



CPAB Protocol Survey 2016

Introduction

In Spring 2016, using an independent third party provider, the Canadian Public Accountability Board (CPAB) undertook a survey to obtain feedback regarding our Protocol for Audit Firm Communication of CPAB Inspection Findings with Audit Committees (Protocol). The Protocol covers both the sharing of CPAB's overall inspections results, through our Public Inspections Reports, as well as the sharing of reporting issuer specific inspections results, through our Engagement Findings Reports (EFRs).

The survey was made available to audit committee chairs and audit engagement partners of those reporting issuers that were audited by annually inspected audit firms and were inspected by CPAB in 2014 or 2015.

Click [here](#) for more information about our inspections process and [here](#) for more information about the Protocol.

Summary of Results

Both engagement partners and audit committee chairs had similar views regarding the sharing of inspection findings. Overall, both the Public Inspection Reports and Engagement Findings Reports were well received with respondents agreeing that the reports are clear, easy to understand, and provide the right amount of information.

The Protocol appears to be functioning appropriately, with reports shared by the audit firm with the audit committee on a timely basis, accompanied by discussion.

Both audit firms and audit committees share similar suggestions for improvement for both the Public Reports and Engagement Findings Reports:

- Provide more specific information, such as examples and case studies.
- Consider increasing CPAB's involvement and participation in the sharing of the results.

Detailed Results about CPAB's Public Inspections Reports

Background

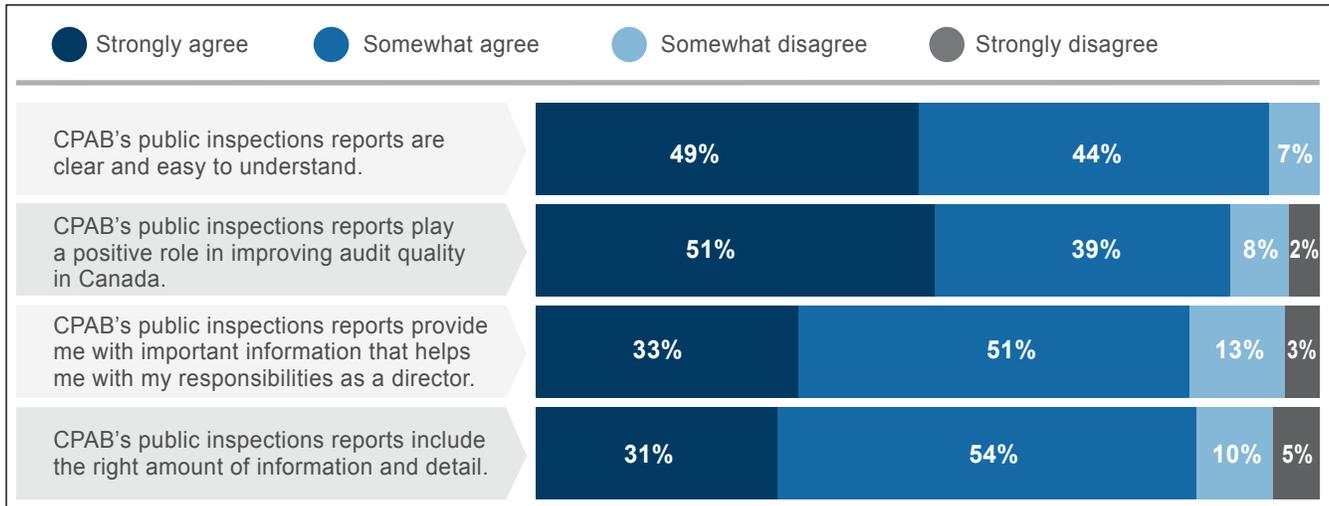
CPAB publishes two Public Inspections Reports each year. CPAB's Annual Inspections Public Report is released in March and provides an overview of the results of our annual inspections activity. CPAB's Big Four Inspections Report is released in November and provides a summary of annual inspection findings for Canada's four largest audit firms (Deloitte LLP, EY LLP, KPMG LLP, and PwC LLP). Each Public Inspections Report is accompanied by a Highlights for Audit Committees document.

For a copy of CPAB's latest Public Inspections Reports and Highlights for Audit Committees documents, please click [here](#).

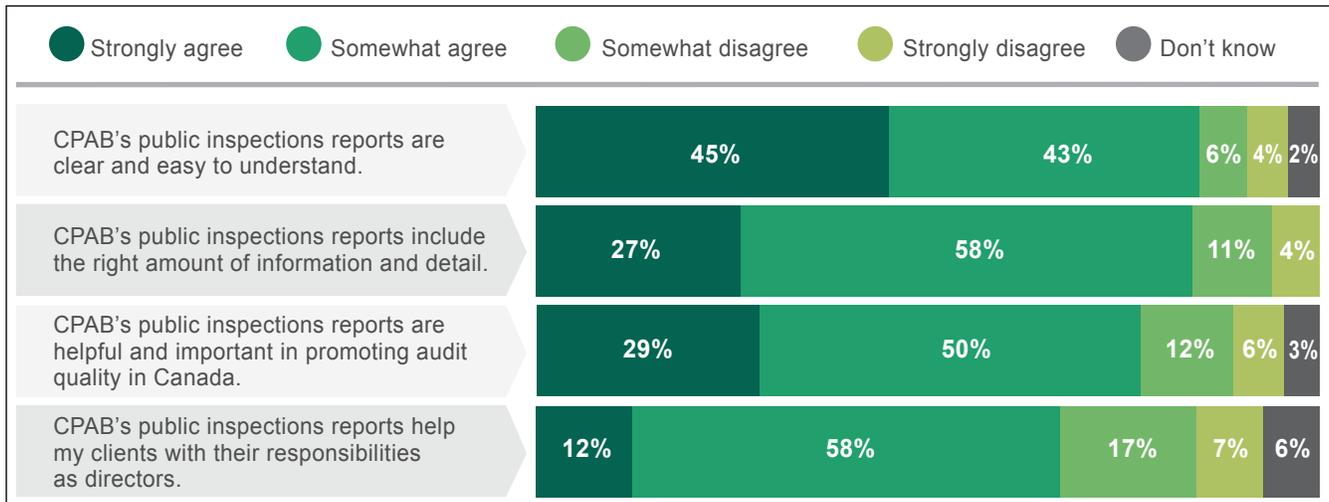
Overall survey results

Overall, CPAB's Public Inspections Reports are well received. Engagement partners and audit committee chairs agree that reports are clear, easy to understand, and provide the right amount of information. Both groups also indicated that they believe that CPAB's Public Inspections Reports help audit committees with their responsibilities as directors.

Audit committee chairs summary responses



Engagement partners summary responses



Detailed Results about CPAB's Engagement Findings Reports

Background

CPAB's work primarily involves assessing the execution of methodologies, policies and quality control processes of the audit firms that participate in its oversight program. CPAB annually inspects a selection of high-risk sections of audit files of reporting issuers.

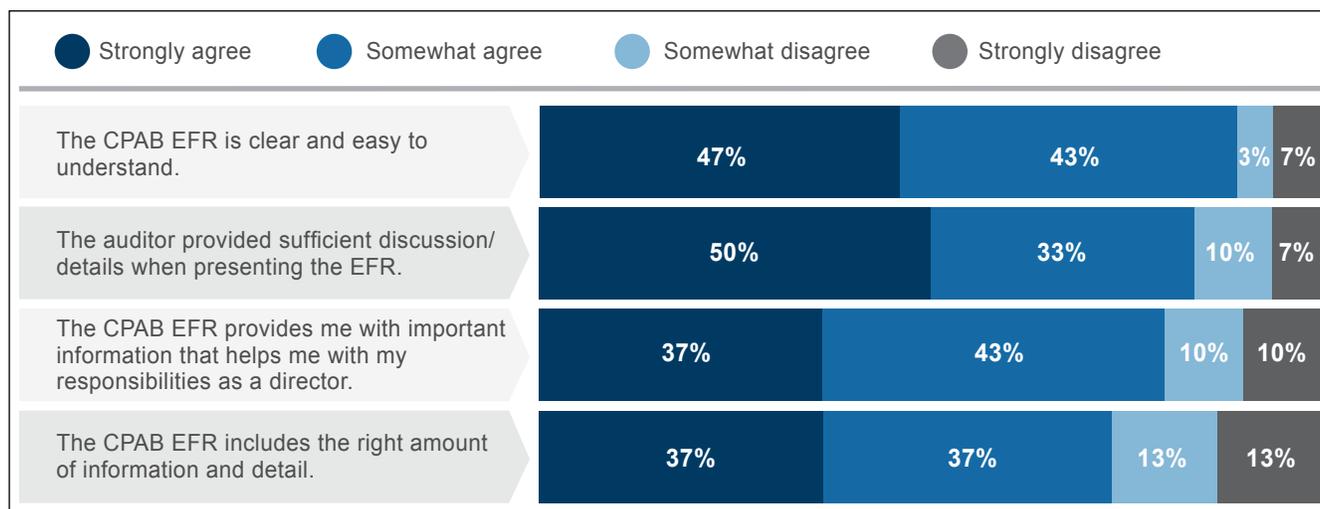
The results of reporting issuer-specific inspections are documented in an Engagement Findings Report (EFR). Sharing of the EFR by audit firms with their audit committees is voluntary and dependent on the audit firm's participation in CPAB's Protocol. Currently, 12 of the 14 annually inspected firms (including all Big Four firms, all national/network firms, and four of the six regional firms) participate in the Protocol, representing over 90 per cent of the market capitalization of reporting issuers in Canada.

Overall survey results

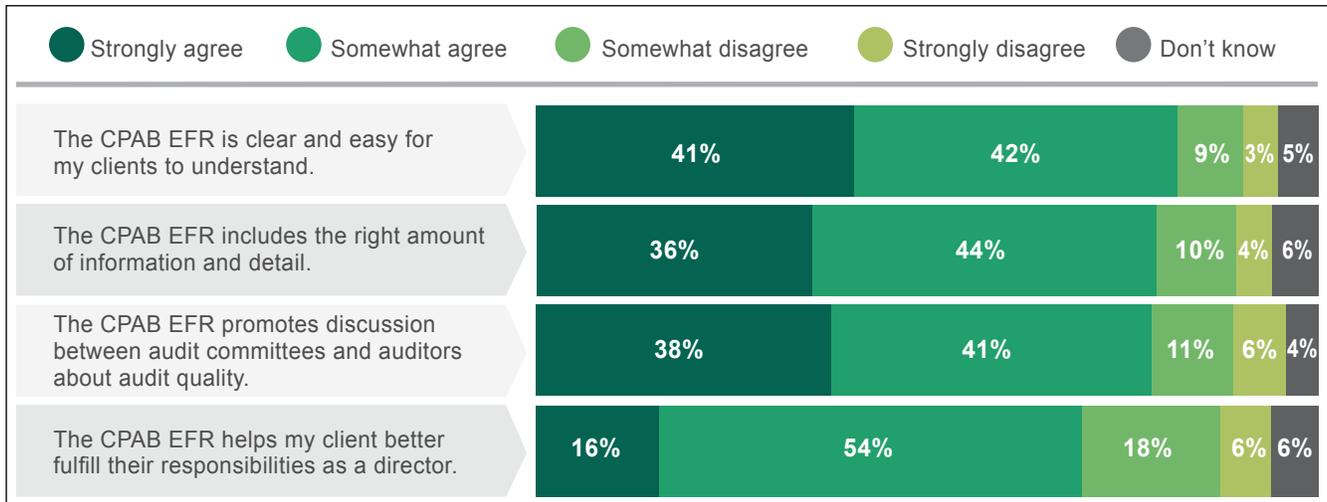
Overall, CPAB's Engagement Findings Reports are well received. Engagement partners and audit committee chairs agree that reports are clear, easy to understand, and provide the right amount of information.

Audit committee chairs agreed that their auditor provided sufficient discussion and details when presenting the EFRs and provided them with information that helped them with their responsibilities as directors.

Audit committee chairs summary responses



Engagement partners summary responses



Suggestions for Improvement

Both engagement partners and audit committee chairs shared similar suggestions for improving CPAB's sharing of inspections findings:

- Provide more specific information in the Public Inspections Reports, such as examples and case studies.
- Provide increased information about reporting issuer inspections findings in the EFRs.
- Consider increasing CPAB's involvement and participation in the sharing of inspections findings including doing greater outreach.

Concluding Thoughts and Next Steps

We are pleased that the survey indicates that, to a large extent, the communication of CPAB inspections results meets the needs of our main users. The suggestions for improvement have highlighted some areas for CPAB to consider as we continue to work to improve audit quality.

This feedback has been shared with CPAB's Board of Directors and employees. In the coming months we will discuss the results with the audit firms we regulate as well as other key stakeholders.

Learn More

Visit us at www.cpab-ccrc.ca and join our mailing list. Follow us on Twitter – @CPAB_CCRC

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