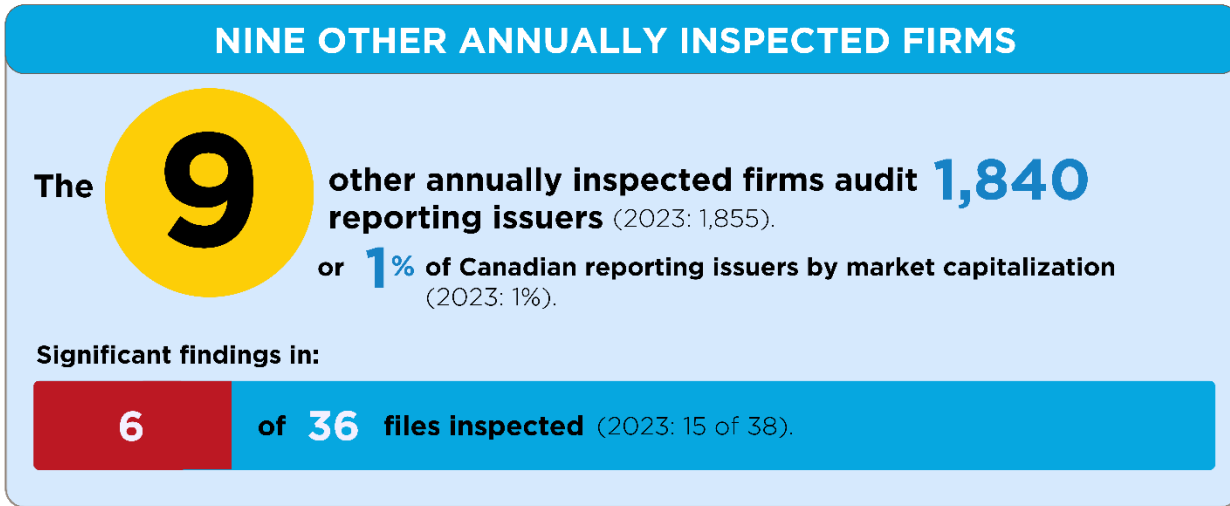


Figure 15

*File inspections*

We inspected 36 files (2023: 38) at the other annually inspected firms and identified significant findings in six of those files (2023: 15). We observed advances in audit quality and improvement in systems of quality management at most of the nine other annually inspected firms. The improvements at these firms are encouraging and they reinforce the importance of a strong system of quality management.

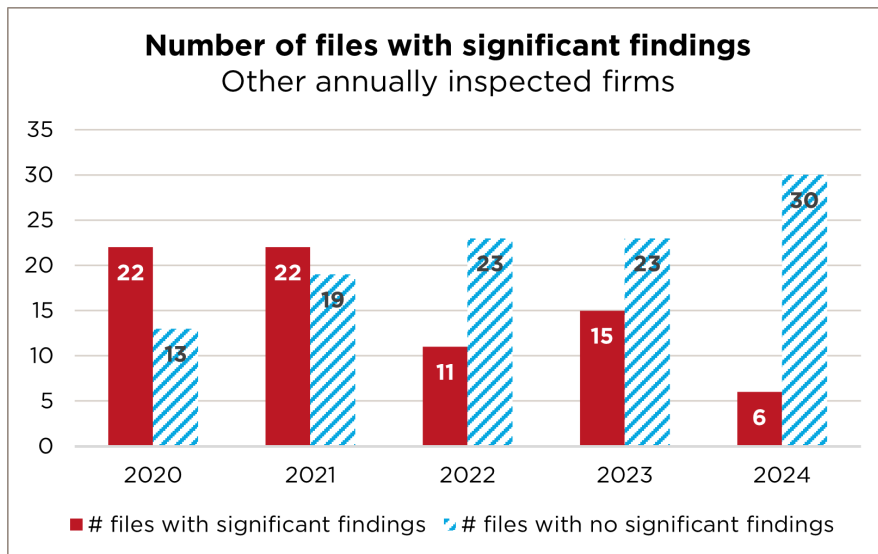


Figure 16

We continue to identify a high level of other findings, which indicates areas where improvement is needed.



Other annually inspected firms

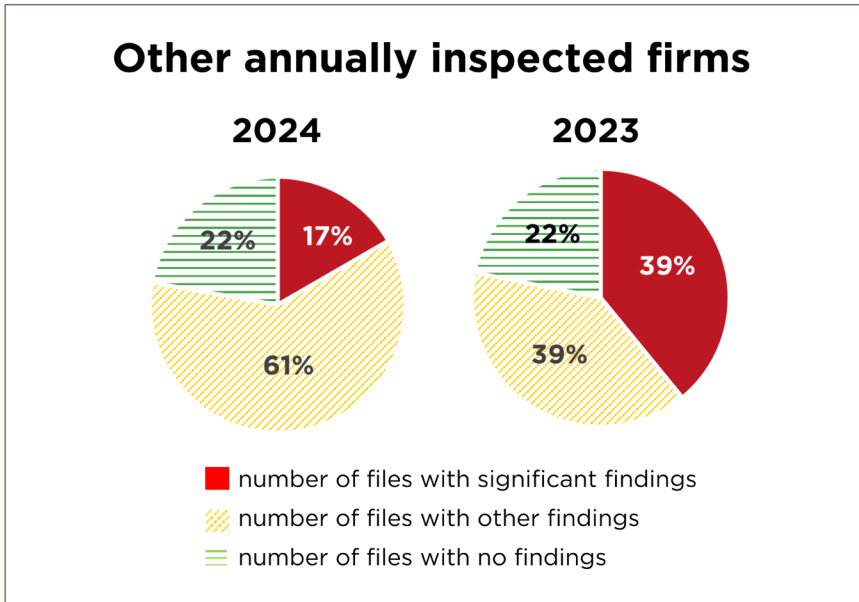


Figure 17

Of the nine other annually inspected firms, enforcement actions were in place for six firms with unacceptable levels of significant findings. Decisions will be made in 2025 regarding the escalation of regulatory intervention and the modification and/or termination of certain existing enforcement actions.

Figure 18 breaks out the number of firms in specific ranges of findings rates in 2024 and 2023.

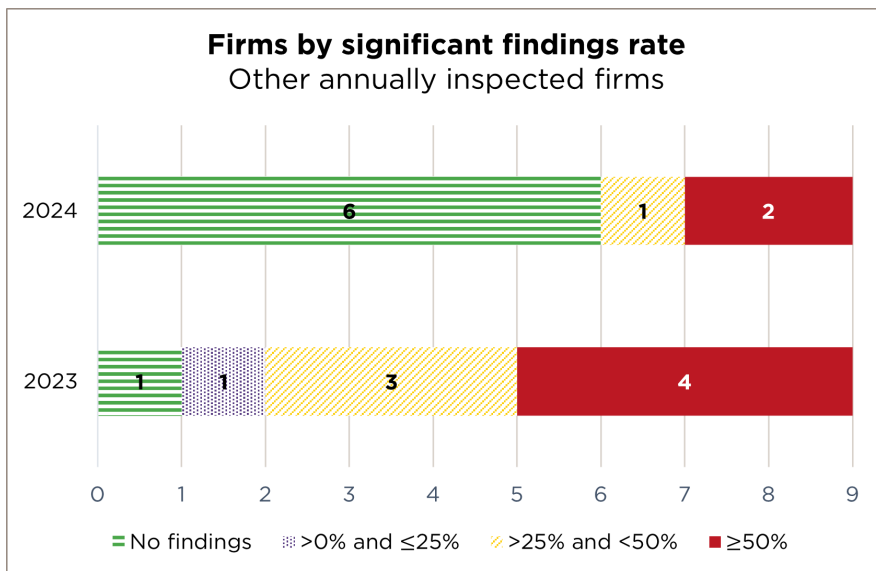


Figure 18



Figure 19 reflects the audit areas we most frequently reviewed at the other annually inspected firms in 2024 and 2023 and the total number of significant findings per audit area. These areas were selected because they were generally material to the reporting issuer's financial statements or included complex issues or judgment.

Audit area	2024	2023
	Significant findings per number of times inspected	
Revenue and related accounts	2 / 30	7 / 33
Long-lived assets <sup>1</sup>	0 / 21	0 / 21
Business combinations	1 / 8	1 / 14
Inventory	1 / 10	2 / 8
Financial instruments <sup>2</sup>	1 / 14	4 / 14
Resources <sup>3</sup>	1 / 9	1 / 7

<sup>1</sup> Includes goodwill, intangible assets, investment properties and property, plant and equipment.

<sup>2</sup> Includes investments, loans, allowance for credit losses, derivative assets/liabilities, claims liabilities and reinsurance assets.

<sup>3</sup> Includes exploration and evaluation assets and mining properties, related expenses and reclamation provisions.

Figure 19

For a list of the industries where we identified significant findings and the number of files inspected by industry at the other annually inspected firms in 2024 and 2023, please see Figure 25 on page 38 of this report.

### *System of quality management assessments*

We inspected the firms' implementation of CSQM 1 in the previous year and identified findings relating to their risk assessment, monitoring and remediation processes, as well as governance and leadership – areas that are foundational to CSQM 1. The firms have all implemented recommendations that will mature their system of quality management; however in some instances, they have not yet performed testing to assess whether actions taken are operating effectively. We observed that these firms continue to make efforts to improve the robustness of their system of quality management, however the level of inconsistent findings indicates that more work is required for some.

We reviewed the 2023 self-evaluations performed by the firms and noted that many firms identified deficiencies that have a severe but not pervasive effect on the design, implementation and operation of their system of quality management. At some firms, we noted a lack of available evidence to support the self-evaluation process, including the assessment of whether findings indicate potential deficiencies and the severity and pervasiveness of identified deficiencies.



## Non-annually inspected audit firms

Non-annually inspected firms

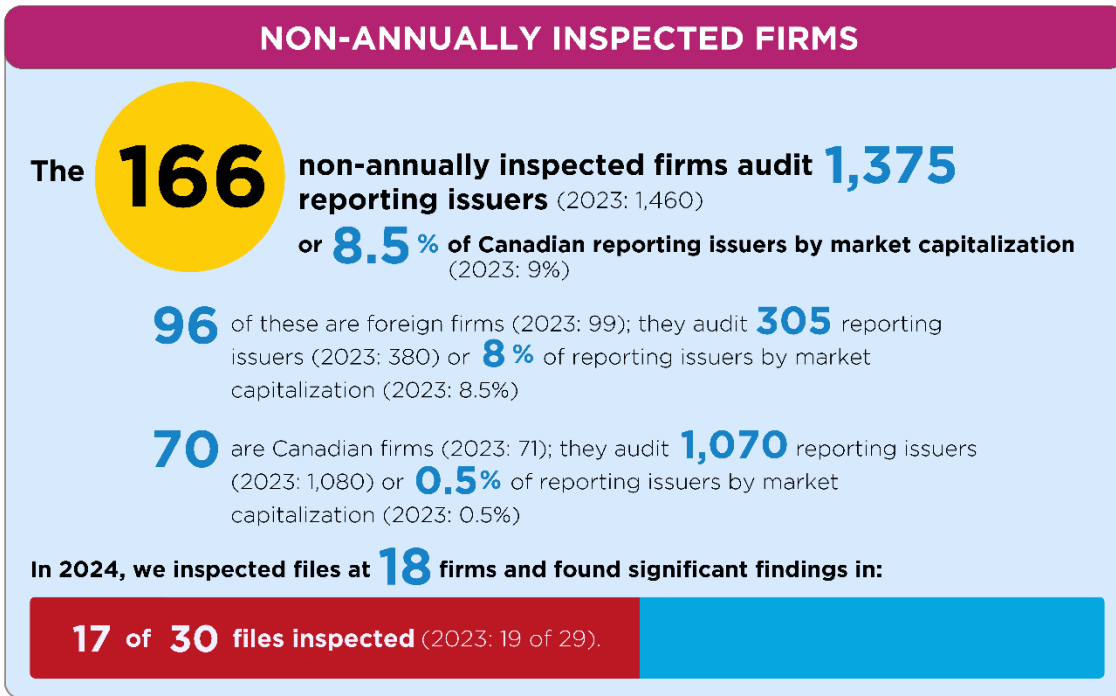


Figure 20

### File inspections

We inspected 30 files (2023: 29) at 18 non-annually inspected audit firms (2023: 17) and identified significant findings in 17 (2023: 19) of these files. The year-over-year inspection results for non-annually inspected firms are not comparable because the composition of this group of firms changes each year based on CPAB's risk-based methodology for choosing files for inspection. Three of the files were at foreign firms (2023: eight), and we identified significant findings in two of those files (2023: six).

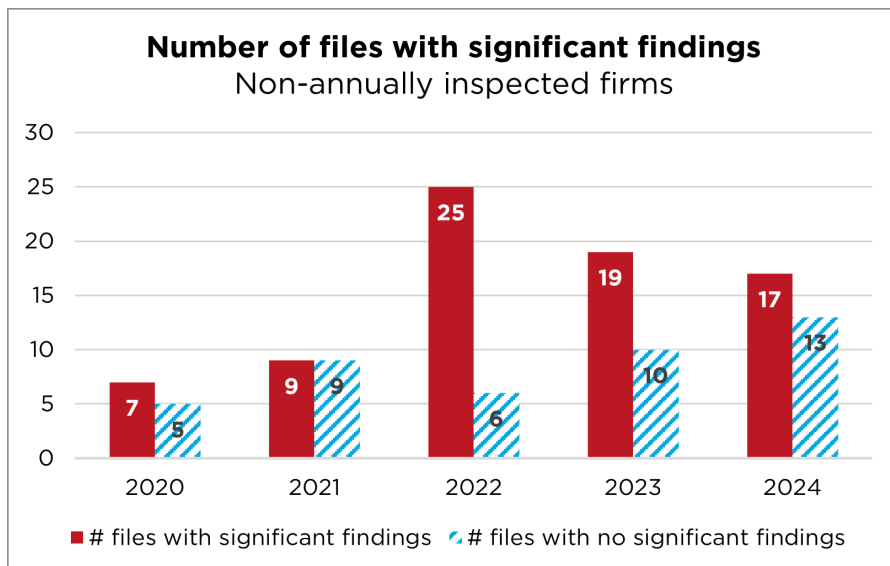


Figure 21



In 2024, 65% of files with significant findings had multiple significant findings per file (2023: 58%). Factors that contributed to the higher prevalence of significant findings at some of these firms included lack of experience auditing in a particular industry or audit area, and insufficient supervision and review.

For a list of the industries where we identified significant findings and the number of files inspected at the non-annually inspected firms by industry in 2024 and 2023, please see Figure 26 on page 39 of this report. In 2024, all files inspected at the non-annually inspected firms in the consumer products and financial services industries had significant findings (2023: consumer products, financial services and life sciences).

In 2024, we imposed new enforcement actions on two non-annually inspected firms, while eight others continued to operate under enforcement actions imposed in previous years. One firm was terminated as a result of non-compliance with previously imposed enforcement actions. Decisions will be made in 2025 regarding the escalation of regulatory intervention and the modification and/or termination of certain existing enforcement actions.

Further details of our 2024 enforcement actions are outlined in the [Enforcement overview](#) section on page 29 of this report.

### *System of quality management assessments*

In the current year, we included a limited review of select aspects of the non-annually inspected firms' implementation of CSQM 1. We noted that these firms have made efforts to design, implement and operate their system of quality management. Firms that are part of a network have a more mature system of quality management as a direct result of the CSQM 1 implementation resources available from the network. We observed that some smaller firms have used experienced external consultants to perform the monitoring and remediation function. This ensures there is expertise in this area as well as independence and objectivity in the process.

We reviewed the 2023 self-evaluations performed by the firms and noted that many firms concluded that their system of quality management provides them with reasonable assurance that the objectives of the system have been achieved. However, many of the self-evaluations did not appropriately demonstrate inputs considered as part of the evaluation. These firms need to enhance the evidence supporting their self-evaluation processes, including the assessment of whether findings indicate potential deficiencies, individually or in aggregate. We also identified findings related to the risk assessment and monitoring and remediation processes, as well as governance and leadership, similar to those we identified in 2023 for other annually inspected firms. Firm leadership needs to dedicate sufficient and appropriate resources to support the design, implementation and operation of a strong system of quality management.



## *Restatements*

There have been five restatements as a result of significant findings identified during our inspections at non-annually inspected firms since our 2023 annual report. The restatements were in the cannabis, consumer products, crypto, life sciences and mining industries. This compares to three restatements at non-annually inspected firms reported in our 2023 annual report in the crypto (two) and mining (one) industries.

Non-annually inspected firms





## Looking Forward

### *Technology*

Over the past few years, we have seen significant advancements in the development of emerging technologies for use in audit and finance. These developments include increased integration of applications that leverage artificial intelligence (AI). Auditors can leverage AI-enabled tools to process information, allowing them to focus on the more complex and judgement-based aspects of an audit.

In 2025, CPAB will influence the controls and processes that audit firms integrate into their use of emerging technologies, including AI, in the audit. Our work will integrate insights on the use of technology in the audit from our inspections and external outreach, combined with our collaboration with other regulators. We will continue to engage with international audit regulators through our leadership in the International Forum of Independent Audit Regulators' Technology Task Force.

### *Fraud*

Fraud continues to be an important focus area for capital markets in both Canada and internationally. As the audit environment changes at a rapid pace, we expect emerging risks and trends to increasingly impact fraud risk. Auditors will continue to play a key role in the prevention and detection of fraud.

Our [2025 fraud publication](#) provides a detailed overview of observations from our 2024 thematic review, including case studies.

Over the past five years, we have observed auditors make progress in areas such as the use of forensic specialists, enhanced fraud risk assessment and identification, and the inclusion of other specialists who support the audit (i.e., tax, information technology, valuation) in fraud planning. While most of the audit work we inspect complies with the existing fraud standard, to provide greater protection to the investing public, a more questioning mindset is needed.

CPAB will continue to engage with standard setters regarding the finalization of revisions to International Standard on Auditing (ISA) 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*. We continue to encourage firms to adopt best practices with respect to their fraud risk assessments and the related procedures designed to respond to identified risks.

### *Climate thematic review*

In the third year of CPAB's climate thematic review, we observed that engagement teams at the largest firms are considering the impact of climate-related factors in audit risk assessment activities, though the depth of those risk assessments does vary from audit to audit. Other firms are continuing to raise awareness on the topic both internally and in discussions with reporting issuers.

CPAB will continue to monitor sustainability-related developments in both Canada and internationally, adapting our oversight activities accordingly. We encourage audit firms and reporting issuers to be similarly agile in their monitoring and preparedness activities.



## Enforcement overview

Enforcement actions are an integral part of CPAB's regulatory intervention. CPAB takes enforcement actions when necessary to prevent and deter violations of auditing and other professional standards. Such actions are imposed to improve audit quality with the goal of protecting the investing public and contributing to public confidence in the integrity of financial reporting.

CPAB publicly discloses significant enforcement actions that result from poor inspection findings and all enforcement actions resulting from an investigation. Significant enforcement actions include a restriction from accepting new reporting issuers, prohibiting the firm's continuance as auditor for certain reporting issuers, prohibiting the assignment of specified professionals on audit engagements, and terminating a firm's registration with CPAB. If terminated, a firm is prohibited from conducting audits of Canadian reporting issuers. In such cases, the firm's reporting issuers will have to retain an alternative auditor that is registered with CPAB.

Summaries are posted on CPAB's [website](#) relating to nine firms that are or were the subject of significant enforcement actions resulting from inspection findings and in relation to four firms as a consequence of investigative findings.

In addition to serving as a deterrent, these publications aim to further reinforce public confidence in Canada's capital markets and provide information that supports audit committees and investors in their roles.

## Enforcement actions

In 2024, there were 18 firms subject to enforcement actions,<sup>9</sup> compared to 17 in 2023. During the year, enforcement actions were imposed on three firms that were not already operating under such actions. Fourteen firms were operating under requirements or restrictions imposed in prior years that were modified or continued. Enforcement actions were effectively removed from one firm that was terminated as a participating firm for failure to comply with such actions. CPAB can modify enforcement actions in response to improved or deteriorated inspection results.

Figure 22 identifies the requirements, restrictions and sanctions imposed or in effect in 2024 compared to 2023.

While a restriction on accepting new reporting issuer engagements may relate to a firm's overall practice, there are also instances in which firms are restricted from accepting reporting issuers that are defined as moderate or high risk. CPAB imposes these types of restrictions when we believe there is a risk to the investing public.

In addition to a restriction, CPAB may also impose a variety of enforcement actions in the form of requirements, listed in Figure 22, which are intended to help the firm improve and maintain audit quality.

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<sup>9</sup> Enforcement actions are defined as any requirement, restriction or sanction imposed pursuant to CPAB Rule 601.





CPAB does not have the authority to impose monetary fines on a firm and operates under a cost recovery model. Payment of CPAB's compliance monitoring costs by firms operating under an enforcement action is a standard aspect of each enforcement order.



**Enforcement actions imposed or in force by year**

		Four largest firms		Other annually inspected firms		Non-annually inspected firms	
		Imposed or in effect in 2024	in 2023	Imposed or in effect in 2024 <sup>1</sup>	in 2023	Imposed or in effect in 2024 <sup>2</sup>	in 2023 <sup>3</sup>
<b>Sanctions</b>	Termination	-	-	-	-	1	1
	Public censure	-	-	3	3	3	5
<b>Restrictions</b>	Restricted from taking on new high risk reporting issuers	-	-	1	-	1	1
	Restricted from taking on new moderate and high risk reporting issuers	-	-	1	2	4	2
	Restricted from taking on new reporting issuers	-	-	1	1	3	4
	Restriction on the continuance of certain reporting issuer clients	-	-	-	-	-	1
	Prohibited from assigning certain firm personnel to reporting issuer clients	-	-	-	-	1	1
<b>Requirements</b>	Enhanced reporting to CPAB	1	-	5	6	4	3
	Additional training and/or coaching	-	-	1	2	6	6
	Enhanced engagement quality control review	-	-	-	-	4	3
	Mandated firm client portfolio review	-	-	-	-	3	3
	Mandated partner and manager portfolio review	-	-	-	2	2	1
	Appointment of an independent monitor	1	-	4	4	-	1
	Enhanced disclosure of CPAB inspection findings and/or recommendations to partners within the firm	-	-	2	2	-	-
	Enhanced internal monitoring and oversight of quality initiatives	1	-	1	1	-	-
	External professional to review the firm's system of quality control and/or completed audit engagements	-	-	2	3	-	1
	Cultural survey (perform or implement recommendations)	-	-	1	3	-	-
	Detailed root cause analysis (internal or external)	-	-	3	2	6	5
	Implement quality action plan	1	-	3	1	4	3
	Implement a budgeting and resource management tool	-	-	-	2	-	1
Design, implement and/or test internal controls and/or responses for engagement budgeting and resource scheduling tools	-	-	2	4	1	-	
Other (including completing inflight reviews, revising policies)	1	-	13	4	7	11	
		<b>5</b>	<b>-</b>	<b>43</b>	<b>42</b>	<b>50</b>	<b>53</b>
<b>Number of firms subject to enforcement actions</b>		<b>1</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>11</b>	<b>11</b>

<sup>1</sup> All requirements were terminated on one firm in February 2024.

<sup>2</sup> All requirements and restrictions were effectively terminated on one firm in April 2024 upon its termination as a participating firm.

<sup>3</sup> Restrictions and requirements were terminated on one firm in February 2023 and one requirement was satisfied on each of two other firms during the year.

Figure 22



## Investigations

CPAB commenced the year with six ongoing investigations. During 2024, three new investigations were initiated and two<sup>10</sup> were closed. As of December 31, 2024, there were seven active investigations. The results of all investigations that identify a violation event that leads to enforcement actions are published on our [website](#).

Recovering CPAB's investigation costs from the firm being investigated is a standard part of the enforcement process.

### How CPAB's regulatory intervention process works

CPAB expects firms to resolve audit quality issues as they arise during an inspection. CPAB's Rules provide a framework of regulatory intervention mechanisms to address audit quality deficiencies at the file and firm levels.

Throughout the inspection process, both the engagement team and audit firm are given the opportunity to provide their perspectives and written responses in relation to the facts, findings and recommendations arising from the inspection. Once the inspection has concluded, to protect the investing public and promote audit quality, unresolved matters may be escalated to determine if further regulatory intervention is required. This can include enforcement actions or the commencement of an investigation.

CPAB commences an investigation when we consider that a violation event may have occurred and additional information is needed. A violation event includes conduct that breaches CPAB's Rules, auditing and other professional standards and may have an impact on the provision of audit services. This includes a failure to comply with enforcement actions previously imposed on a firm. An investigation can be triggered by information received from a variety of sources including whistleblower reports, other regulators, CPAB inspections or internal risk monitoring.

CPAB initiates the escalation of regulatory intervention following an inspection or investigation by proposing the imposition of enforcement actions including requirements, restrictions or sanctions. All regulatory intervention is designed to protect the investing public and encourage sustained improvements to audit quality.

Requirements typically involve CPAB mandating that the firm implement targeted actions or change certain practices to improve audit quality, such as conducting a culture assessment, providing additional training or retaining an independent monitor to oversee compliance with any imposed enforcement actions and other audit quality related firm initiatives.

Restrictions typically involve CPAB limiting the audit firm's practice. This could include restricting the firm from taking on new reporting issuers, high risk reporting issuers or reporting issuers in particular industries.

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<sup>10</sup> One investigation resulted in enforcement actions for violations of independence rules and is published. The other was closed after the firm was terminated for failing to comply with previously imposed enforcement actions.



Sanctions include, but are not limited to, a public censure and termination of a firm's status as a participating audit firm.

The initial decision to propose the imposition of enforcement actions is determined by CPAB's Enforcement Screening Panel, composed of senior members of the CPAB leadership team. The panel reviews each matter and forms a recommendation that is brought to CPAB's board for approval.

If the board decides to propose one or more enforcement actions, formal notice is provided to the firm. The firm can challenge the proposed enforcement action(s) by petitioning for a review proceeding. If the firm does not petition for a review proceeding, the enforcement action(s) will come into effect and immediate compliance is required. In 2024, there were no such challenges to enforcement actions proposed and ultimately imposed by CPAB.

In November 2024, CPAB's Rules were amended to provide the ability for CPAB to request the imposition of enforcement actions on an interim basis. A decision to deny or grant the request is to be made by a review proceeding panel. Such requests will only be made in exceptional circumstances. This amendment was enacted to enhance CPAB's ability to protect the investing public on a timely basis. CPAB has not yet pursued an interim order.





## External outreach – expanding the conversation about audit quality matters

CPAB's external outreach strategy has two primary objectives, which are informed by our vision and mission.

- Inform and influence key stakeholders in the interest of promoting audit quality and protecting the investing public.
- Enhance CPAB's identification and understanding of emerging risks.

CPAB's external stakeholders include public company audit committees and directors, investors, other regulators and audit firms. CPAB engages with our stakeholders through one-on-one outreach, audit committee forums and audit quality roundtables, as well as through presentations at conferences, universities and other events. CPAB also shares information with members of the public via CPAB's subscription-based newsletters and bulletins, our website and LinkedIn.

Areas of interest in our meetings and forums included CPAB's initiatives to increase our public disclosures; audit committees' changing scope and priorities; the impact of artificial intelligence on the audit and business; cybersecurity; and prioritization and progress of evolving environmental, social and governance reporting. Our outreach in 2024 also included a focus on growing our connections with audit committees of reporting issuers with lower market capitalization.

### 2024 stakeholder survey

CPAB surveyed corporate directors, investors and reporting issuer management as part of our triennial stakeholder survey in 2024. CPAB was rated favourably across these stakeholder groups on its overall performance as an effective regulator. Of audit committee chairs and other directors surveyed, 83% assessed our effectiveness as 'excellent/good'. This result compares to the 84% rating we received in our 2020 survey and our 2022-2024 strategic plan target of 85%. Stakeholders noted a high level of satisfaction with CPAB's public reports, CPAB events and outreach to audit committees and other directors. One-on-one meetings with CPAB were cited as being highly valued.

In response to the feedback received, we will focus on the following in 2025:

- Complete the steps required to increase CPAB's disclosures including publishing of individual firm inspection reports.
- Prioritize one-on-one meetings with stakeholders, including regularly refreshing relationships with existing contacts and organizing audit committee forums.
- Identify and execute on strategies to increase our engagement with the venture issuer market and to explain CPAB's focus and key issues.
- Continue to raise the level of awareness of our publications, such as finding additional opportunities to share insights with relevant stakeholders.



## Hearing from investors

Investors are an important stakeholder to CPAB. This outreach allows us to understand emerging risks and ensure that CPAB is meeting our mandate of serving the public interest. Our investor engagement focused on emerging risks impacting audit quality and confidence in financial reporting, covering a range of topics including technology and the audit, risks and opportunities from leveraging artificial intelligence, the evolution in our disclosures and our strategic plan and future direction.

## Broadening our reach

We continued to build new relationships and renew existing relationships with many of our stakeholders.

Audit committee outreach included:

- CPAB's nine audit committee forums including a virtual forum focused on small to mid-sized reporting issuers.
- One-on-one meetings with audit committee chairs and corporate directors.
- Attending and presenting at events and conferences targeted to our key stakeholders.

Other outreach and dialogue with Canadian and international stakeholders included:

- Co-hosting the annual roundtable on audit quality with the Office of the Superintendent of Financial Institutions (OSFI) and Canadian Securities Administrators (CSAs) including senior representatives from standard setters, professional bodies and audit firms.
- Presenting at conferences for audit committees, business valuers, fraud examiners, audit firms, students and academics.
- Meeting with other regulators in Canada and internationally, including audit regulators, securities commissions and provincial regulators.
- Engaging as an active member of the Reporting and Assurance Standards Oversight Council.
- Discussing our perspectives and inspection findings with Canadian and international standard setters.
- Meeting with the Institute of Internal Auditors.
- Meeting with business and accounting students at Canadian universities.
- Providing our perspectives to standard setters in Canada and internationally, including preparation of five response letters on topics including business combinations, fraud and sustainability assurance.



- Held **9** audit committee forums (**165** participants attended).
- Engaged with directors of more than **240** reporting issuers.
- Engaged with reporting issuers representing a market capitalization of **\$1.9 trillion**.
  - Engaged with representatives of **76** reporting issuers with market capitalization between \$100 million and \$1 billion.

Figure 23





Further to the information presented earlier, Figure 24, Figure 25 and Figure 26 present the number of significant findings per files inspected by industry in 2024 and 2023.

### Significant findings per files inspected by industry: Four largest firms

	2024	2023
<b>Industry</b>	Significant findings per files inspected	
Automotive	0 / 1	0 / 0
Cannabis	0 / 1	1 / 3
Clean technology	0 / 1	0 / 2
Communications and media	0 / 4	0 / 2
Consumer products	2 / 3	0 / 7
Crypto	0 / 1	0 / 2
Financial services	5 / 14	1 / 9
Forest products and paper	0 / 2	0 / 0
Freight and logistics	0 / 2	0 / 0
Healthcare	0 / 1	1 / 3
Industrial goods	0 / 3	1 / 3
Industrial services	0 / 4	3 / 8
Mining	0 / 5	1 / 8
Oil and gas	0 / 3	0 / 1
Professional and commercial services	0 / 0	0 / 1
Real estate	1 / 7	0 / 3
Retail	0 / 3	0 / 4
Technology	0 / 4	2 / 6
Transportation services	0 / 0	0 / 1
Utilities and pipelines	0 / 6	0 / 0
<b>Total</b>	<b>8 / 65</b>	<b>10 / 63</b>

Figure 24




**Significant findings per files inspected by industry: Other annually inspected firms**

	2024	2023
Industry	Significant findings per files inspected	
Cannabis	0 / 2	1 / 2
Communications and media	0 / 0	1 / 1
Consumer products	0 / 4	1 / 2
Crypto	0 / 1	0 / 1
Financial services	1 / 3	2 / 2
Healthcare	0 / 3	1 / 3
Industrial goods	0 / 1	0 / 0
Industrial services	1 / 2	0 / 1
Life sciences	0 / 1	0 / 0
Mining	2 / 9	3 / 6
Oil and gas	0 / 2	1 / 5
Psychedelics	0 / 1	0 / 1
Real estate	0 / 0	0 / 2
Retail	0 / 0	0 / 1
Technology	2 / 7	5 / 11
<b>Total</b>	<b>6 / 36</b>	<b>15 / 38</b>

Figure 25

Other annually inspected firms



### Significant findings per files inspected by industry: Non-annually inspected firms

	2024	2023
Industry	Significant findings per files inspected	
Cannabis	6 / 7	4 / 7
Communications and media	0 / 1	0 / 0
Consumer products	1 / 1	1 / 1
Crypto	3 / 4	5 / 7
Entertainment	0 / 1	0 / 0
Financial services	2 / 2	1 / 1
Healthcare	1 / 2	0 / 0
Industrial goods	1 / 2	2 / 3
Life sciences	0 / 1	1 / 1
Mining	2 / 5	1 / 3
Professional and commercial services	0 / 1	0 / 0
Technology	1 / 3	4 / 6
<b>Total</b>	<b>17 / 30</b>	<b>19 / 29</b>

Figure 26

Non-annually inspected firms



## Inside CPAB

### CPAB team

CPAB's effectiveness as a regulator depends on having a strong and inclusive corporate culture that engages employees and allows us to attract and retain top talent.

In 2024, employee engagement remained strong. CPAB was certified as a Great Place to Work<sup>®</sup>, with 92% of employees responding that CPAB is a great place to work. CPAB was also a finalist in the Equity, Diversity and Inclusion category of the Governance Professionals of Canada's 2024 Excellence in Governance Awards.

In 2024, we focused our learning and development efforts on innovation, including emerging technologies such as crypto, blockchain and artificial intelligence. Structured learning programs for CPAB teams enhanced our collective coaching, leadership and project management skills and awareness of diversity and inclusion.

CPAB's retention rate remained high at 97% (2023: 91%). In a competitive employment market, successful recruiting and retention strategies are a significant advantage.

Our average headcount increased by 6% in 2024 (2023: 1.6%). We project an average headcount increase of 10% in 2025. The new positions are driven in part by our increased disclosures and the evaluation of systems of quality management, and will be spread across our enforcement, legal and inspections teams.

### Key demographics

	2024	2023
Average number of employees	68	64
Women employees	46 (68%)	43 (67%)
Employee retention rate	97%	91%
Women on leadership team	6 (55%)	7 (58%)
Underrepresented groups <sup>1</sup> organization-wide	27 (40%)	23 (36%)
Underrepresented groups on leadership team	2 (18%)	2 (17%)

<sup>1</sup> BIPOC, LGBTQ2S+ and persons with chronic health conditions or disabilities.

Figure 27



## Community matters

As part of our Community Matters program, CPAB fosters an inclusive and socially responsible environment. Employees engage personally and professionally in a variety of activities that make our communities better places to live. Throughout 2024, we fundraised for and provided financial support to various charities that serve our communities.

## Sustainability at CPAB

CPAB continues to strive to reduce the environmental impact of its operations. The plans for waste management, energy consumption and CO<sub>2</sub> emissions reduction related to travel, presented last year, are now fully operational.

Our transition to being digital-first, completed last year, is meant to meaningfully reduce paper consumption for the long term. Our waste management has improved due to the enhancement of selective collection by the building management in each of our three offices.

We took measures to reduce the carbon footprint generated by business travel, including a systematic climate impact assessment in each of our travel decisions. Compared to 2023, our carbon footprint increased by 20%, but remains 25% lower than 2019, which is pre-pandemic and, from an operational perspective, was the most similar to 2024 of any intervening year.

We will continue to seek opportunities to reduce the climate impact of CPAB's operations, assess the effect of our current efforts and make adjustments as needed.



## Governance

### Responsible corporate governance

Strong governance and operating practices are essential to CPAB's effectiveness as a regulator and remained strong in 2024.

Our board oversaw the delivery of CPAB's strategic commitments for our 2022-2024 strategic plan, the preparation of a new three-year strategic plan, and driving forward the multi-year initiative to enhance transparency in public disclosures regarding CPAB's regulatory assessments. Stakeholder engagement was a key focus of board member activities in 2024. Their engagements included meetings with the securities commissions and participating in several industry forums hosted by CPAB. At these events, board members had the opportunity to engage with stakeholders including audit committee chairs and chief financial officers of public companies. Board members also met with the chief executive officers and assurance practice leads of some participating audit firms.

The board sought opportunities to engage with CPAB staff, including attending certain staff meetings and events and inviting CPAB staff subject matter experts to present at each board meeting. Our outgoing board chair, Benita Warmbold, and our new board chair, Richard Payette, presented to and interacted with CPAB's Council of Governors and its members, as well as other stakeholders.

CPAB was a finalist in the Equity, Diversity and Inclusion category of the Governance Professionals of Canada's 2024 Excellence in Governance Awards. The nomination recognized our work on our review hearing officer roster, CPAB's administrative tribunal.

### Board composition

In March 2024, chair Benita Warmbold retired from the board. Richard Payette was appointed chair, and Alice Laberge was appointed vice chair. CPAB's By-law No.1 requires our board to be comprised of individuals with certain prescribed skills and backgrounds, including accountants, non-accountants and those with audit regulatory experience. Our board is currently composed of nine members with an appropriate mix of experience, skills and various elements of diversity. As part of our board renewal process, we will resume our search for experienced board candidates in 2025.

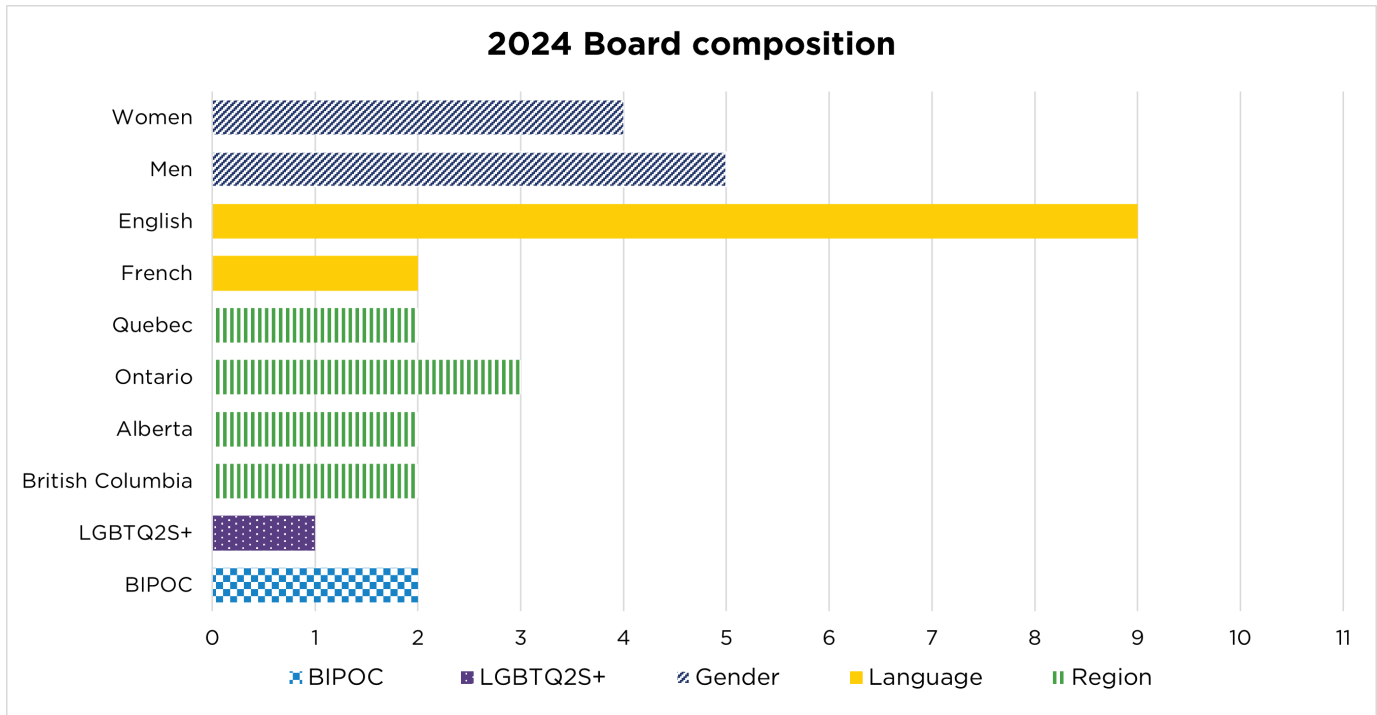


Figure 28

### Focus areas for board committees

The board discharges its oversight responsibilities directly and with the assistance of two standing committees – the Risk and Audit Committee and the Human Resources and Governance Committee.

The Risk and Audit Committee assists the board in overseeing CPAB’s enterprise risk management, financial planning and reporting, system of corporate controls and the external audit process. During 2024, the committee focused on fiscal and operational risks including cybersecurity. The committee continued to monitor ongoing audit challenges and emerging issues including geopolitical risks and the use of artificial intelligence in the audit.

The Human Resources and Governance Committee makes recommendations to the board on issues related to human resources, corporate governance and board composition, as well as board and senior leadership succession planning and compensation. Notable activities in 2024 included board and leadership succession and reporting to the board on recommendations for new review proceedings officer candidates tabled by the chair of the roster of review hearing officers and their independent legal counsel. The committee also approved updates to CPAB’s codes of ethics for staff, consultants and the board. The charters and the codes are available on our [website](#).



## Annual board meetings

Six board meetings, four Risk and Audit Committee meetings and four Human Resources and Governance Committee meetings were held in 2024. While the board was scheduled to meet five times during the year, an additional meeting was held to discuss enforcement matters.

	Board of Directors meetings	Risk and Audit Committee meetings	Human Resources and Governance Committee meetings
Benita Warmbold <sup>1</sup>	2 / 2	1 / 1	1 / 1
Richard Payette <sup>2</sup>	6 / 6	4 / 4	4 / 4
Renaud Caron	6 / 6	N/A	4 / 4
Don Chynoweth	6 / 6	N/A	4 / 4
Julie Dickson	6 / 6	4 / 4	N/A
Kevin Kelly <sup>3</sup>	5 / 6	4 / 4	N/A
Alice Laberge <sup>2</sup>	6 / 6	3 / 3	4 / 4
Mary Lou Maher	5 / 6	N/A	4 / 4
Chika Onwuekwe	6 / 6	4 / 4	N/A
Sophia Tsui	6 / 6	4 / 4	N/A

<sup>1</sup> Retired from board in March 2024.

<sup>2</sup> The chair and vice chair attend, as *ex officio* members, all meetings of the committee to which they were not formally appointed.

<sup>3</sup> Meeting not attended was a short notice, *ad hoc* meeting to address an enforcement matter.

Figure 29

## Director compensation

The Human Resources and Governance Committee reviews director compensation annually and makes recommendations to the board for approval. The Board approved an increase to director and chair compensation for 2024 following an external consultant's assessment and recommendation in 2023. The committee recommended to the board no increase to director or chair compensation for 2025. The next compensation increase will be considered for implementation in 2026.



## 2024 director retainers

Retainer	2024	2023
Board chair retainer	\$ 180,500	\$ 178,000
Vice chair retainer	\$ 62,000	\$ 59,500
Committee chair retainer	\$ 64,500	\$ 62,000
Director retainer	\$ 54,500	\$ 52,000

Figure 30

In addition to annual retainers, directors (except the board chair) receive a per-meeting attendance fee of \$1,500 for meetings of two hours or longer, and a per-meeting attendance fee of \$750 for meetings shorter than two hours.

## Member classes

CPAB is a not-for-profit organization with two member classes – the Council of Governors (COG) and the Provincial Audit Regulator Members (PARMs). The COG annually assesses CPAB's governance practices and performance against its mandate. The COG also appoints CPAB's directors and review hearing officers. The director candidates are tabled with the COG for appointment on the board of directors' recommendation. The review hearing officer candidates are recommended by the review hearing officer roster chair and the independent legal counsel.

During 2024, the COG appointed the new board chair, vice chair and three new hearing officers to CPAB's roster of hearing officers who may preside over review proceedings. The new hearing officers received training on the administrative hearing process, which was provided by the roster's independent legal counsel. With the assistance of independent legal counsel, the chair of the roster facilitated the roster's revision of the rules of procedure for review proceedings which now encompass procedures pertaining to expedited hearings. There were no review proceedings during 2024. More information about the hearing officers and the [review hearing process](#) and expedited hearings can be found on our website.

The PARMs annually appoint CPAB's external auditor following a recommendation by CPAB's board. For a detailed description of this aspect of our governance, please refer to CPAB's Statement of Accountability and Governance Practices available on our website. CPAB also meets with PARMs representatives at least once annually.





## Whistleblower hotline

CPAB offers a confidential whistleblower hotline service which is publicly available through our website, as well as internally to all CPAB staff, to enable the anonymous reporting of matters of concern related to CPAB, our employees, our participating audit firms or Canadian reporting issuers. The hotline service is managed by an independent third party.

CPAB monitors and responds to concerns, tips and inquiries received through the whistleblower hotline and from other sources. These communication channels provide important information about potential misconduct that could otherwise be difficult to detect. Reports received to date have either been resolved or are being reviewed by our intake management team with next steps including enforcement actions and/or a scheduled follow-up with our inspections team. Management reports to the board on whistleblower matters as appropriate.





## Management's discussion and analysis

### Overview

The Canadian Public Accountability Board (CPAB) is an independent, federally incorporated, not-for-profit corporation without share capital. Established in 2003, CPAB promotes audit quality through proactive regulation, robust regulatory oversight, dialogue with domestic and international stakeholders, and practicable insights that inform capital market participants and contribute to public confidence in the integrity of financial reporting. National Instrument 52-108 of the Canadian Securities Administrators requires that auditors of Canadian reporting issuers' financial statements be registered and in good standing with CPAB.

Our regulatory oversight includes assessments of risk-based audit file inspections, the firm's system of quality management and investigations as well as enforcement actions either directly or in co-operation with other regulatory bodies in Canada and internationally.

This management's discussion and analysis (MD&A), prepared as of February 6, 2025, is an analysis of CPAB's operating results for the year ended December 31, 2024. It should be read in conjunction with the audited financial statements for the year ended December 31, 2024, and related notes, which have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. It also includes the outlook for 2025, principal risks and uncertainties that could affect the organization and forward-looking information that describes CPAB's budget, estimates and forecasts. Forward-looking information can be identified by use of future conditional verbs such as should, would or could, or forward-looking terminology, such as budgets, estimates, anticipates, plans, intends and believes.

Forward-looking statements involve risks and uncertainty and reflect CPAB's current views of future events and financial performance. Risks and uncertainty are discussed in the risk management section of this MD&A. Forward-looking information is based on assumptions and estimates, including but not limited to, annual participation fees, regulatory intervention revenue, the frequency, nature and severity of violation events, salaries and benefits, legal expenses and the timing, extent and cost of travel. Actual results may substantially differ from the forward-looking information.

All amounts are expressed in Canadian dollars.



## Financial highlights

CPAB is committed to prudent fiscal management and operates on a cost-recovery basis. The chart below summarizes selected financial data for the last three years.

(In \$'000)	2024 Actual	2023 Actual	2022 Actual
<b>TOTAL REVENUE</b>	<b>\$ 23,902</b>	<b>\$ 20,964</b>	<b>\$ 19,219</b>
Salaries and benefits	17,777	15,719	15,025
Other operating expenses	5,859	5,501	4,704
<b>TOTAL EXPENSES</b>	<b>23,636</b>	<b>21,220</b>	<b>19,729</b>
Investment income	485	421	198
<b>EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)</b>	<b>\$ 751</b>	<b>\$ 164</b>	<b>\$ (312)</b>
<b>TOTAL ASSETS</b>	<b>12,176</b>	<b>11,025</b>	<b>10,910</b>
<b>TOTAL LIABILITIES</b>	<b>3,067</b>	<b>2,667</b>	<b>2,717</b>
<b>NET ASSETS</b>	<b>\$ 9,109</b>	<b>\$ 8,358</b>	<b>\$ 8,193</b>

Total revenue increased by \$2.9 million or 14.0% to \$23.9 million in 2024 mainly due to increased annual participation fees related to audit fee increases reported by participating audit firms and higher recoveries related to enhanced regulatory intervention and monitoring of compliance with imposed enforcement actions. Total expenses increased by \$2.4 million or 11.4% to \$23.6 million. Higher expenses were primarily due to increased information technology expenses and increased salary costs from annual salary increases and higher headcount.



## Operating results

### Revenue

CPAB derives the majority of its revenue from annual participation fees received from Canadian reporting issuers. Other revenue includes billings to audit firms to recover costs incurred as a result of regulatory intervention. This includes the recoveries for monitoring compliance with enforcement actions and the recovery of investigation costs incurred by CPAB.

Each year, CPAB invoices participating audit firms who bill their reporting issuer clients. Annual participation fees increased by 11.2% from \$20.5 million in 2023 to \$22.7 million in the current year, mainly attributable to increased audit fees. In 2024, CPAB charged 1.22% (2023: 1.22%) of the total global audit fees billed to Canadian reporting issuers with a cap of \$75 thousand for foreign

reporting issuer companies operating in some jurisdictions. The fee rate has remained unchanged since the current fee model was put into place in 2018. The audit fees used to calculate CPAB's annual participation fees are the fees disclosed on SEDAR+ and the Electronic Data Gathering, Analysis and Retrieval (EDGAR) (public company reporting systems used by securities regulators in Canada and the US, respectively) as of November 30, 2023. These fees generally relate to financial statement audits of reporting issuers with year ends between July 2022 and June 2023.

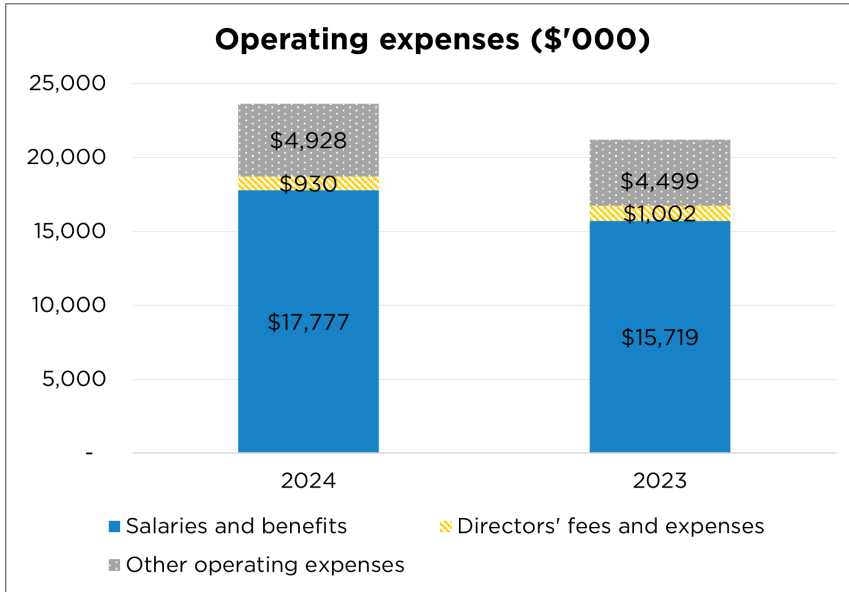
CPAB incurs costs related to its monitoring and assessment of a firm's compliance with the terms of enforcement actions, including follow-up inspections. These enforcement compliance costs are charged to participating firms to recover the costs to CPAB of enhanced regulatory intervention and monitoring of compliance with any requirements, restrictions or sanctions imposed. Costs incurred to conduct investigations are recovered directly from the firm and are recognized as revenue as investigations are performed or in certain circumstances, upon conclusion of the investigation.

The total regulatory intervention costs recovered in 2024 were \$1.2 million (2023: \$511 thousand). Enforcement actions were imposed on six firms during 2023, of which four continued throughout 2024. In addition, enforcement actions were imposed on three additional firms in 2024. The change in the number and nature of firms under enforcement in 2024 compared to 2023 resulted in an increase in the monitoring of enforcement recoveries of \$573 thousand. Investigation cost recoveries increased by \$81 thousand in 2024 due an increase in the number of active investigations from seven in 2023 to nine in 2024.





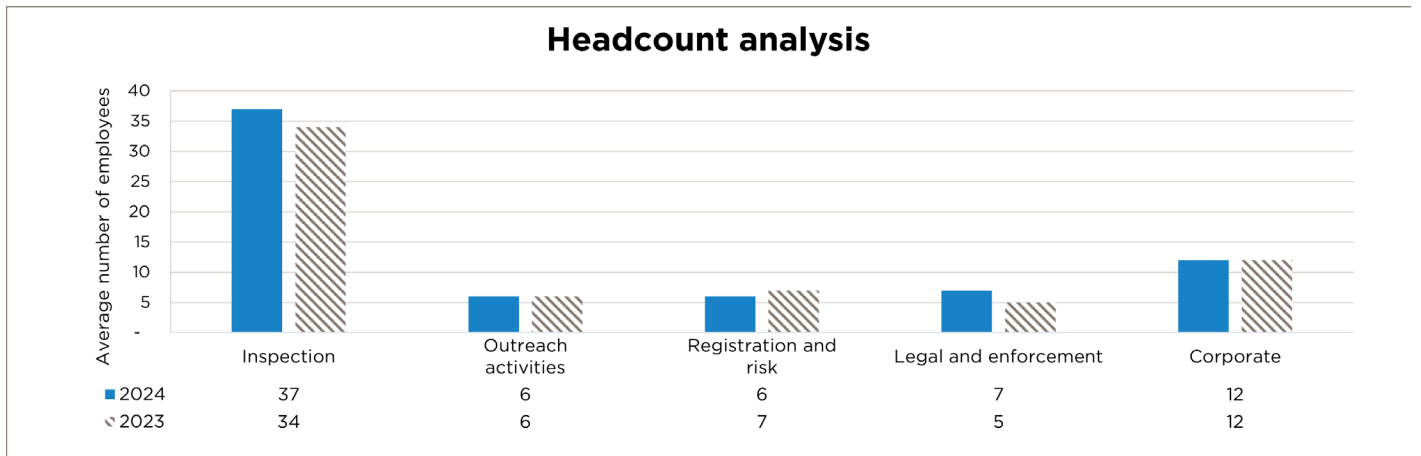
## Operating expenses

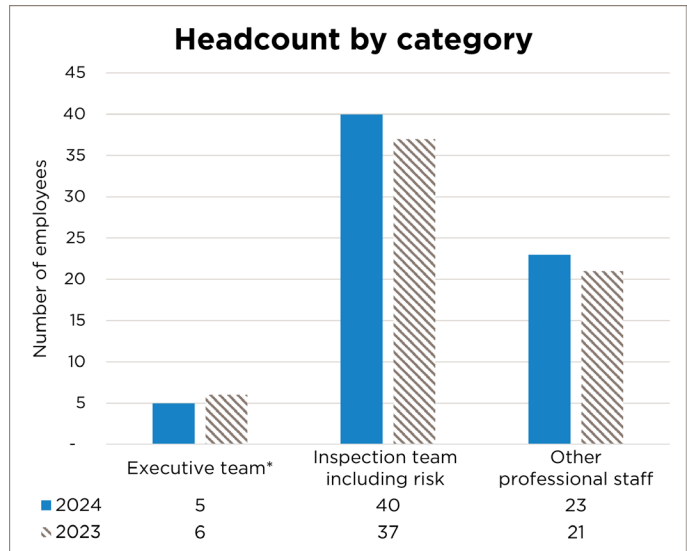
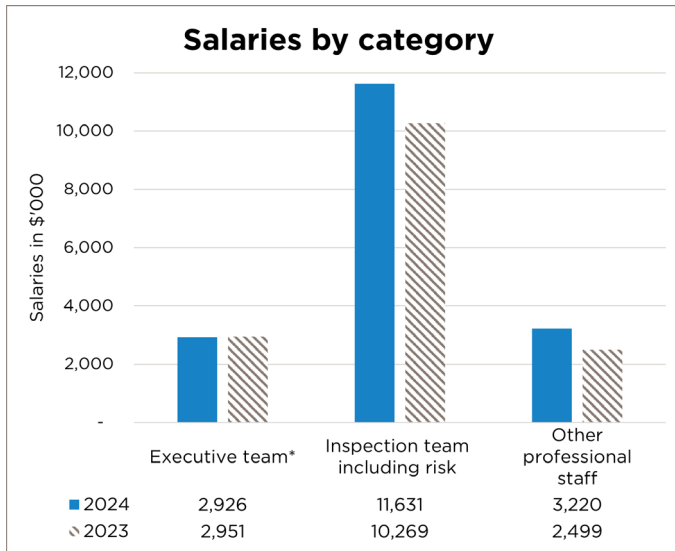


Operating expenses amounted to \$23.6 million (2023: \$21.2 million) in 2024. Proportionally, salaries and benefits continue to be the most significant operating expense, representing 75.2% (2023: 74.1%) of total expenses.

## Salaries and benefits

Salaries and benefits increased by 13.1% or \$2.1 million, mainly due to an increase of 5.9% in compensation and increased headcount to reinforce our inspection, legal and enforcement teams. In 2024, CPAB had an average of 68 active employees (2023: 64).

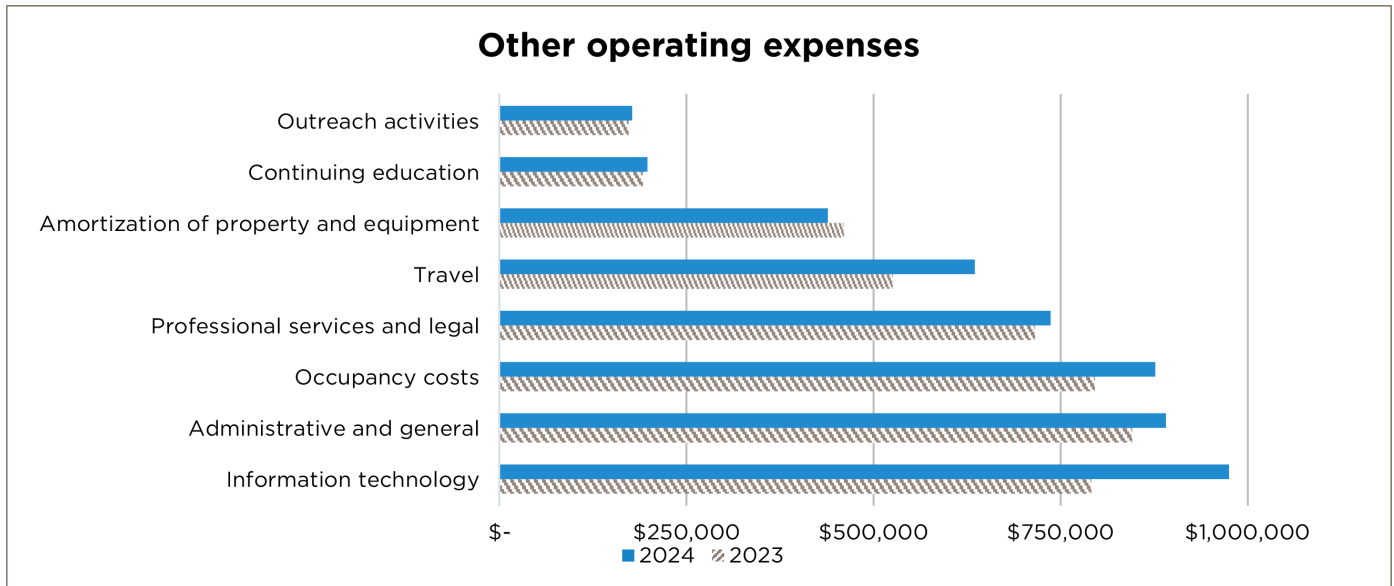




\* For the purposes of executive compensation disclosure, the executive team is comprised of a subset of CPAB's leadership team and includes the Chief Executive Officer; Chief Risk Officer and Vice President, External Outreach; Regional Vice President, Eastern Canada; Vice President, Inspections; Vice President, Enforcement; and Regional Vice President, Western Canada until June 2024.

## Other operating expenses

The following table shows other operating expenses compared to the prior year, excluding salaries and directors' fees.



Except for information technology costs, other operating expenses for 2024 have not varied materially from the previous year. Information technology costs increased from \$791 thousand in 2023 to \$975 thousand in 2024, an increase of \$184 thousand. This is due to a biannual comprehensive security assessment completed on our network infrastructure, higher subscription-based software costs, and updates to our external website.



## Investment income

The return on cash and investments increased by \$64 thousand to \$485 thousand in 2024 due to increased interest rates on cash balances in the current year. Cash reserves are invested in high yield savings accounts and guaranteed investment certificates from financial institutions that are members of the Canada Deposit Insurance Corporation.

## Financial position

Condensed statements of financial position as of December 31:

In \$'000	<b>2024</b>	<b>2023</b>	<b>2022</b>
Cash and investments	\$ 7,266	\$ 6,571	\$ 6,141
Accounts receivable and prepaid expenses	1,183	705	559
Accounts payable and accrued liabilities	2,934	2,502	2,464
<b>Net working capital</b>	<b>\$ 5,515</b>	<b>\$ 4,774</b>	<b>\$ 4,235</b>
<b>Non-current assets and liabilities</b>			
Investments	2,760	2,660	2,800
Equipment, leasehold improvements and intangible assets	967	1,090	1,411
Deferred lease inducements	133	166	254
<b>Net assets</b>	<b>\$ 9,109</b>	<b>\$ 8,358</b>	<b>\$ 8,193</b>

At December 31, 2024, CPAB had a working capital position of \$5.5 million compared to \$4.8 million in 2023. Cash and investments (current and non-current) totalled \$10.0 million compared to \$9.2 million in 2023. This increase of \$0.8 million is attributable to the current year's surplus and the timing of accounts payable and accrued liabilities. Accounts receivable and prepaid expenses increased by \$478 thousand relative to the prior year mainly due to increased recoveries of enforcement compliance and investigation costs billed in December 2024 compared to December 2023.

Equipment, leasehold improvements and intangible assets decreased by \$123 thousand compared to the prior year primarily due to amortization of \$439 thousand, offset by additions of \$316 thousand. The additions mainly included \$169 thousand for updates to our IT infrastructure and networks and \$100 thousand related to enhancements to our custom proprietary computer software.

CPAB has a guideline for a reserve of \$6 million to \$11 million, representing approximately three and a half to six months of operating costs, to ensure business continuity should there be fluctuations in revenue or operating costs.



## Outlook for 2025

CPAB manages its finances efficiently to support the priorities outlined in our 2025-2027 strategic plan. In this context, we are continuing to reinforce our workforce and increase our investment in developing our people and in technology.

### 2025 CPAB operating budget (unaudited)

YEAR ENDED DECEMBER 31 (in \$'000)	2024 ACTUAL	2024 BUDGET	2025 BUDGET
<b>Revenue</b>	<b>\$ 23,902</b>	<b>\$ 22,978</b>	<b>\$ 24,982</b>
<b>Expenses</b>			
Salaries and benefits	17,777	17,515	19,373
Directors' fees and expenses	930	1,003	958
Occupancy costs	876	876	973
Information technology	975	962	1,030
Administrative and general	599	579	606
Legal services	487	445	290
Professional services	250	259	455
Outreach activities	178	150	193
Insurance	292	285	295
Continuing education	198	189	225
Travel	635	516	650
Amortization	439	464	422
<b>Expenses</b>	<b>23,636</b>	<b>23,243</b>	<b>25,470</b>
<b>Operating excess expenses over revenue</b>	<b>\$ 266</b>	<b>\$ (265)</b>	<b>\$ (488)</b>
<b>Investment income</b>	<b>485</b>	<b>445</b>	<b>346</b>
<b>Excess of revenue over expenses (expenses over revenue)</b>	<b>\$ 751</b>	<b>\$ 180</b>	<b>\$ (142)</b>





## Commentary on 2024 variances from budget

CPAB concluded the year with an excess of revenue over expenses of \$751 thousand compared to a budgeted excess of revenue over expenses of \$180 thousand.

Revenue is \$924 thousand or 4.0% higher than budget primarily due to higher regulatory intervention cost recoveries. Of this amount, \$666 thousand relates to enhanced regulatory intervention and monitoring of firms subject to enforcement actions and \$124 thousand relates to higher investigation cost recoveries due to an increase in the number and duration of active investigations during the year.

Salaries and benefits are \$262 thousand or 1.5% higher than budget due to strong employee retention and the timing of recruitment of the four additional budgeted resources, which increased our headcount from an average of 64 employees in 2023 to 68 employees in 2024.

All other operating expenses are substantially aligned with budget.

## Commentary on the 2025 operating budget

CPAB is budgeting for a deficit of \$142 thousand for 2025. We anticipate revenue to increase by approximately 4.5% compared to fiscal 2024 and expect general increases in expenses with more significant increases in specific areas, such as salaries and benefit costs and professional fees. Readers are cautioned that the 2025 budget is based upon assumptions and that actual results or trends may vary significantly.

### Revenue

CPAB's 2025 annual participation fees revenue is based on audit fees disclosed by reporting issuers on SEDAR+/EDGAR as of November 30, 2024, and generally relates to financial statement audits of reporting issuers with year ends between July 2023 and June 2024. CPAB's annual participation fees revenue is anticipated to increase by \$1.5 million as participating audit firms increase audit fees to their reporting issuer clients. The budget for participation fees revenue is established in November prior to the mandatory deadline for participating audit firms to report their audit fees to CPAB as part of each firm's annual submission. As a result, CPAB must estimate participation fees revenue based on current year trends in audit fees observed in available public information filed on SEDAR+ and assumptions on foreign exchange, the number and size of new reporting issuers, reporting issuers that cease to be traded or become current on their annual filings. As a result, CPAB has historically had variability in its estimate of annual participation fees revenue and actual budgeted participation fee revenue could vary by up to \$350 thousand.



Regulatory intervention revenue comprises recoveries for enforcement compliance monitoring and investigation costs and is anticipated to decrease by \$410 thousand in 2025 due to the nature of enforcement actions that are anticipated to be imposed or in effect in 2025. In 2024, we imposed new enforcement actions on three firms, including one of Canada's four largest firms, while 14 others continued to operate under enforcement actions imposed in previous years.

Regulatory intervention revenue varies from year to year based on the number and size of firms under enforcement and the nature and severity of the violation events. Decisions on enforcement actions resulting from our 2024 inspections will be made in 2025. In addition, ongoing investigations may be resolved earlier or later than forecasted and new investigations may be launched in 2025. Furthermore, investigation costs are generally charged to participating audit firms to recover internal and external costs incurred to conduct an investigation. The amount of costs to be recovered from an investigation depends on several factors including the number, nature, complexity and duration of an investigation. Accordingly, actual enforcement compliance monitoring and investigation cost recoveries could vary by up to \$425 thousand.

## Operating expenses

CPAB's operating expenses for 2025 are budgeted to be \$25.5 million, representing an increase of 7.8% over actual operating expenses for fiscal 2024. Of this \$1.8 million increase, \$1.6 million relates to salaries and benefits, and \$205 thousand relates to professional fees.

The demand for professional resources continues to place pressure on salary and compensation costs. The 2025 budget incorporates an average increase in employee compensation of 3.5%. In addition, salaries and benefits include additional resources in our inspection team due to the increased use of audit technology and the implementation of CPAB's 2025-2027 strategic plan initiatives. In addition, the budget contemplates one additional resource in each of our enforcement and legal teams to support the growing demands on these departments. Our overall average active headcount is forecasted to increase to 75 full time employees for fiscal 2025 (2024: 68).

Professional fees are budgeted to increase from \$250 thousand to \$455 thousand. This is primarily due to increased recruitment costs and increased use of consultants and specialists to support the inspection team in complex areas and to evaluate technology tools on which an engagement team has relied to support its audit opinion.

Budgeted legal costs can be impacted by ongoing investigations and the number, nature, size, complexity and duration of future investigations. In addition, legal costs could be impacted by a review proceeding with respect to our current or future enforcement actions. While external legal costs are recoverable from the participating audit firm and legal costs are recoverable from a review proceeding in certain circumstances, legal services could vary significantly from budgeted amounts.



In 2025, CPAB plans to spend approximately \$1.5 million in capital expenditures. Approximately \$1.0 million will go toward redesigning our Toronto office to accommodate increased headcount and technology to support a paperless environment. The remaining \$500 thousand will be spent on information technology infrastructure updates, enhancements to data management and the integration of new technologies.

Beyond 2025, revenue from participation fees is expected to continue to increase due to upward pressures on audit fees, however the rate of increase is expected to decline. CPAB's current funding rate is 1.22% of global audit fees.

## Executive compensation

CPAB uses consultancy services to establish compensation ranges for its employees and monitors public compensation benchmarking information. These practices support our efforts to provide compensation that is comparable and competitive.

Executive compensation in 2024, including all amounts paid to the Chief Executive Officer; Chief Risk Officer and Vice President, External Outreach; Regional Vice President, Eastern Canada; Vice President, Inspections; Regional Vice President, Western Canada; and Vice President, Enforcement totalled \$2.93 million (2023: \$2.95 million). The Regional Vice President, Western Canada position was vacant for approximately half the year, with responsibilities reallocated within the organization. Executive compensation includes salaries, accrued bonuses, registered retirement savings plan contributions and benefits.



## Principal risks and uncertainties

### Critical risks

The chart below outlines our most important risks and how we mitigate these risks:

Risk	Mitigation
<p><b>Data security</b> – risk of security breaches related to private and confidential data.</p>	<ul style="list-style-type: none"> <li>• Executing a comprehensive data security and cyber breach response plan, including:               <ul style="list-style-type: none"> <li>▪ Ongoing phishing exercises with our employees.</li> <li>▪ Periodic external review of CPAB’s information technology (IT) system.</li> <li>▪ Third party engaged to perform ongoing managed detection and response of possible cyber events.</li> <li>▪ Tabletop exercises to test CPAB’s cyber breach response plan.</li> <li>▪ Reviewing third-party services within our IT infrastructure and applications.</li> <li>▪ Developed comprehensive governance framework for the use of artificial intelligence (AI) tools.</li> </ul> </li> </ul>
<p><b>Public confidence in audit</b> – risk of erosion in public’s trust in the auditing profession.</p>	<ul style="list-style-type: none"> <li>• Executing our inspections operating plan, including reviewing systems of quality management at annually inspected participating audit firms to drive more consistent audit quality.</li> <li>• Executing our strategy to support improved audit quality at smaller firms.</li> <li>• Communicating CPAB’s views on current issues including the use of technology and AI in audits, and audit firm culture.</li> <li>• Engaging with key stakeholders (audit committee chairs, regulators, investors, audit firms) on key areas of importance to audit quality.</li> <li>• Executing our plan to increase our regulatory disclosures.</li> </ul>



Risk	Mitigation
<p><b>Audit transformation</b> – risk that we are unable to respond to changes to the audit.</p>	<ul style="list-style-type: none"> <li>• Leading the International Forum of Independent Audit Regulators’ (IFIAR) technology task force to influence audit firms on how they develop and integrate controls and processes into their use of new and emerging technologies.</li> <li>• Building CPAB’s skillsets through adding specialist resources and additional professional development on emerging technologies including generative AI.</li> <li>• Assessing the impact of emerging issues on fraud risk and identifying and sharing good practices to address these risks.</li> </ul>
<p><b>Inspections</b> – risk that we are unable to influence change, resulting in inconsistency of audit quality.</p>	<ul style="list-style-type: none"> <li>• Assessing firms’ systems of quality management, including culture and ethical requirements and independence at all annually inspected firms in alignment with the Canadian Standard on Quality Management (CSQM) 1.</li> <li>• Performing specific inspection procedures in key areas of fraud, going concern, and the use of technology.</li> <li>• Enhancing oversight of firms under restrictions and requirements using a standardized framework to ensure consistent monitoring of firms’ compliance.</li> <li>• Implementing a strategy that supports improved audit quality at smaller firms.</li> </ul>



## Responsibility for financial reporting

The annual financial statements and all financial and other information contained in this annual report are the responsibility of the management of CPAB.

Management has prepared the financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, applying best estimates and judgments based on currently available information. Note 2 to the financial statements describes the significant accounting policies. The financial information contained in this report is consistent with that shown in the financial statements.

Management is responsible for the integrity and reliability of financial information and has established systems of internal procedural and accounting controls designed to achieve this. These systems also reasonably ensure that assets are safeguarded from loss or unauthorized use. The board of directors is responsible for ensuring that management fulfills its financial reporting and internal control responsibilities. The board has created a Risk and Audit Committee to assist with these responsibilities. The Risk and Audit Committee met with the auditors, both with and without management present, to review the activities of each, as well as to review the financial statements.

Fuller Landau LLP has been appointed by the Provincial Audit Regulator Members as CPAB's auditors to express their opinion on the fair presentation of the financial statements. Fuller Landau LLP has had full and unrestricted access to the board of directors and management to discuss matters pertaining to their audit. The Risk and Audit Committee undertakes annually a formal review of the auditor's performance and makes a recommendation to the board of directors, which in turn makes a recommendation to the Provincial Audit Regulator Members with respect to their reappointment for the coming year.

Handwritten signature of Carol A. Paradine in black ink.

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**Carol A. Paradine, FCPA, FCA**  
Chief Executive Officer

Handwritten signature of David Bromley in black ink.

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**David Bromley, CPA, CA**  
Chief Financial Officer



Fuller Landau LLP  
151 Bloor Street West, 12th floor  
Toronto, Ontario M5S 1S4  
T 416-645-6500



## Independent Auditor's Report

### To the Members of Canadian Public Accountability Board/ Conseil canadien sur la reddition de comptes

#### Opinion

We have audited the financial statements of the **Canadian Public Accountability Board/Conseil canadien sur la reddition de comptes**, which comprise the statement of financial position as at December 31, 2024, and the statements of changes in net assets, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the **Canadian Public Accountability Board/Conseil canadien sur la reddition de comptes** as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

#### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Accounting Standards for Not-For-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.



## Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*Fuller Landau LLP*

**Chartered Professional Accountants  
Licensed Public Accountants**

Toronto, Ontario  
February 6, 2025

**Fuller  
Landau**





## Financial statements

### STATEMENTS OF FINANCIAL POSITION

As at December 31

	2024	2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 3,774,253	\$ 3,080,537
Investments (note 4)	3,491,424	3,490,032
Accounts receivable	786,948	314,739
Prepaid expenses	396,462	390,397
	8,449,087	7,275,705
<b>Investments (note 4)</b>	2,760,000	2,660,000
<b>Equipment and leasehold improvements (note 5)</b>	561,258	658,949
<b>Intangible assets (note 6)</b>	405,499	430,800
	<b>\$ 12,175,844</b>	<b>\$ 11,025,454</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 8)	\$ 2,933,697	\$ 2,502,100
<b>Deferred lease inducements</b>	132,943	165,655
	3,066,640	2,667,755
<b>NET ASSETS</b>		
Invested in equipment, leasehold improvements and intangible assets	966,757	1,089,749
Unrestricted	8,142,447	7,267,950
	9,109,204	8,357,699
	<b>\$ 12,175,844</b>	<b>\$ 11,025,454</b>

See accompanying notes to the financial statements.

Approved on behalf of the Board:

  
\_\_\_\_\_, Director

Richard Payette, FCPA, GCB.D, Chair

  
\_\_\_\_\_, Director

Kevin Kelly



## STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31

			2024	2023
	<i>Invested in equipment, leasehold improvements and intangible assets</i>	<i>Unrestricted</i>	<i>Total</i>	<i>Total</i>
Net assets, beginning of year	\$ 1,089,749	\$ 7,267,950	\$ 8,357,699	\$ 8,193,303
Excess of revenue over expenses for the year	-	751,505	751,505	164,396
Purchase of equipment and leasehold improvements	228,032	(228,032)	-	-
Purchase of intangible assets	87,940	(87,940)	-	-
Amortization of equipment, leasehold improvements and intangible assets	(438,964)	438,964	-	-
<b>Net assets, end of year</b>	<b>\$ 966,757</b>	<b>\$ 8,142,447</b>	<b>\$ 9,109,204</b>	<b>\$ 8,357,699</b>

See accompanying notes to the financial statements.



**STATEMENTS OF OPERATIONS**  
**For the years ended December 31**

	<b>2024</b>	<b>2023</b>
<b>REVENUE</b> (note 9)	<b>\$ 23,901,714</b>	<b>\$ 20,963,724</b>
<b>EXPENSES</b>		
Salaries and benefits	17,777,292	15,719,031
Information technology	974,831	790,993
Directors' fees and expenses	930,171	1,002,380
Occupancy costs	876,395	795,729
Travel	635,327	525,623
Administrative and general	598,453	578,525
Legal services	486,897	402,236
Insurance	292,200	267,014
Professional services	249,589	313,561
Continuing education	197,987	191,829
Outreach activities	177,543	172,861
Amortization of equipment and leasehold improvements	325,723	365,175
Amortization of intangible assets	113,241	95,368
	<b>23,635,649</b>	<b>21,220,325</b>
<b>OPERATING EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)</b>	<b>266,065</b>	<b>(256,601)</b>
<b>Investment income</b>	<b>485,440</b>	<b>420,997</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 751,505</b>	<b>\$ 164,396</b>

See accompanying notes to the financial statements.



## STATEMENTS OF CASH FLOWS

### For the years ended December 31

	2024	2023
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 751,505	\$ 164,396
Add back (deduct) non-cash items:		
Accrued interest income on investments	(34,797)	(76,140)
Gain on sale of equipment	(300)	(1,125)
Amortization of equipment, leasehold improvements and intangible assets	438,964	460,543
Amortization of deferred lease inducements	(32,712)	(87,920)
Net change in non-cash working capital items (note 10)	(13,272)	(75,866)
<b>Cash generated from operations</b>	<b>1,109,388</b>	<b>383,888</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(3,500,000)	(3,260,000)
Redemption of investments	3,400,000	2,500,000
Proceeds on sale of equipment	300	1,125
Purchase of equipment and leasehold improvements	(228,032)	(135,965)
Purchase of intangible assets	(87,940)	(3,000)
<b>Cash used in investing activities</b>	<b>(415,672)</b>	<b>(897,840)</b>
<b>Cash (used) generated during the year</b>	<b>693,716</b>	<b>(513,952)</b>
Cash, beginning of year	3,080,537	3,594,489
<b>Cash, end of year</b>	<b>\$ 3,774,253</b>	<b>\$ 3,080,537</b>
<b>Additional information</b>		
Interest received	\$ 450,643	\$ 344,857

See accompanying notes to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024 and 2023

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### 1. THE ORGANIZATION

The Canadian Public Accountability Board/Conseil canadien sur la reddition de comptes (CPAB or the organization) is a corporation without share capital incorporated under the *Canada Corporations Act*. CPAB is exempt from income tax in Canada as a not-for-profit organization under Section 149(1)(L) of the *Income Tax Act (Canada)*.

CPAB is Canada's independent, public company audit regulator. Charged with overseeing audits performed by registered public accounting firms, CPAB contributes to public confidence in the integrity of financial reporting and is committed to protecting Canada's investing public. CPAB promotes audit quality through proactive regulation, dialogue with domestic and international stakeholders, and practicable insights to inform capital market participants.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies below have been applied consistently to all periods presented in these financial statements.

#### *Basis of presentation*

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. These financial statements are presented in Canadian dollars, which is also the functional currency of the organization.

These financial statements were approved and authorized for issue by the Board of Directors on February 6, 2025.

#### *Use of estimates*

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the year-end date and the reported amounts of revenues and expenses during the year. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Significant items affected by estimates in these financial statements are the recoveries of investigation costs, useful lives of equipment, leasehold improvements and intangible assets, accrued liabilities and commitments. Actual results could differ from these estimates.

#### *Revenue recognition*

The organization generates four types of revenue: intent to participate fees, annual participation fees, and recoveries for enforcement compliance and investigations.



Intent to participate fees are collected from an audit firm on its initial application to become a participating audit firm. This fee is a flat fee based on the number of reporting issuers of the applicant firm on the registration date. Intent to participate fees are recorded in the accounting period in which the fees are received.

Annual participation fees are based on audit fees paid by the participating audit firm's reporting issuer clients. This fee is billed annually or quarterly and recognized as revenue in the year to which it relates and collectability is reasonably assured.

Enforcement compliance costs are charged, in certain circumstances, to certain participating audit firms to recover the costs to CPAB of enhanced regulatory intervention and monitoring of compliance with any requirements, restrictions or sanctions imposed. This cost recovery is recognized as revenue in the period in which the work is performed and collectability is reasonably assured.

Investigation costs may be charged to participating audit firms to recover the internal and external costs incurred to conduct an investigation. Investigation cost recoveries are recognized as revenue when the amounts are known and collectable, which may occur as investigations are performed or in certain circumstances, upon conclusion of the investigation.

All other revenues are recorded when amounts are known and collectable.

### ***Investments***

Investments are composed of Guaranteed Investments Certificates (GICs) with maturities from one to three years.

Investments are initially recognized at fair value and subsequently measured at amortized cost. Interest is recognized in the statement of operations as investment income.

### ***Equipment, leasehold improvements and intangible assets***

Equipment, leasehold improvements and intangible assets are recorded at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets commencing on the date when the assets are available for use.

The estimated useful lives are as follows:

#### **Equipment and leasehold improvements**

Office equipment and furniture	5–10 years
IT infrastructure and networks	4–5 years
Computing equipment	2–3 years
Leasehold improvements	Over the term of the lease (7–10 years)

#### **Intangible assets**

Computer software	3–7 years
Website	5 years



### ***Leases***

For assets classified as operating leases, rental payments are recognized in the statement of operations on a straight-line basis over the terms of the leases. Lease inducements are accounted for as reductions of the lease expense over the term of the lease.

### ***Impairment of long-lived assets***

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds its fair value. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

### ***Cloud-Based Software Arrangements***

The organization incurs subscription and licensing costs for cloud-based software arrangements. These arrangements are accounted for as service contracts using the simplification approach, with associated costs recognized as operating expenses on a straight-line basis over the contract term. Costs related to implementation activities performed by third parties are expensed as incurred.

## **3. FINANCIAL INSTRUMENTS AND RISKS**

The organization's financial instruments are composed of cash, investments, accounts receivable, and accounts payable and accrued liabilities.

Transaction costs are expensed as incurred unless they relate to financial instruments measured at amortized cost, in which case they are recognized in the statement of operations over the life of the financial instruments using the straight-line method.

Financial assets measured at cost are tested for impairment when there are indicators of impairment, and the amount of the write-down is recognized in the statement of operations when incurred.

Cash is held on deposit with its financial institution and is subject to an insignificant risk of change in value. The cost of short-term investments, plus accrued interest income, approximates their fair value due to their short-term nature. The carrying value of accounts receivable and accounts payable and accrued liabilities approximates their fair value due to their short-term nature. See note 4 for fair value disclosures of long-term investments.

The organization is exposed through its operations to various financial risks.

### ***Credit risk***

The organization is exposed to credit risk with respect to cash, accounts receivable and investments. As of December 31, 2024, its maximum exposure is the balances on the statement of financial position.

As of December 31, 2024, the organization did not have any overdue accounts receivable.



The organization holds investments to ensure the availability of cash flow and to protect its capital. Investments are limited to GICs with financial institution members of the Canada Deposit Insurance Corporation. GICs with unquoted financial institutions or financial institutions below a credit rating of A are limited to the insured amount. Diversification of investments by issuers and industry reduces the overall credit risk of the investment portfolio.

### ***Liquidity risk***

Liquidity risk is the risk that the organization will be unable to fulfill its obligations on a timely basis. CPAB's exposure to liquidity risk is low. As of December 31, 2024, the organization has cash and short-term investments of \$7.3 million (2023: \$6.6 million) to settle current liabilities of \$2.9 million (2023: \$2.5 million).

In addition, the organization has access to a credit facility up to \$2.0 million (2023: \$2.0 million) in the event of any short-term cash deficiencies.

### ***Market risk***

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: foreign currency risk, interest rate risk and price risk. The organization is not significantly exposed to price risk and foreign currency risk.

### ***Interest rate risk***

The organization is subject to interest rate risk on cash and investments. Cash is held in a deposit account with its financial institution to which a floating interest rate applies. The average interest rate earned on bank balances during the year was 4.39% (2023: 5.04%). Investments have interest rates ranging from 2.00% to 4.46% (2023: 1.25% to 5.20%).

## **4. INVESTMENTS**

Investments consist of:	<b>2024</b>	<b>2023</b>
GICs	\$ 3,400,000	\$ 3,400,000
Accrued interest	91,424	90,032
<b>Total short-term investments</b>	<b>\$ 3,491,424</b>	<b>\$ 3,490,032</b>
<b>Long-term investments - GICs</b>	<b>\$ 2,760,000</b>	<b>\$ 2,660,000</b>
<b>Total investments</b>	<b>\$ 6,251,424</b>	<b>\$ 6,150,032</b>

Investments in GICs with maturity dates beyond one year from the year-end date are classified as long-term. Accrued interest on long-term investments of \$113,656 (2023: \$80,251) is paid annually and is included in accounts receivable. The fair value of long-term investments is \$2.82 million (2023: \$2.64 million).





## 5. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	Cost	Accumulated amortization	2024 Net	2023 Net
Office equipment and furniture	\$ 936,367	\$ (845,501)	\$ 90,866	\$ 131,946
IT infrastructure and networks	926,640	(653,143)	273,497	205,893
Computing equipment	205,974	(199,523)	6,451	72,566
	2,068,981	(1,698,167)	370,814	410,405
Leasehold improvements	2,138,626	(1,948,182)	190,444	248,544
<b>Equipment and leasehold improvements</b>	<b>\$ 4,207,607</b>	<b>\$ (3,646,349)</b>	<b>\$ 561,258</b>	<b>\$ 658,949</b>

In 2024, the organization made payments on leasehold improvements for services received during the year amounting to \$38,346 that were not available for use as at December 31, 2024 (2023: \$nil).

## 6. INTANGIBLE ASSETS

	Cost	Accumulated amortization	2024 Net	2023 Net
Computer software	\$ 696,835	\$ (291,336)	\$ 405,499	\$ 405,351
Website	127,245	(127,245)	-	25,449
<b>Intangible assets</b>	<b>\$ 824,080</b>	<b>\$ (418,581)</b>	<b>\$ 405,499</b>	<b>\$ 430,800</b>

As of December 31, 2023, computer software included unamortized software under development of \$63,330.

## 7. CLOUD-BASED COMPUTING ARRANGEMENTS

Total expenses related to cloud-based software subscription service arrangements amounted to \$417,050 (2023: \$379,878). Of these amounts \$374,267 (2023: \$343,076) was recorded in information technology and \$42,783 (2023: \$36,802) in administrative and general expenses in the statement of operations.

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Trade accounts payable	\$ 95,762	\$ 133,408
Salaries, vacation and bonuses	2,722,119	2,241,249
Other accrued liabilities	115,816	127,443
	<b>\$ 2,933,697</b>	<b>\$ 2,502,100</b>



## 9. REVENUE

	2024	2023
Annual participation fees	\$ 22,714,461	\$ 20,430,847
Enforcement compliance	840,854	267,663
Investigation	324,099	243,089
Intent to participate fees	22,000	21,000
Other	300	1,125
	<b>\$ 23,901,714</b>	<b>\$ 20,963,724</b>

## 10. CASH FLOWS

Changes in non-cash working capital items are as follows:

	2024	2023
Accounts receivable	\$ (438,804)	\$ (140,257)
Prepaid expenses	(6,065)	25,840
Accounts payable and accrued liabilities	431,597	38,551
	<b>\$ (13,272)</b>	<b>\$ (75,866)</b>

## 11. BANK CREDIT FACILITY

The organization has access to a bank credit facility of \$2.0 million bearing interest at bank prime per annum. Amounts owing under the credit facility are payable on demand. No assets have been pledged as collateral for the credit facility and no charges are incurred until the facility is drawn down. No amounts were drawn on this facility during the year (2023: nil).



## 12. COMMITMENTS

The organization has operating leases for its Montreal, Toronto and Vancouver offices. There are no asset retirement obligations associated with the leases.

The estimated minimum lease payments are as follows:

	<b>Montreal</b>	<b>Toronto</b>	<b>Vancouver</b>	<b>Total</b>
Expiry	<b>2029</b>	<b>2034</b>	<b>2027</b>	
2025	\$ 128,404	\$ 741,732	\$ 116,321	\$ 986,457
2026	130,313	744,992	116,361	991,666
2027	132,275	748,284	38,800	919,359
2028	134,291	751,610	-	885,901
2029	126,621	763,852	-	890,473
Thereafter	-	3,602,347	-	3,602,347
	<b>\$ 651,904</b>	<b>\$ 7,352,817</b>	<b>\$ 271,482</b>	<b>\$ 8,276,203</b>

The organization entered into other contractual agreements totalling \$1.1 million, primarily related to leasehold improvements, to be paid in 2025.



## Leadership team



**Carol A. Paradine, FCPA, FCA**  
Chief Executive Officer



**David Bromley, CPA, CA**  
Chief Financial Officer and Senior Director, Enforcement



**Jennifer Cooper, LL.B**  
Vice President, Enforcement



**Malcolm Gilmour, CPA, CA**  
Vice President, Inspections



**Kristina Heese, LL.B, B.C.L.**  
General Counsel



**Jeremy Justin, CPA, CA**  
Chief Risk Officer & Vice President, External Outreach



**Rahim Lalani**  
Chief Technology Officer



**Margo Longwell, CPA, CA**  
Senior Director, Quality, Firm Risk and Registration



**Susan Schutta, MA, MBA**  
Chief Corporate Affairs Officer



**Philippe Thieren, CPA**  
Regional Vice President, Eastern Canada



**Lily Watson, CHRL**  
Chief People Officer



## Board of directors



**Richard Payette,**  
FCPA, GCB.D<sup>1, 2</sup>  
Chair<sup>3</sup>  
*Montreal, Quebec*



**Alice Laberge,**  
F.ICD<sup>1, 2</sup>  
Vice chair<sup>3</sup>  
*Vancouver, British  
Columbia*



**Renaud Caron,**  
Fellow Adm.A<sup>2</sup>  
*Montreal, Quebec*



**Don G. Chynoweth,**  
ICD.D<sup>2</sup>  
Chair, Human  
Resources and  
Governance  
Committee  
*Calgary, Alberta*



**Julie Dickson, O.C.**<sup>1</sup>  
*Ottawa, Ontario*



**Kevin Kelly**<sup>1</sup>  
Chair, Risk and  
Audit Committee  
*Toronto, Ontario*



**Mary Lou Maher,**  
FCPA, FCA<sup>2</sup>  
*Toronto, Ontario*



**Dr. Chika Onwuekwe,**  
K.C., ICD.D<sup>1</sup>  
*Calgary, Alberta*



**Sophia Tsui, CPA,**  
CA<sup>1</sup>  
*Vancouver, British  
Columbia*

<sup>1</sup> Member of the Risk and Audit Committee.

<sup>2</sup> Member of the Human Resources and Governance Committee.

<sup>3</sup> Beginning March 2024.



## Corporate information

### Auditor

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151 Bloor Street West, 12th Floor  
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### Corporate counsel

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Waitzer Professional Corporation  
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#### Whistleblower Hotline

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