

Update on CPAB’s proposed rule changes

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Who we are

As Canada’s independent, public company audit regulator, the Canadian Public Accountability Board (CPAB) 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 and contribute to public confidence in the integrity of financial reporting. Our work includes assessments of audit files and the system of quality management of public company audit firms.

Background

Early in 2021 CPAB began a review of our approach to the information we disclose about the results of our regulatory assessments for several reasons, including:

- Expressions of interest from many stakeholders, including audit committee chairs of Canadian reporting issuers, securities regulators, and investors, in CPAB providing more public information.
- Increasing public expectations about access to information from regulators.
- Continued high rates of inspection findings among some Participating Audit Firms raising a consideration of whether additional disclosure will assist in protecting the investing public.
- Prior expression of interest by some audit firms to publicly disclose the results of their regulatory assessments by CPAB.
- Increased disclosure by audit regulators internationally.

In the summer of 2021 CPAB followed this review with a public consultation to gather stakeholder input and invite a dialogue on potential changes to the information that we disclose about the results of our regulatory assessments. During this consultation CPAB heard from over 100 stakeholders via our online survey, comment letters and one-on-one interviews. The vast majority of stakeholders said CPAB should significantly increase, or make targeted improvements to, how we disclose the results of our regulatory assessments.

Respondents noted that increased disclosures would increase the public accountability of audit firms, which in turn would lead to improved audit quality. Specifically, over 85 per cent of respondents to CPAB’s 2021

consultation supported mandatory sharing of individual audit file inspection results with the respective audit committee. In particular, audit committee members were most supportive with 100 per cent of audit committee respondents supporting the view that additional information on the results of CPAB's regulatory oversight would be beneficial in supporting their oversight of auditors.

There was also broad support amongst stakeholders for CPAB to provide more public information regarding the results of our regulatory assessments, which CPAB has addressed by proposing rule changes to allow for the publication of an individual, condensed inspection report for each audit firm inspected in a given year.

Following this 2021 consultation, CPAB identified four [recommended changes](#) to our disclosures:

- 1) Disclose significant enforcement actions imposed on a firm.
- 2) Disclose recommendations which were included in a firm report but not addressed by the firm.
- 3) Mandatory disclosure of issuer-specific significant inspection findings to their audit committee.
- 4) Individual public inspection reports for each audit firm.

These changes were based on the following disclosure principles:

- Improvement in audit quality.
- Timeliness of CPAB reporting and remediation of audit deficiencies.
- Public accountability.
- Cost vs. benefit.

For each change CPAB also considered whether the proposed increased disclosures would:

- Enhance CPAB's protection of the investing public.
- Provide transparent, meaningful and relevant information.
- Be consistent with disclosures made by other regulators internationally.
- Protect the confidentiality of reporting issuers.

Disclosure changes made effective January 2023

Two of the disclosure changes (i. disclosure of significant enforcement actions, and ii. disclosure of recommendations not implemented) did not require amendments to CPAB's Rules or legislation and were implemented in January 2023.

CPAB has received positive feedback from a number of audit committee chairs and investors on these changes. In our regulatory oversight we have also found that our participating audit firms that may be subject to enforcement actions have been more focused on expeditiously implementing responses to improve audit quality.

Proposed rule changes

Two of the disclosure changes could not be implemented without changes to CPAB's Rules and legislation. In 2023, CPAB conducted a formal public consultation on these changes: (1) mandatory communications to audit committees, and (2) publishing individual firm inspection reports.

Consultation on proposed rule changes

The 2023 consultation specifically sought feedback on proposed rule changes related to:

1. Disclosure-related changes (related to making the CPAB Protocol mandatory and publishing individual firm inspection reports).
2. Changes to improve operational effectiveness and administrative practices.
 - a. Review hearing process changes.
 - b. Participation and withdrawal changes.
 - c. Housekeeping changes.

These proposed rule changes are responsive to the broad support CPAB received during the 2021 public consultation to increase, or make targeted improvements to, how we disclose our regulatory assessments.

During the 2023 public consultation period, CPAB received 69 responses to our online survey and 11 written comment letters (which include comment letters with multiple signatories). All comment letters received are posted on [CPAB's website](#). This feedback is in addition to the responses received during the 2021 public consultation where CPAB received over 100 responses, and during a pre-consultation CPAB conducted in early 2023 conducted with over 15 targeted stakeholders, which included audit firms, government and other regulators.

In considering the feedback received, we believe there is broad support for CPAB to proceed to the next step, which is obtaining the approvals required to complete the amendments to our rules.

The Appendices summarize, by topic, the feedback received, CPAB's response to the feedback, and the impact (if any) on the proposed rule amendments.

Appendix A provides a summary of the feedback received on the proposed rule changes.

Appendix B provides a link to the comment letters received during the 2023 public consultation.

Next steps

The Rule changes will be effective once CPAB has obtained all approvals from the relevant provincial government and securities regulators. This approach ensures a uniform implementation of the rule amendments across all provinces and territories in Canada, subject to local legal frameworks.

The final implementation of the disclosure related rule changes in Ontario (mandatory audit committee reporting, individual audit firm public reports) will be dependent on amendments to the [Ontario CPAB Act](#). Whether such amendments are made, and the timing of such changes, are subject to the discretion of the Ontario legislature.

If legislative amendments are passed by the end of 2024, CPAB intends to implement the planned disclosure related changes for the 2025 or 2026 inspection cycle.

Additional updates will be provided as approvals are received.

CPAB would like to take this opportunity to thank the stakeholders who engaged in our public disclosures consultations. Your feedback is greatly appreciated.

If you have any questions, please contact us at consultation@cpab-ccrc.ca.

Appendices

Appendix A: Summary of feedback received (2021 and 2023 consultations)

During both the 2021 and 2023 consultations stakeholders were provided with two mechanisms for providing their feedback: (i) anonymous survey or (ii) written comment letter.

In the summary of feedback below we have indicated the source of the feedback received.

Feedback received: Disclosure-related changes - CPAB Protocol

Feedback by stakeholder group

Audit committee chairs/members

During the 2021 consultation, 100 per cent of audit committee respondents (36 respondents) expressed the view that sharing of individual audit file inspection results with the respective audit committee should be mandatory.

The vast majority of respondents in the 2023 consultation continued to express this view, with 88 per cent of audit committee survey respondents (38 respondents) supportive of the proposed rule changes to mandate the CPAB Protocol. These respondents noted that having access to this information would permit audit committees to directly hold the accounting firms responsible for audit quality. Some [smaller capitalization reporting issuer audit committee members](#) also noted that proposed disclosures to audit committees will provide strong motivation for audit firm improvement.

Investors

During the 2021 consultation, 83 per cent of investor respondents (15 respondents) felt that inspection findings should be shared with some or all reporting issuer audit committees. [The Canadian Advocacy Council of CFA Societies](#) and [FAIR Canada](#) also expressed their support for mandating the Protocol.

During the 2023 consultation, investor respondents continued to support mandating the CPAB Protocol. 100 per cent of investor survey respondents (two respondents) as well as all investor respondents who provided written comment letters expressed their support. Specifically, the [OSC Investor Advisory Panel](#), the [Canadian Advocacy Council of CFA Societies Canada](#), [FAIR Canada](#) and the [Canadian Coalition for Good Governance](#) all shared the view that these disclosures will support the important oversight role of the audit committee.

Audit firms and audit professionals

Views from this stakeholder group were mixed with strong support coming from many of the largest audit firms and some questions raised by individual audit firm professionals.

In the 2021 consultation, 75 per cent of audit firm partners/professionals who responded via the survey (12 respondents) expressed support. An additional seven firms formally expressed support for mandating the Protocol via written comment letters (the 2021 comment letters can be found on the CPAB [website](#)).

In our most recent consultation in 2023, the [Canadian Centre for Audit Quality](#)¹ noted that making the CPAB Protocol mandatory would increase consistency across Canadian audit firms and assist audit committees in assessing audit quality and in discharging their responsibilities.

In their 2023 consultation response, the [largest four firms](#) (together, these firms audit 90 per cent of Canadian reporting issuers as measured by market capitalization) expressed their continued support for increased

¹ The Canadian Centre for Audit Quality's current members are: BDO, Deloitte, EY, Grant Thornton, KPMG, MNP and PwC.

transparency. Of the 18 individual audit firm professional respondents to the survey, 14 raised concerns about making the CPAB Protocol mandatory. Written comments from these individuals included a focus on why the Protocol needed to be mandatory and recommended further outreach with the venture community.

Public company management

All public company management respondents to the 2023 survey (seven respondents) were supportive of the proposed rule changes to mandate the CPAB Protocol.

Other respondents

In both 2021 and 2023, the Office of the Superintendent of Financial Institutions Canada (OSFI) expressed their support for mandating the CPAB Protocol for disclosure of reporting issuer specific significant inspection findings to the reporting issuer's audit committees.

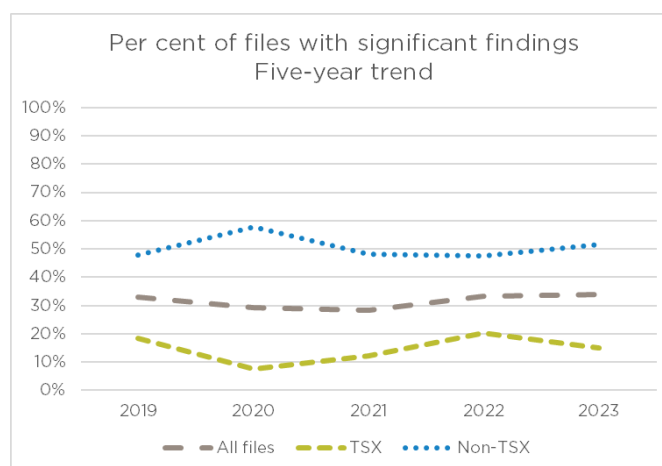
CPAB response

As described above, 100 per cent of investor and public company management respondents and the vast majority of audit committee and investor respondents are supportive of proceeding with this planned rule change. While there were mixed views from the audit firms and audit professional respondents, CPAB continued to receive support for this planned change from the largest firms responsible for the audit of 90 per cent of reporting issuers as measured by market capitalization. The concerns raised by the remaining audit firm partners/professionals focused on two specific concerns which CPAB has responded to below.

As requested by the audit committee community in 2013, the Protocol began as a voluntary agreement to allow CPAB and the audit firms to share inspection findings more quickly than through a rule change process. After ten years, an increasing number of audit firms have agreed to share inspection findings with audit committees such that, in 2023, inspection findings were shared with the audit committees of 41 of the 44 reporting issuers with significant inspection findings (up from 24 out of 35 shared in 2020). Due to the important role of the audit committee, CPAB believes it is appropriate to make the CPAB Protocol mandatory to ensure that all audit committees of reporting issuers with significant inspection findings will have the information needed to support their auditor oversight.

Audited financial statements are an important element of investor protection. Information related to CPAB's inspection of the quality of the audit of a reporting issuer provides important information to the audit committee to support their oversight of the audit. We believe this information is equally important for the oversight of audits of all issuers, whether listed on a venture or other exchange.

In addition, due to a high level of inspection findings from the inspection of audits of venture listed reporting issuers (as illustrated in the chart below), we continue to believe it is important to communicate all inspection findings to audit committees for all inspections. We note that this information is already being provided to most audit committees of venture issuers (of the 35 non-TSX reporting issuers with significant inspection findings in 2023, these findings were shared with the audit committees of 32 reporting issuers under the Protocol reflecting a trend of additional firms participating in the Protocol over the past few years).



Feedback received: Disclosure-related changes – Individual firm inspection reports

Feedback by stakeholder group

Audit committee chair/member

In the 2021 consultation, 76 per cent of audit committee respondents (29 respondents) were supportive of CPAB publicly disclosing additional information about the results of our regulatory assessments, which would include information by individual audit firm and/or inspections reports by firm.

In 2023, 70 per cent of audit committee respondents (29 respondents) to the online survey were supportive of the proposed changes. Thirteen respondents raised comments related to inspections of audits of reporting issuers listed on a venture exchange, specifically whether the disclosure of individual audit firm reports may reduce the number of auditors willing to audit issuers listed on a venture exchange.

Some [smaller capitalization reporting issuer audit committee members](#) commented that the proposed changes may result in certain firms reducing their portfolio of public company audits, reduced recruitment to and retention of individuals in the audit profession, or strained relations with audit firms. These respondents also recommended CPAB consider deferring the proposed changes for two to three years to fully assess potential risks stemming from the disclosure changes made starting in January 2023.

Investors

All investor respondents but one were supportive of the proposed changes. [FAIR Canada](#) noted that given CPAB's role in promoting audit quality and the benefits of transparency, individual firm inspection reports should be disclosed annually for each audit firm inspected by CPAB in a given year.

In addition,

- The [CFA Societies Canada Canadian Advocacy Council](#) encouraged CPAB to consider expanding the definition of significant findings to include other material issues that may call into question the integrity of an audit, such as conflicts of interest concerns.
- The [OSC Investor Advisory Panel](#) suggested that press releases be utilized to announce and link to the publication of inspection reports to generate awareness amongst the investing public.

The concerns of one investor respondent focused on the potential impact of disclosing this information publicly on auditors of venture listed reporting issuers and attractiveness of the profession.

Audit firms and audit professionals

As part of the 2021 public consultation, a joint letter from the four largest audit firms which together audit 90 per cent of Canadian reporting issuers as measured by market capitalization ([Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers](#)) expressed support for the disclosure of inspection results on an individual firm level for all firms inspected by CPAB.

The views of individual audit professionals who responded to the survey in 2021 were mixed. 69 per cent (11 respondents) were supportive of CPAB disclosing additional information about the results of our regulatory assessments, while the remaining 31 per cent of respondents to the 2021 survey (five respondents) and two written letters expressing concerns related to potential unintended consequences associated with these disclosures.

Feedback received from this stakeholder group during the 2023 consultation was also mixed with support for individual reports from the four largest firms and concerns raised by other audit firms and audit firm professionals. Several respondents also provided feedback on the need for consistency of approach across Canada and opportunities for improvements to CPAB's processes.

In their comment letters, audit firm respondents ([Canadian Centre for Audit Quality](#), the [largest four firms](#)) shared the view that the disclosure of individual firm level inspection reports should only proceed when all reporting issuer audits that are inspected by CPAB, including Quebec-based audits, are included in the process.

Several audit firm respondents (a [joint response from DMCL, McGovern Hurley and Smythe](#), a [joint response from Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers, MNP](#)) also proposed that the inspection process be updated to ensure that the background documentation for the inspection findings panel is shared with the audit firm for comment; that firms be provided with the opportunity to be heard before a substantive determination is made and that the inspection findings panel issue its decision to the firm for comment prior to issuing a final decision.

Comments from the 17 individual audit firm partners/professionals who responded to the 2023 consultation survey, including three from the same firm, focused on potential unintended consequences on the attractiveness and brand of the profession; the effect of potential bias in CPAB's risk-based file selection process and the potential for over publication of the results of smaller firms; and the potential that increased disclosures could restrict the number of auditors choosing to audit public companies.

Public company management

Eighty-six per cent of public company management survey respondents (six respondents) during the 2023 consultation were supportive of the proposed changes.

Other respondents

In both 2021 and 2023 OSFI expressed support for disclosing individual firm inspection reports for every audit firm inspected by CPAB within a given year.

CPAB received feedback during the 2021 consultation that changes to the information we disclose may conflict with the legal framework in Quebec, specifically the professional oversight rules provided in the *Professional Code*, the *Quebec Chartered Professional Accountants Act* and the protection of professional secrecy, as enshrined under section 9 of the *Quebec Charter of Human Rights and Freedoms*.

CPAB response

Overall, feedback for the introduction of individual firm inspection reports is favorable, with investors and audit committees more strongly in support of this change. There are respondents, consisting of some audit firms and

audit firm professionals whose practices are focused on the audits of venture listed reporting issuers, who shared concerns.

In continuing to pursue this change to our disclosures, CPAB notes the strong support by investor advocates and audit committees for the publishing of individual firm inspection reports, which is consistent with our public interest responsibility.

In considering the comments raised by some audit firms on the impact of the legal framework in Quebec, it is our view there is a need to clarify our legal interpretation that differences in the Quebec legal framework only impact a small number of firms (audit firms with their primary operations in Quebec – approximately one to two inspections by CPAB in a given year) and will not prevent CPAB from adopting a uniform disclosure approach across virtually all of our inspections. Prior to issuing an individual inspection report related to an audit firm with primary operations in Quebec, a draft of the report will be provided to the Ordre des CPA du Québec for their comments to assist us in ensuring that the information therein does not conflict with the Quebec legal framework, specifically, that it is not in conflict with professional secrecy protections in Quebec.

In response to feedback on our inspection process, CPAB has identified enhancements to the transparency of our inspection findings processes including formalizing the firm's opportunity to review and comment on the information provided to the inspection findings panel. These changes will be communicated and implemented prior to the commencement of the 2024 inspections of the annually inspected firms.

We do not believe it would be appropriate to exclude or defer the inclusion of the results of inspections of venture listed reporting issuers from individual audit firm reports for several reasons including:

- Audits of financial statements provide important protection for investors of all reporting issuers, regardless of the exchange the issuer is listed on.
- The results of all inspections completed by CPAB is useful information for audit committees, investors and other users of the audited financial statements including the inspection of audits listed on a venture exchange.
- Due to the continued high level of inspection findings of audits of reporting issuers listed on Canada's venture exchanges, CPAB believes it is important that individual inspection reports be published for all audit firms inspected, including the inspections of the audits of venture exchange listed reporting issuers. Exclusion of the results of these inspections would provide incomplete information about CPAB's inspection of that firm.
- There is no significant incremental cost of including the results of inspections of venture listed reporting issuers. In such cases, CPAB would be making public information that has already been shared with the respective audit firms in CPAB's private report to the audit firm on the results of our regulatory review.

This view was strongly supported by the feedback received from several investor advocates including the [CFA Societies Canada](#) [Canadian Advocacy Council](#) and [FAIR Canada](#).

With regard to comments related to the potential impact of proposed rule changes on attractiveness of the profession, talent shortages have been a challenge for a number of industries. While recent research^{2 3 4} has identified a variety of factors, regulatory intervention or disclosures have not been cited as a significant factor.

As it relates to the concern that audit firms may potentially reduce their portfolio of public company audits, CPAB has not seen any evidence that public disclosures made in other jurisdictions, which have been in place for several years, have had a significant impact on auditor changes or the availability of audit firms to conduct public company audits. Additionally, we understand that these disclosure changes might instead increase business for those audit firms with positive audit quality results.

² [Understanding talent scarcity | Randstad](#)

³ [Global Talent Trends 2023 | ACCA](#) and [Global Talent Trends 2024 \(accaglobal.com\)](#)

⁴ [Here's What Seven Young Professionals Had to Say About the Accounting Talent Pipeline | IFAC](#)

We believe, on balance, that increased access to information, and the associated increase in accountability of firms, provides benefits outweighing the concerns raised. CPAB's individual public reports will be fact-based and include background information to explain our risk-based inspection program and approach. We are hopeful that increased transparency will encourage audit firms to focus on improvements in audit quality that will contribute, over time, to improved public confidence in the audit.

To support the use of the information disclosed in the individual firm inspection results, CPAB plans to prepare information for other stakeholders including audit committees and investors on how to interpret and use information disclosed in those reports.

Feedback received: Review hearing process changes

Review hearing processes changes were not specifically consulted on as part of the 2021 consultation but were included in the 2023 consultation on the proposed rule changes to allow CPAB to modernize our rules, bringing them in line with current practices and improve our operational effectiveness in targeted areas. The feedback summarized below is from the 2023 consultation.

Feedback by stakeholder group

Audit committee chair or member

Ninety per cent of audit committee survey respondents (35 respondents) were supportive of the proposed rule changes.

Investors

The [OSC Investor Advisory Panel](#) specifically supported the rules enabling review hearing officers to impose interim enforcement actions on a firm before a hearing concludes, noting that the measure is warranted where the Board believes there is a heightened risk to the public that must be addressed before a final decision is issued.

Audit firms and audit professionals

As part of the development of our rule proposals CPAB conducted a pre-consultation⁵ with some stakeholders. During this pre-consultation CPAB discussed these proposed changes with many audit firms and incorporated their feedback into the rule changes that were proposed during the public consultation. While concerns raised by audit firms that were consulted during the pre-consultation were addressed in the proposed rule changes, some individual audit firm partners/professionals (13 respondents) shared the concern that the review proceedings process is not fully understood or accessible to the audit firms.

The [Canadian Centre for Audit Quality](#) expressed the view that in the event that a firm disagrees with the outcome of the inspection process, a firm should have the opportunity to present its position to a review hearing panel.

Public company management

Eighty-six per cent of public company management survey respondents were supportive of the proposed rule changes.

⁵ As part of CPAB's process for amending Rules CPAB conducts a pre-consultation with a set group of stakeholders (including the annually inspected Participating Audit Firms and other Canadian regulators) to receive their feedback on the proposed amendments. Following the pre-consultation CPAB makes any necessary changes to the proposed amendments and then conducts a public consultation.

CPAB response

CPAB notes overall support to proceed with these proposed changes. CPAB also acknowledges that we plan to address the concerns raised by respondents about accessibility by improving the understanding of CPAB's review hearing process.

Over the past year CPAB has increased the information disclosed on our website that explains the [review hearing process](#). In addition, each audit firm that is subject to an enforcement action receives notification of their ability to request a review hearing.

In order to promote increased awareness among our participating audit firms, CPAB will provide a reminder to firms on where descriptions of these processes can be found on our website.

Feedback received: Participation and withdrawal changes

Participation and withdrawal changes were not specifically consulted on as part of the 2021 consultation but were included in the proposed rule changes to allow CPAB to modernize our rules, bringing them in line with current practices and improve our operational effectiveness in targeted areas. The feedback summarized below is from the 2023 consultation.

Feedback by stakeholder group

Eighty-seven per cent of audit committee, investor and public company management survey respondents (44 respondents) were supportive of proposed rule changes related to participation and withdrawal while the views of individual audit firm partners/professionals varied on the topic.

[FAIR Canada](#) expressed support for the proposed changes, noting the rule changes would plug an enforcement gap that could undermine investor and issuer confidence in CPAB's oversight program.

CPAB response

CPAB notes support to proceed with these proposed rule changes.

In response to the feedback received, CPAB has proposed a minor change to the amendments to Rule 217. This change clarifies that CPAB may impose any requirement, restriction or sanction available under Rule 601 where a firm provides *materially* incomplete or inaccurate information to the Board. This change is in response to the feedback that there is a significant volume of information provided to CPAB annually.

CPAB has also updated the proposed changes to Rules 601 and 710 to explicitly refer back to Rule 217 for increased clarity and to ensure equivalency with other rules subject to a review proceeding.

It is CPAB's view that none of these changes represent a substantial change compared to what was publicly consulted on.

Feedback received: Housekeeping changes

Housekeeping changes were not specifically consulted on as part of the 2021 consultation but were included in the proposed rule changes to allow CPAB to modernize our rules, bringing them in line with current practices and improve our operational effectiveness in targeted areas. The feedback summarized below is from the 2023 consultation.

Feedback by stakeholder group

Eighty-five per cent of survey respondents across all stakeholder groups (59 respondents) were supportive of the proposed housekeeping changes. However, some individual audit firm partners/professionals expressed the view that they did not feel there was a clear definition of “significant potential weaknesses or deficiencies”.

CPAB response

CPAB notes overall support to proceed with the proposed housekeeping changes.

CPAB is of the view that the term “significant potential weaknesses or deficiencies” is widely used and understood in the audit industry and therefore adding a definition of the term is not necessary. In addition, the term deficiency is specifically defined in the quality management auditing standard. We will continue to make efforts to address questions from firms relating to definitions and processes in our ongoing meetings with the firms and/or develop a list of frequently asked questions.

Other comments/feedback

Two audit firm partners/professionals commented that provincial inspection committees are comprised of experienced audit partners and practitioners and suggested CPAB consider whether a similar approach should be adopted for inspection findings panels. In CPAB’s view, the inspection findings panel is currently comprised of professionals with significant audit experience which provides an effective challenge and review of the consistency of our inspection findings and therefore a change to composition is not needed at this time.

Comparison to other international audit regulators

Some responses to the proposed rule change public consultation included comparisons to the practices of other audit regulators internationally with a specific focus on the United States, United Kingdom and Australia. CPAB has prepared a summary below to illustrate how our practices (after implementation of the proposed rule amendments) would compare to these jurisdictions.

The International Forum of Independent Audit Regulator’s [annual inspections survey](#) provides a summary of the reporting practices among independent audit regulators. A few observations from the 2022 report are as follows:

- Forty-two members issue public inspection reports, of which eight members identify results by individual audit firm while 34 members do not.
- Of the 42 members who report engagement inspections publicly:
 - 34 members do not identify results by individual audit firm.
 - Seven members identify individual audit firms.
 - One member identifies the audit firm and the audited entity.

Disclosures to audit committees

Country	Country specific practices
United States (PCAOB)	Audit committees can ask the auditor to provide information on PCAOB findings specific to the issuer. Disclosure of file specific findings is not mandatory.
United Kingdom (FRC)	File specific inspection findings are provided directly to the audit committee chair by the audit regulator. Disclosure is mandatory.
Australia (ASIC)	Audit regulator can disclose inspection findings directly to directors of an entity where concerns are raised about the audit work performed or independence of the auditor. Disclosure is at the discretion of the regulator.
Canada (CPAB) (after effect of the rule / legislative changes)	Mandatory disclosure by the auditor of the results of the inspection of the audit of the reporting issuer.

Scope of public inspection reports

Country	Country specific practices
United States (PCAOB)	Individual public inspection reports are published for all audit inspections.
United Kingdom (FRC)	Individual public inspection reports published for each of the Tier 1 audit firms (7 audit firms published in 2022/23; 6 audit firms in 2023/24). These inspection reports include the results of all inspections conducted, including entities that are within the FRC's inspection scope ⁶ .
Canada (CPAB) (after effect of the rule / legislative changes)	Individual inspection reports for each audit inspection completed provided the publishing of the report does not identify an individual reporting issuer or does not conflict with jurisdictional legal requirements.

Note that in our comparison of reporting by other audit regulators, CPAB had previously included the Australian audit regulator in our comparison. We have not included Australia (ASIC) in our comparison in this analysis because this regulator restructured its inspection program significantly in 2023. Specifically, in 2023, ASIC adopted an integrated approach to its financial reporting and audit surveillances which resulted in a significant reduction in the volume of their audit inspections. Following this change, ASIC no longer discloses the inspection results of each individual audit firm. Historical audit inspection activity at ASIC is shown below:

Year	Inspection activity
12 months ended June 30, 2023	15 audit files at 11 audit firms
12 months ended June 30, 2022	45 audit files at 14 audit firms
12 months ended June 30, 2021	45 audit files at 16 audit firms

⁶ The scope of the FRC's Audit Quality Review program includes UK companies admitted for trading on AIM or NEX (other than the Main Board) with a market capitalization of more than €200m.

Appendix B: Links to comment letters

2021 Consultation comment letters

[Comment Letter \(2021\): BDO](#)

[Comment Letter \(2021\): Canadian Advocacy Council of CFA Societies Canada \(CAC\)](#)

[Comment Letter \(2021\): Deloitte LLP, Ernst & Young LLP, KPMG LLP and PricewaterhouseCoopers LLP \(Joint submission\)](#)

[Comment Letter \(2021\): FAIR Canada](#)

[Comment Letter \(2021\): Glenidan Consultancy Ltd.](#)

[Comment Letter \(2021\): Grant Thornton, Raymond Chabot Grant Thornton](#)

[Comment Letter \(2021\): Office of the Superintendent of Financial Institutions \(OSFI\)](#)

[Comment Letter \(2021\): Ordre des CPA du Québec](#) (French only)

2023 Consultation comment letters

[Comment Letter \(2023\): Canadian Advocacy Council of CFA Societies of Canada](#)

[Comment Letter \(2023\): Canadian Centre for Audit Quality](#)

[Comment Letter \(2023\): Canadian Coalition for Good Governance](#)

[Comment Letter \(2023\): DMCL LLP, McGovern Hurley LLP, and Smythe LLP \(Joint submission\)](#)

[Comment Letter \(2023\): Deloitte LLP, Ernst & Young LLP, KPMG LLP, and PricewaterhouseCoopers LLP \(Joint submission\)](#)

[Comment Letter \(2023\): FAIR Canada](#)

[Comment Letter \(2023\): OSC Investor Advisory Panel](#)

[Comment Letter \(2023\): MNP LLP](#)

[Comment Letter \(2023\): Office of the Superintendent of Financial Institutions \(OSFI\)](#)

[Comment Letter \(2023\): Ordre des CPA du Québec](#) (French only)

[Comment Letter \(2023\): Steven Glover](#)