



Canadian Public Accountability Board
Conseil canadien sur la reddition de comptes

Firm X – 202X public inspection report

Overview

The Canadian Public Accountability Board (CPAB) is Canada’s independent audit regulator that oversees public accounting firms that audit Canadian reporting issuers.

We promote audit quality through proactive regulation, robust audit assessments, dialogue with domestic and international stakeholders, and practicable insights that inform capital market participants. CPAB contributes to public confidence in the integrity of financial reporting and is committed to protecting Canada’s investing public.

CPAB’s audit quality assessment program is a two-pronged approach that includes file inspections and system of quality management assessments of firms that audit Canadian reporting issuers.

Members of CPAB’s staff conducted an inspection of X LLP (Firm X) in 202X, pursuant to Section 400 of the CPAB’s Rules (the “Rules”), as authorized by the *Canadian Public Accountability Board Act*, R.S.O. 2006, C. C-33 (the “Act”). This inspection assessed the firm’s compliance with professional standards and involved a review of a limited sample of reporting issuer audit files. Additional information on CPAB’s risk-based methodology for choosing files is provided on our [website](#) and in the Appendix to this report.

Through an inspection, CPAB may identify significant findings¹ which represent deficiencies in the application of auditing and other relevant professional standards, as defined in Section 300 of CPAB’s Rules. These findings are summarized below. Where a significant finding is identified, the firm must perform additional audit work to support the audit opinion reached, and/or must make significant changes to its audit approach. It is important to note that when CPAB identifies an auditing deficiency, it does not mean that the reporting issuer’s financial statements are materially misstated.

About Firm X

As of December 31, 202X Firm X audited XX reporting issuers (excluding funds) that fall within CPAB’s scope, including XX entities listed on the Toronto Stock Exchange (TSX) and XX other non-TSX² -listed entities as well as XX investment funds. CPAB conducts an assessment of Firm X’s compliance with professional standards [annually/biennially/ periodically].

¹Significant findings – 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.

² Non-TSX listed entities includes reporting issuers listed on the TSX-V, CSE, NEX.

Inspection findings: Firm X

	202X	202X
Files inspected	XX	XX
Files with significant findings	XX	XX

Audit areas inspected

The table³ below reflects the audit areas reviewed for Firm X and the inspection results in those areas. These areas were selected because they are generally significant to the reporting issuer’s financial statement or included complex issues or judgement.

202X			202X		
Audit area	Number of audits inspected	Number of audits with significant findings	Audit area	Number of audits inspected	Number of audits with significant findings
[Focus area 1]	XX	XX	[Focus area 1]	XX	XX
[Focus area 2]	XX	XX	[Focus area 2]	XX	XX
[Focus area 3]	XX	XX	[Focus area 3]	XX	XX
[Focus area 4]	XX	XX	[Focus area 4]	XX	XX
[...]	XX	XX	[...]	XX	XX

For previously published regulatory information related to Firm X, visit CPAB’s [\[website\]](#).

³ This table may not reconcile to the number of files inspected and number of files with significant findings listed above as multiple audit areas are reviewed on each audit inspected.

Appendix

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 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.

How firms respond to CPAB findings

In addressing significant findings, CPAB requires an audit firm 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 they obtained sufficient and appropriate audit evidence to support their audit opinion and to include the additional audit evidence in the audit file.

Firm's system of quality management

CPAB's inspection report does not provide a detailed assessment of the firm's system of quality management. If CPAB makes recommendations to a firm for improvement of its system of quality management, the firm is required to submit evidence or otherwise demonstrate to CPAB it has implemented the recommendations no later than 180 days after issuance of the final inspection report.

If a firm does not address the weaknesses, deficiencies, or recommendations to the satisfaction of CPAB, or does not make a submission in accordance with CPAB Rule 414, CPAB may make public on its website the relevant portion or portions of the final inspection report that deal with the weaknesses, deficiencies or recommendations and the fact that they have not been addressed to CPAB's satisfaction.

In this situation, the firm will be notified of our intent to publish and has an opportunity to request a review of this decision before publication is made.

About this report

CPAB's inspection report summarizes CPAB findings on key matters relevant to audit quality at Firm X during 202X. CPAB does not accept any liability to any party for any loss, damage or costs however arising, whether directly or indirectly, whether in contract, tort or otherwise from any action or decision taken (or not taken) as a result of any person relying on, or otherwise using this document, or arising from any omission from it.

This report can only be used in its full form. In accordance with Canadian Public Accountability Board (CPAB) Rule 413 (b), a participating audit firm may not publish or extract portions of any of CPAB's inspection reports without CPAB's consent.

Firm response

Each individual firm inspection report will include a final response to this public report by the participating audit firm, if one is provided by the firm.