

## **CPAB publishes 2021 annual report**

*Report includes regulatory oversight report and an outline of new three-year strategic plan*

TORONTO, March 30, 2022 – The Canadian Public Accountability Board (CPAB), Canada’s public company audit regulator, published its [2021 annual report](#) today, along with its annual [regulatory oversight report](#).

“Our mission is to promote audit quality through proactive regulatory oversight, facilitating dialogue with domestic and international stakeholders, and publishing practicable insights to inform capital market participants,” said Carol Paradine, CEO of CPAB. “In 2021, through our assessment of completed audits, we identified significant deficiencies which have been communicated and addressed with the view to ensure steady incremental improvement among Canadian auditors.”

Highlights from the 2021 annual report include an overview of key accomplishments and measurements from CPAB’s 2019-2021 strategic plan, including detailed progress on the organization’s core strategic commitments.

### **Regulatory oversight report**

CPAB’s regulatory oversight report outlines the results of inspections and enforcement actions conducted in 2021. Key findings at the 11 annually inspected firms include:

- Two of the four largest firms met the target of no more than 10 per cent of files inspected with significant findings.
- The findings rate at the other annually inspected firms in 2021 is substantially above CPAB’s target.
- Four firms had significant findings in more than 50 per cent of files inspected and three firms had significant findings in more than 25 per cent of files inspected.
- Investigations at two annually inspected audit firms resulted in the imposition of requirements and/or sanctions including public censure.

“This year’s regulatory assessments indicated inconsistent audit performance among the firms we inspected,” confirmed Paradine. “Overall, our reviews point to disappointing deficiencies in the areas of professional skepticism, sufficient audit evidence and forward-looking estimates. We expect a continued high level of enforcement and other regulatory intervention in 2022.”

CPAB encourages public audit firms to provide this report to their reporting issuers’ audit committees. Audit committees should discuss this report and any file-specific findings with their external auditor.

## Looking forward

CPAB’s annual report provides an outline of the organization’s 2022-2024 strategic plan, which features the following four strategic commitments:

1. **Advance a quality-driven culture across auditors of Canada’s public companies.** Culture is a critical influencer of a firm’s ability to deliver high-quality audits. An effective culture emphasizes doing the right thing – all the time, putting the public interest first.
2. **Tackling emerging audit quality challenges head on.** Canada’s capital markets offer opportunities for new and emerging companies to raise capital. The number of reporting issuers in emerging industries is on the rise bringing unique, industry-specific auditing challenges.
3. **Evolution of the audit.** Technological advancements, changing stakeholder expectations, evolving business models and many other factors are influencing the need for audits to keep up – especially in the way they are performed and the information that is audited.
4. **CPAB’s team and culture: guided by our public interest responsibility.** Connecting our team with a common purpose and set of values is critical to CPAB’s ability to deliver its mandate.

“CPAB will continue to provide oversight, education and thought leadership to key stakeholders in the Canadian audit industry, while also contributing a knowledgeable and influential voice to the global audit community,” said Carol Paradine, CEO of CPAB. “At the same time, we remain vigilant in our efforts to identify and address audit deficiency with the goal to help Canadians have a high degree of confidence in Canada’s capital markets.”

## 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 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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