

*Canadian Public Accountability Board
And
Manning Elliott LLP*

PART I – Preamble

1. The Canadian Public Accountability Board’s (CPAB) mandate includes the oversight of firms that conduct audits of Canadian reporting issuers. In 2023, CPAB conducted an inspection of four reporting issuer¹ files audited by Manning Elliott LLP (the “Firm” or “Manning Elliott”) pursuant to Section 400 of the Rules of the Canadian Public Accountability Board (the “Rules”), as authorized by the *Canadian Public Accountability Board Act*, R.S.O. 2006, C. C-33 (the “Act”).
2. During the 2023 inspection no significant inspection findings² were identified. In consideration of Manning Elliott LLP’s improved inspection results, compliance with all previously imposed enforcement actions and recommendations outlined in the 2022 inspection report, and the Firm’s application pursuant to Rule 605, CPAB removed a restriction on the acceptance of medium risk reporting issuers under Rule 601(f) and terminated various requirements under Rule 601 (a) (b), (c), and (e). However, the restriction that prohibits the Firm from accepting high-risk reporting issuers under Rule 601(f) as well as certain requirements under Rule 601(c), (i) and (k) are continuing. These actions have been taken in accordance with CPAB’s mandate to foster confidence in the integrity of financial reporting by Canadian reporting issuers.

PART II – The Parties

3. Manning Elliott LLP is a limited liability partnership located in the province of British Columbia. It has a public company audit practice, and at the time of CPAB’s 2023 inspection, the Firm audited approximately 100 reporting issuers.
4. Pursuant to National Instrument 52-108 Auditor Oversight, auditors of reporting issuers are required to be registered with CPAB as a Participating Audit Firm. Participating Audit Firms are authorized to audit financial statements issued by Canadian reporting issuers. Manning Elliott was, at all relevant times, registered with CPAB pursuant to Rule 200.

¹A reporting issuer is a company that has gone public by issuing securities under a prospectus or is listed on a recognized stock exchange. Reporting issuer is defined within Part/Section 1 of each province and territories Securities Act.

² A significant inspection finding is defined as a significant deficiency in the application of generally accepted auditing standards related to a material financial balance or transaction stream where the audit firm must perform additional audit work in the current year to support the audit opinion and/or is required to make significant changes to its audit approach.

PART III – Facts

5. Manning Elliott is inspected annually by CPAB. In 2020, CPAB inspected four files and identified seven significant inspection findings in the Firm’s application of the Canadian Generally Accepted Auditing Standards related to a material financial statement balance or transaction stream. All four files, or 100 per cent of the files inspected, had at least one significant inspection finding. In 2021, CPAB inspected five files and identified six significant findings. Four of the five files, or 80 per cent of files inspected, had at least one significant finding. In 2022, CPAB inspected four audit files and identified three significant inspection findings over two files, or 50 per cent of the files inspected.
6. As a consequence of the three inspections, and in the interest of improving audit quality at the Firm, certain enforcement actions were imposed on the Firm in each of these years.
7. During the 2023 inspection, CPAB inspected four audit files and no significant inspection findings were identified.

PART IV – Enforcement actions terminated

8. In view of various factors including the firm’s demonstrated commitment to, and improvement of, audit quality, and compliance with all enforcement actions and recommendations imposed in the prior year, and the firm’s application pursuant to Rule 605, CPAB determined it appropriate to terminate the following enforcement action:
 - The Firm is prohibited from accepting new medium risk reporting issuer clients, including those resulting from initial public offerings, reverse takeovers, or other transactions.
9. In addition to the above, CPAB terminated the following requirements: i) the appointment of an independent monitor, ii) the appointment of an external professional to perform internal quality monitoring of the Firm’s system of quality management, iii) engagement of an external party to provide professional education and training, and iv) testing the operating effectiveness of a variety of controls the Firm has implemented.

PART V – Enforcement actions continued

10. Given the Firm’s elevated significant inspection findings over the previous three inspections (2020, 2021 and 2022) and in view of contributing to public confidence in the integrity of financial reporting by public companies, CPAB determined it appropriate to continue the following enforcement actions:
 - The Firm continues to be prohibited from accepting new high-risk reporting issuer

engagements³ including those resulting from initial public offerings, reverse takeovers or other transactions.

11. CPAB continued various requirements aimed at maintaining the Firm's improvements in audit quality, including: i) the engagement of an external professional to perform internal quality monitoring for completed reporting issuer audit engagements, and ii) the Firm's current in-flight review program, including on newly accepted medium risk reporting issuer engagements. The Firm also continues to be subject to enhanced oversight from CPAB in the form of quarterly meetings and continues to be required to pay a monetary assessment to recover the costs of enhanced oversight and monitoring of the Firm's compliance with the enforcement actions.
12. Each enforcement action imposed on the Firm shall continue until the Firm has, to CPAB's satisfaction, demonstrated a sustained improvement in audit quality or until the above noted enforcement actions are otherwise terminated pursuant to an application under Rule 605.

³ In compliance with this restriction, the Firm has provided definitions of high-risk reporting issuer engagements that are acceptable to CPAB.