

## **CPAB Taking Action to Address Inconsistent Audit Quality**

TORONTO, March 30, 2021 – The Canadian Public Accountability Board’s (CPAB) annual audit quality insights report released today notes mixed inspections results. While the overall level of significant findings has decreased slightly, Canada’s public company audit regulator encountered significant inconsistency in the quality of audits performed across the audit firms it oversees.

“We are concerned about the poor inspections results at a number of the firms we review annually; the overall level of findings is unacceptably high,” said Carol Paradine, CPAB CEO. “In response, targeted escalation and enforcement measures are being undertaken to address specific instances of breaches of auditing standards or the professional code of conduct. We will conduct follow up inspections to assess the effectiveness of firms’ responses to our recommendations and to determine whether further regulatory intervention is necessary.”

The global economic and workforce disruption gave rise to critical accounting and auditing issues and challenged auditors to adjust to performing audits and overseeing that work remotely.

“CPAB’s regulatory oversight has consistently highlighted the importance of a critical mindset and appropriate audit supervision to performing high-quality audits; our regulatory assessments continue to expose gaps in the application of these and other key elements,” said Paradine. “As audits are performed remotely and business challenges persist, continued application of due care must not be compromised.”

Four annually inspected firms met the target of no more than 10 per cent of files inspected with significant findings. Seven other firms had unacceptably high finding levels. Two restatements have been required to date.

CPAB encourages public accounting firms to provide this report to their reporting issuers’ audit committees. Audit committees should discuss this report, any file-specific findings and any remediation action taken, if applicable, with their external auditor.

CPAB’s Audit Quality Insights: 2020 Annual Audit Quality Assessments is available at [www.cpab-ccrc.ca](http://www.cpab-ccrc.ca).

## About CPAB

The Canadian Public Accountability Board (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 sustainable audit quality through proactive regulation, dialogue with domestic and international stakeholders, and practicable insights to inform capital market participants. CPAB has offices in Montreal, Toronto and Vancouver.

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