



Audit Quality Symposium

CPAB
CCRC

Changing Expectations

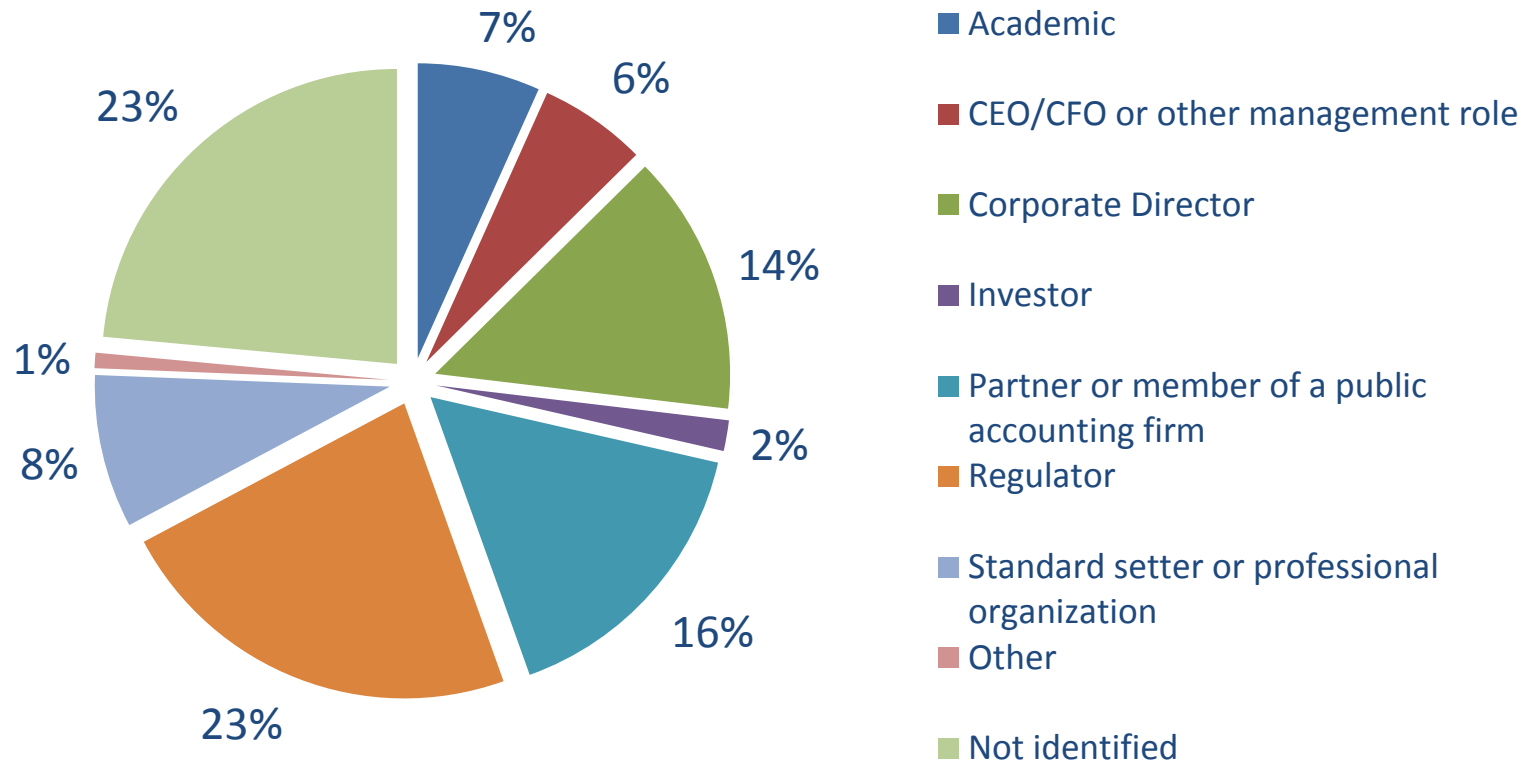
November 2014

Polling Results

WWW.CPAB-CCRC.CA

Polling Question 1 – Voter Demographics

What category best describes your role?



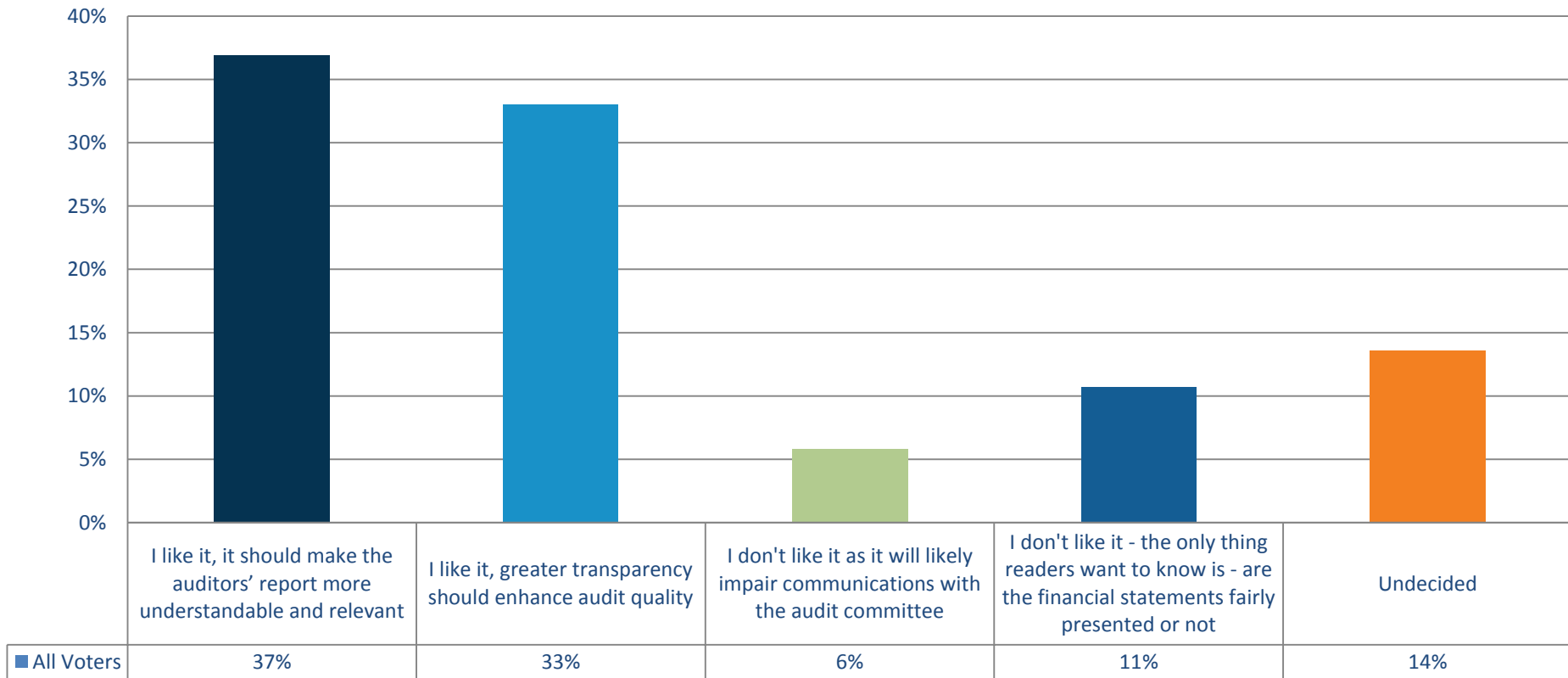
Panel 1



International Developments in Audit

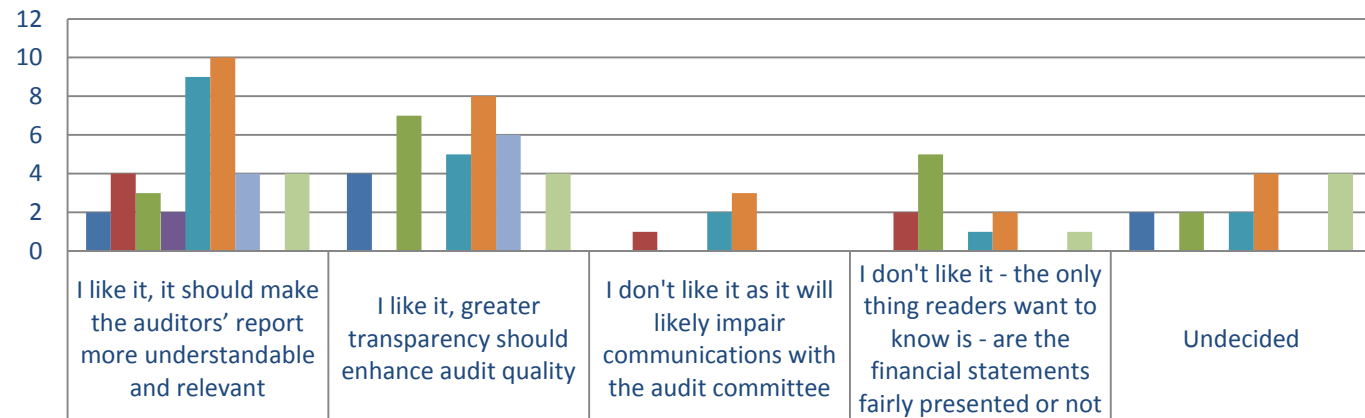
Polling Question 2

What is your reaction to including a discussion of key audit matters in the auditors' report?



Polling Question 2

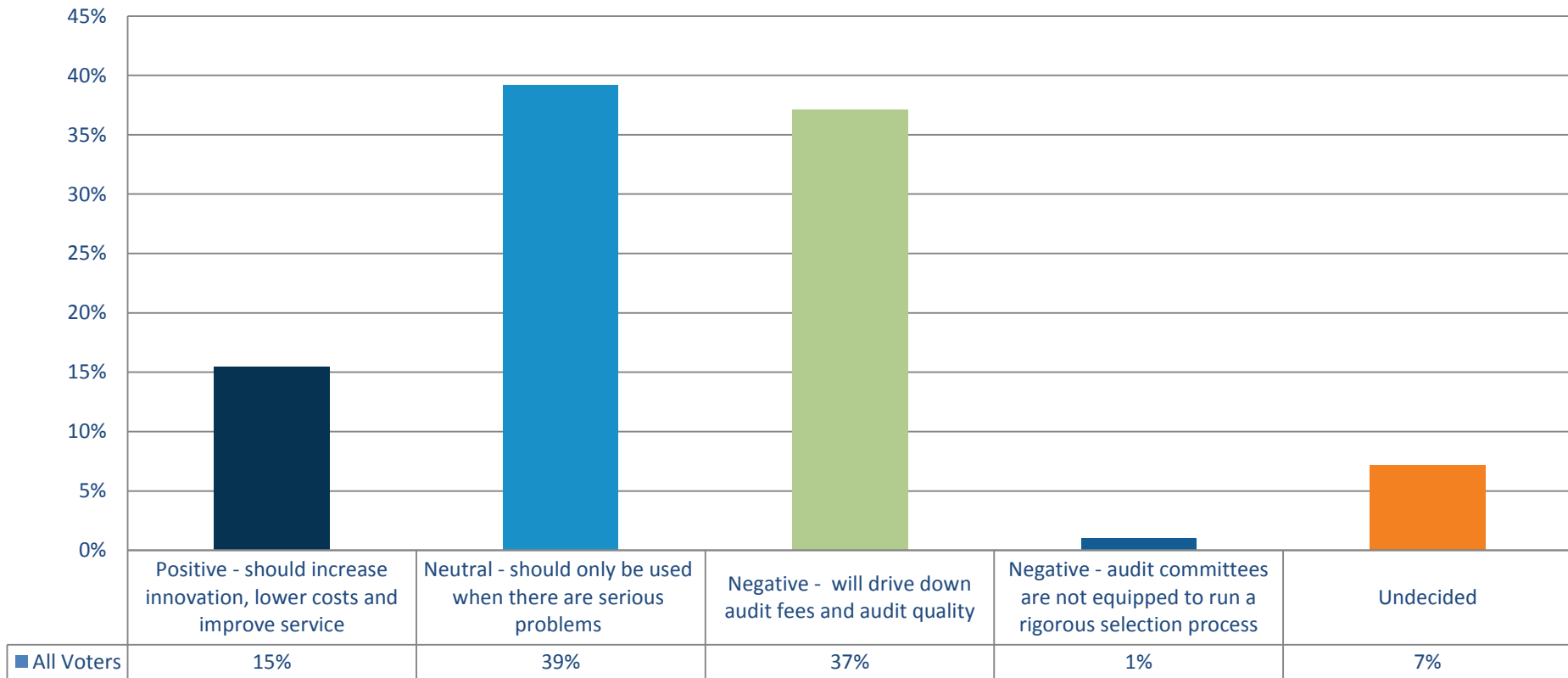
What is your reaction to including a discussion of key audit matters in the auditors' report?



	I like it, it should make the auditors' report more understandable and relevant	I like it, greater transparency should enhance audit quality	I don't like it as it will likely impair communications with the audit committee	I don't like it - the only thing readers want to know is - are the financial statements fairly presented or not	Undecided
■ Academic	2	4	0	0	2
■ CEO/CFO or other management role	4	0	1	2	0
■ Corporate Director	3	7	0	5	2
■ Investor	2	0	0	0	0
■ Partner or member of a public accounting firm	9	5	2	1	2
■ Regulator	10	8	3	2	4
■ Standard setter or professional organization	4	6	0	0	0
■ Other	0	0	0	0	0
■ Not identified	4	4	0	1	4

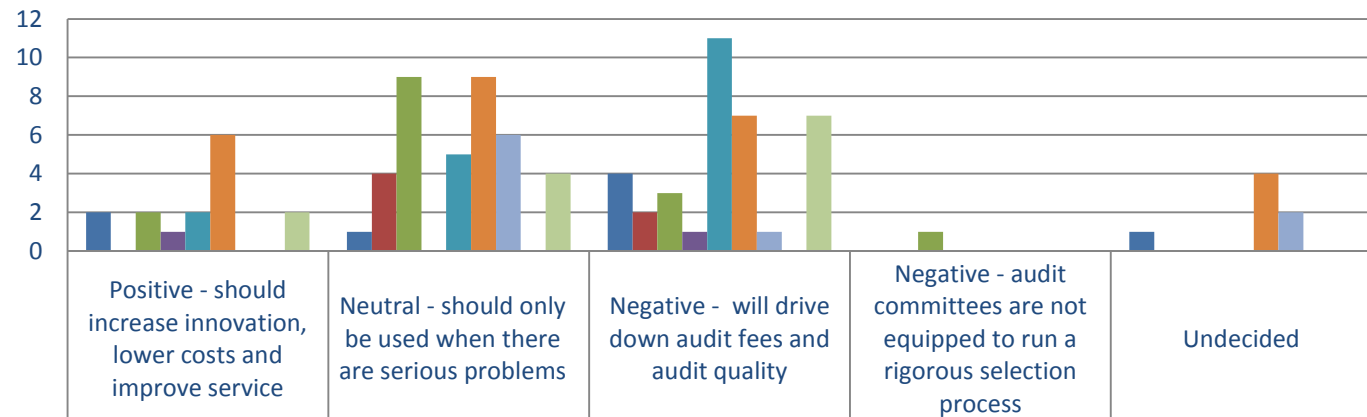
Polling Question 3

What are your views on audit firm tendering?



Polling Question 3

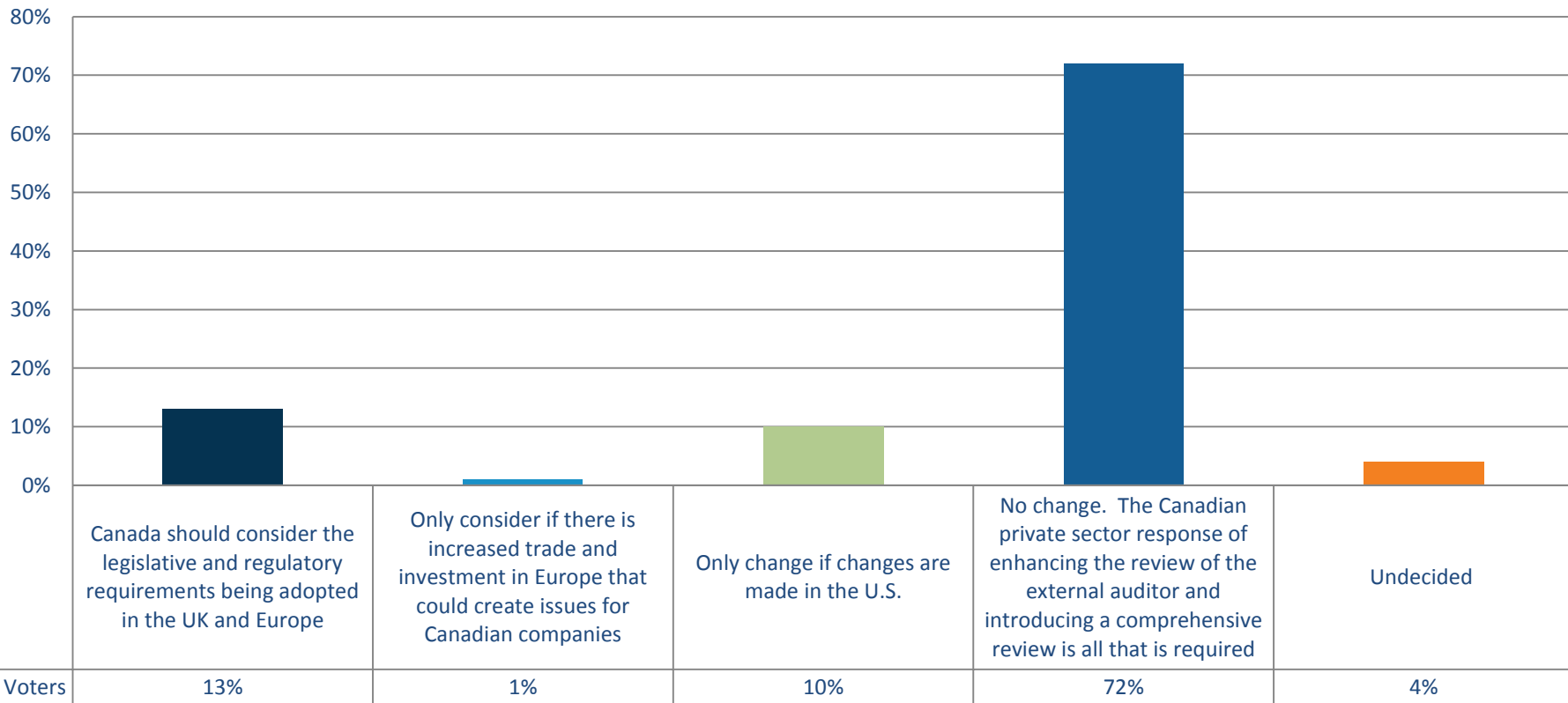
What are your views on audit firm tendering?



Professional Role	Positive - should increase innovation, lower costs and improve service	Neutral - should only be used when there are serious problems	Negative - will drive down audit fees and audit quality	Negative - audit committees are not equipped to run a rigorous selection process	Undecided
Academic	2	1	4	0	1
CEO/CFO or other management role	0	4	2	0	0
Corporate Director	2	9	3	1	0
Investor	1	0	1	0	0
Partner or member of a public accounting firm	2	5	11	0	0
Regulator	6	9	7	0	4
Standard setter or professional organization	0	6	1	0	2
Other	0	0	0	0	0
Not identified	2	4	7	0	0

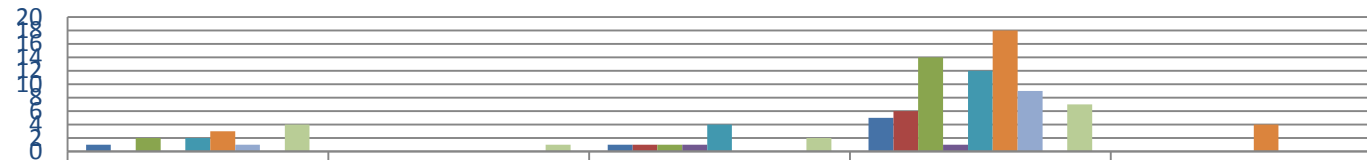
Polling Question 4

Given the auditor rotation/tendering rules in the UK, EU and other countries, what should be Canada's response?



Polling Question 4

Given the auditor rotation/tendering rules in the UK, EU and other countries, what should be Canada's response?



	Canada should consider the legislative and regulatory requirements being adopted in the UK and Europe	Only consider if there is increased trade and investment in Europe that could create issues for Canadian companies	Only change if changes are made in the U.S.	No change. The Canadian private sector response of enhancing the review of the external auditor and introducing a comprehensive review is all that is required	Undecided
■ Academic	1	0	1	5	0
■ CEO/CFO or other management role	0	0	1	6	0
■ Corporate Director	2	0	1	14	0
■ Investor	0	0	1	1	0
■ Partner or member of a public accounting firm	2	0	4	12	0
■ Regulator	3	0	0	18	4
■ Standard setter or professional organization	1	0	0	9	0
■ Other	0	0	0	0	0
■ Not identified	4	1	2	7	0

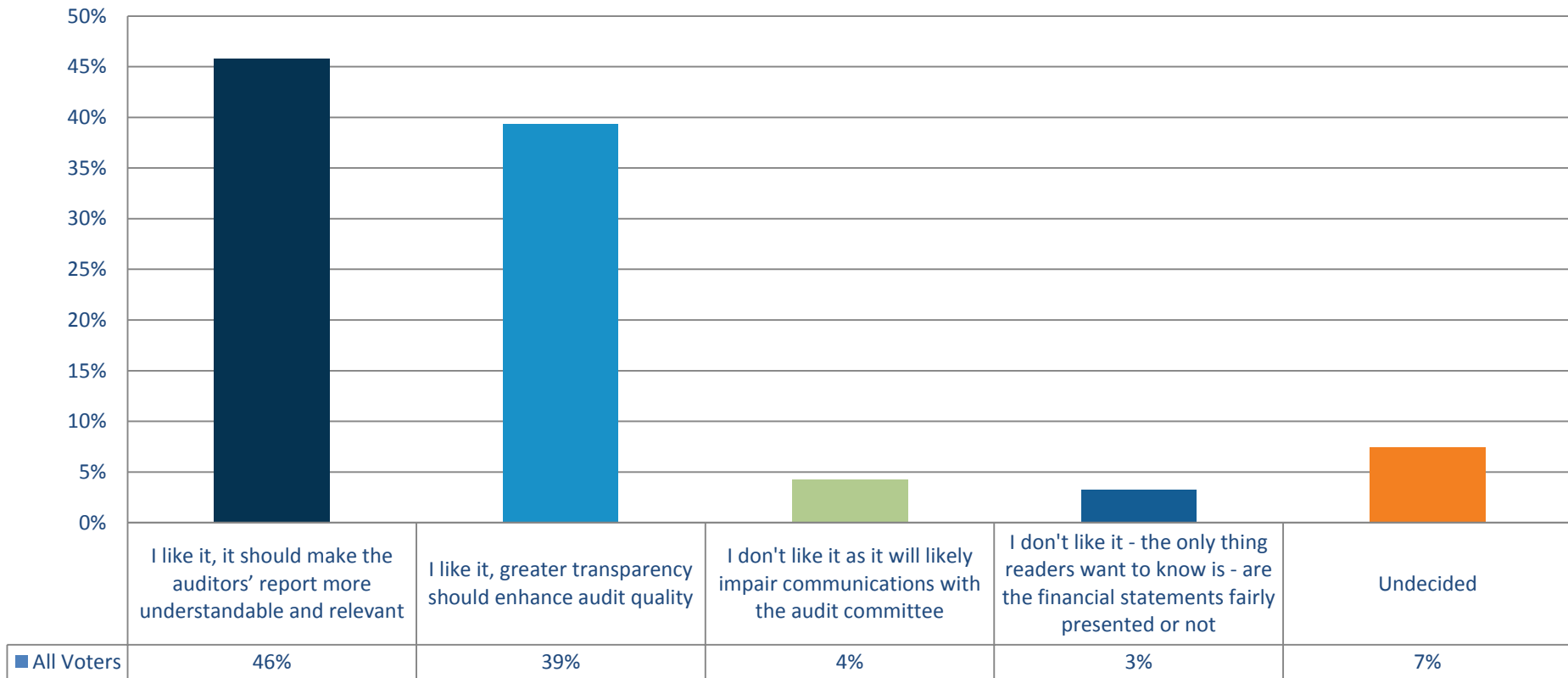
Panel 2



Current Initiatives to Enhance the Relevance and Reliability of the Audit

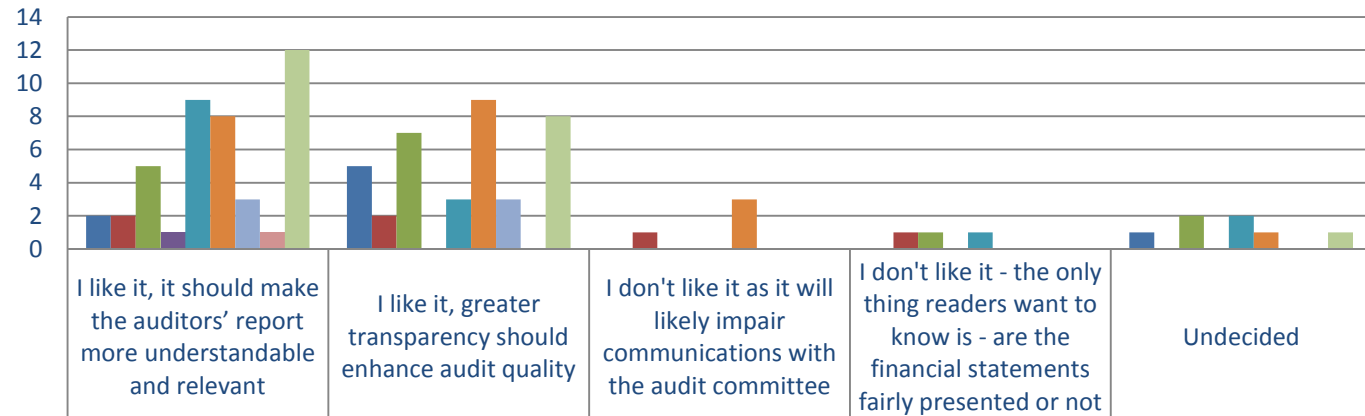
Polling Question 5

Given the experience in the UK, what is your reaction to including a discussion of key audit matters in the auditors' report?



Polling Question 5

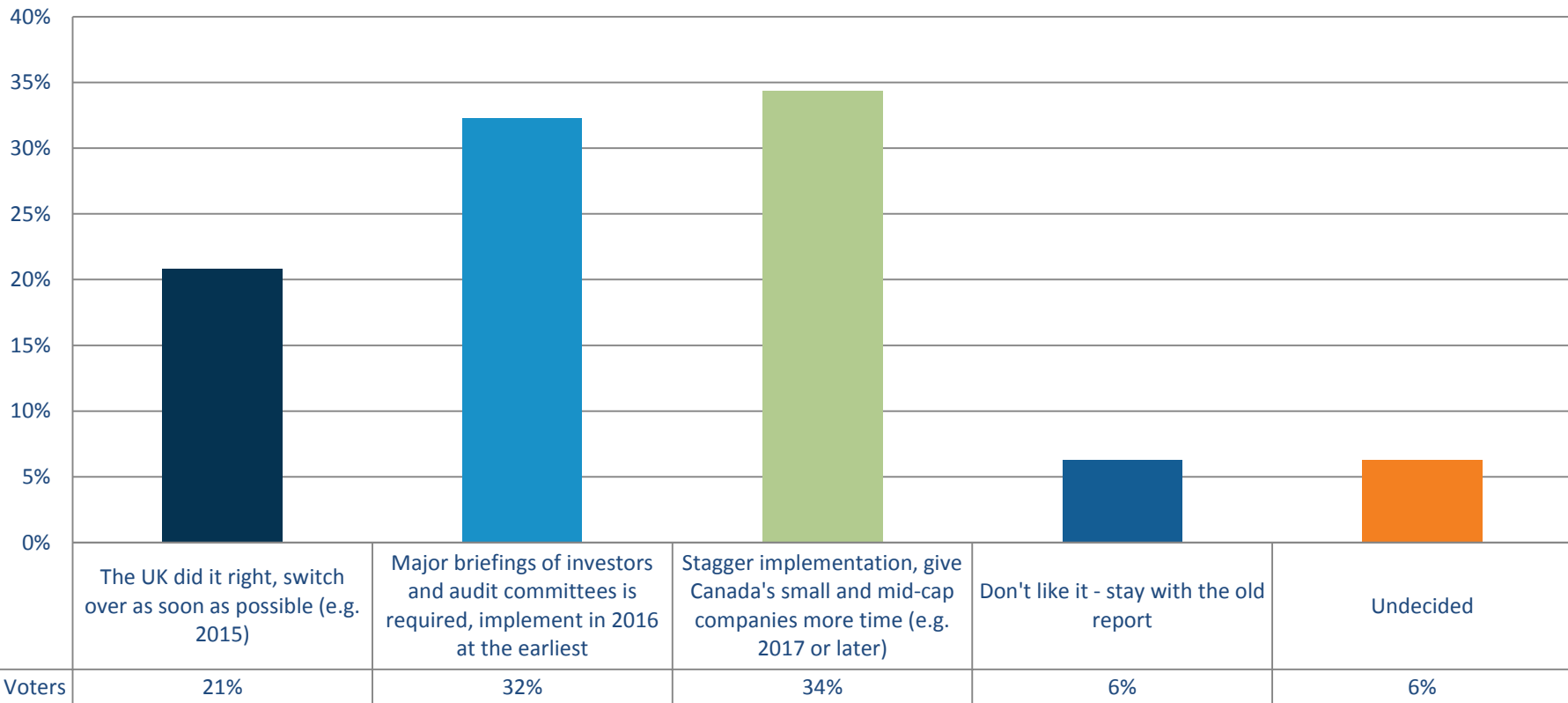
Given the experience in the UK, what is your reaction to including a discussion of key audit matters in the auditors' report?



Role	I like it, it should make the auditors' report more understandable and relevant	I like it, greater transparency should enhance audit quality	I don't like it as it will likely impair communications with the audit committee	I don't like it - the only thing readers want to know is - are the financial statements fairly presented or not	Undecided
Academic	2	5	0	0	1
CEO/CFO or other management role	2	2	1	1	0
Corporate Director	5	7	0	1	2
Investor	1	0	0	0	0
Partner or member of a public accounting firm	9	3	0	1	2
Regulator	8	9	3	0	1
Standard setter or professional organization	3	3	0	0	0
Other	1	0	0	0	0
Not identified	12	8	0	0	1

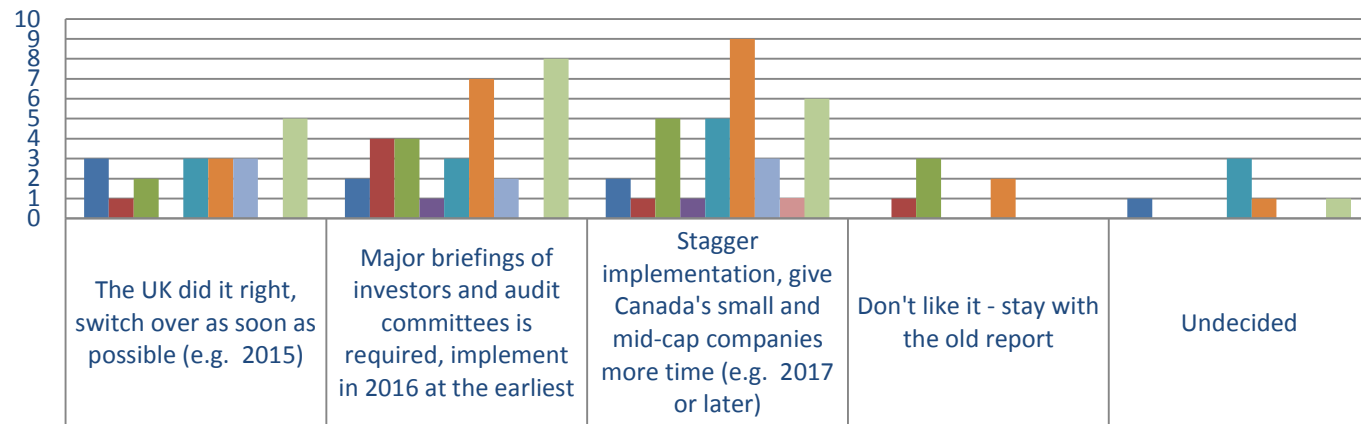
Polling Question 6

Which statement best describes your views on the implementation of the new auditor's report in Canada?



Polling Question 6

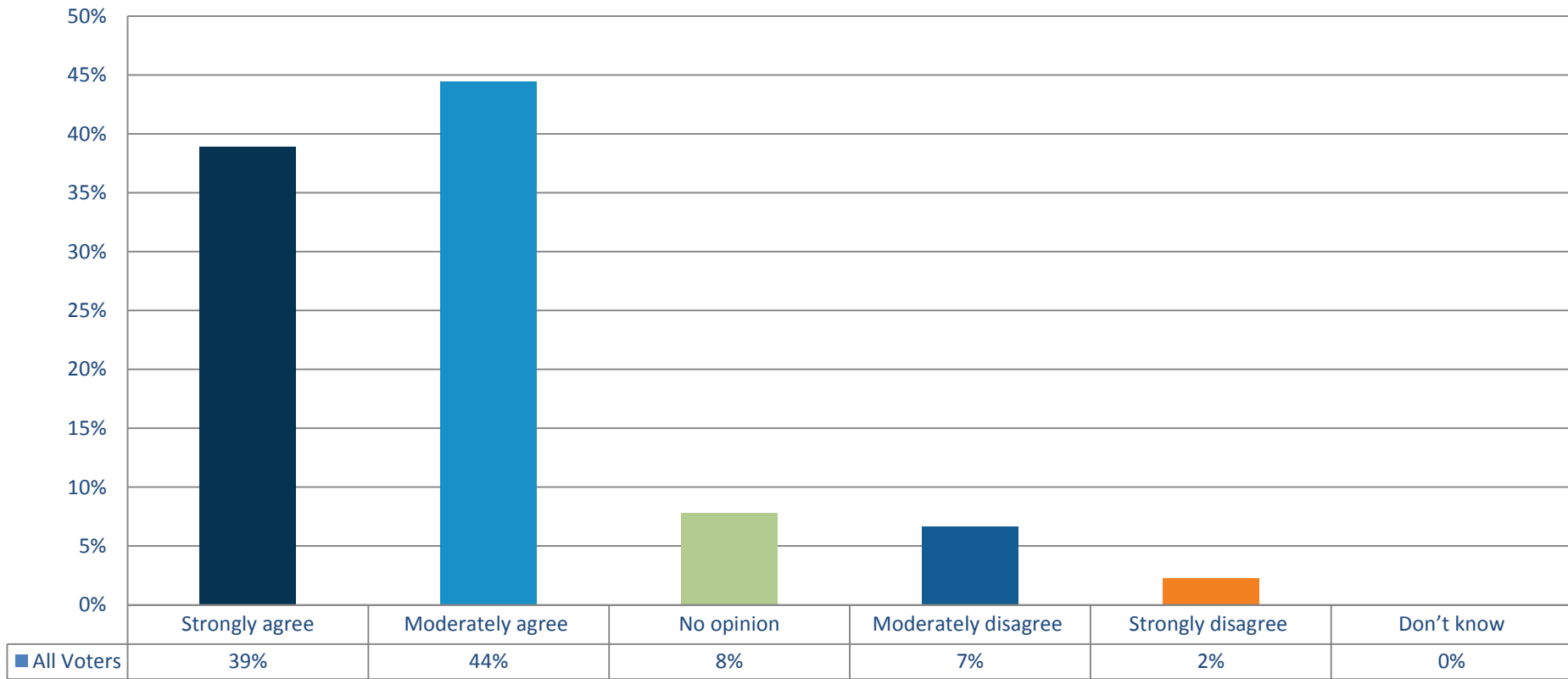
Which statement best describes your views on the implementation of the new auditor's report in Canada?



■ Academic	3	2	2	0	1
■ CEO/CFO or other management role	1	4	1	1	0
■ Corporate Director	2	4	5	3	0
■ Investor	0	1	1	0	0
■ Partner or member of a public accounting firm	3	3	5	0	3
■ Regulator	3	7	9	2	1
■ Standard setter or professional organization	3	2	3	0	0
■ Other	0	0	1	0	0
■ Not identified	5	8	6	0	1

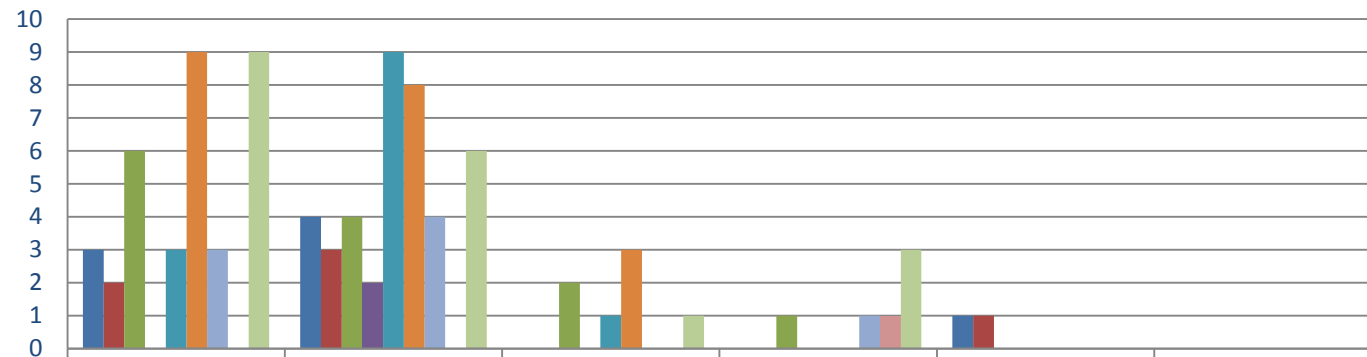
Polling Question 7

Audit Firms should develop and provide the audit committee with a report on key quantitative audit quality indicators.



Polling Question 7

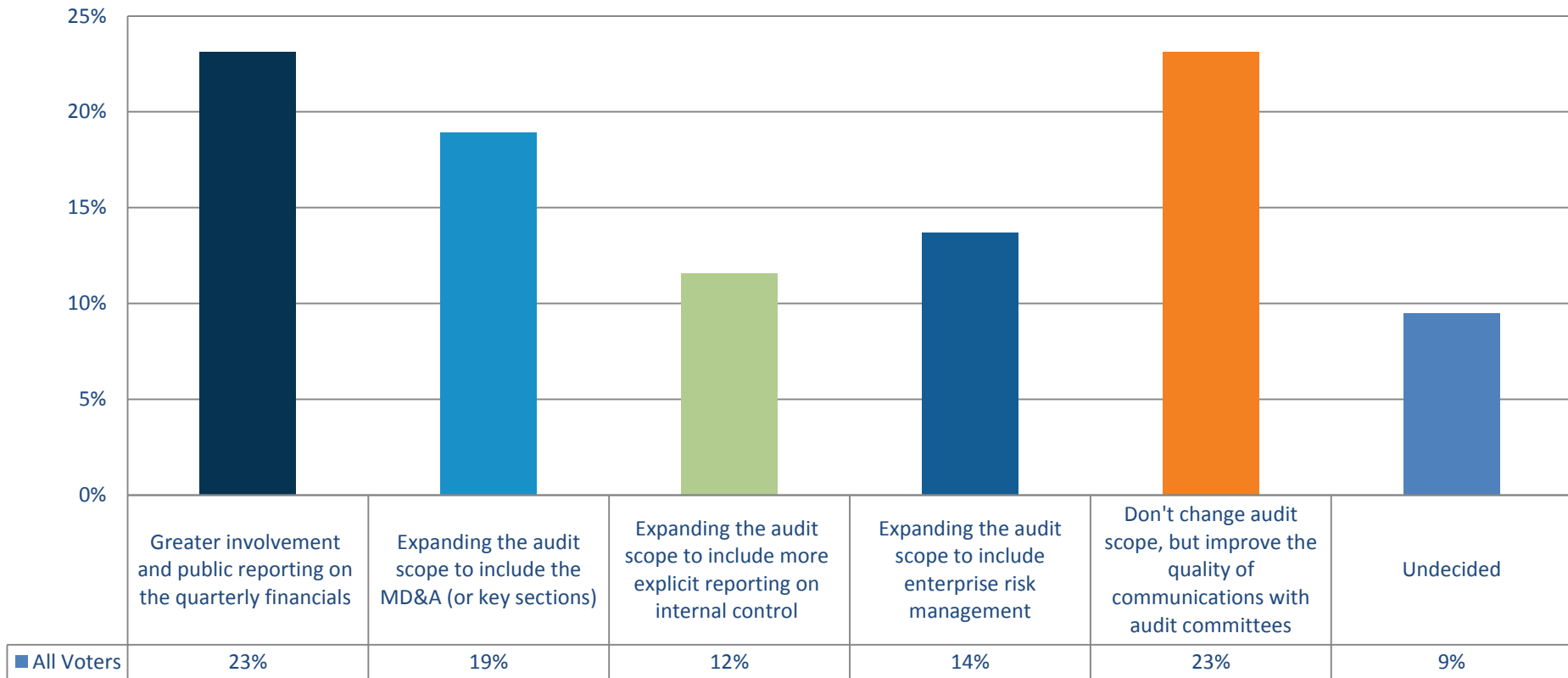
Audit Firms should develop and provide the audit committee with a report on key quantitative audit quality indicators.



	Strongly agree	Moderately agree	No opinion	Moderately disagree	Strongly disagree	Don't know
■ Academic	3	4	0	0	1	0
■ CEO/CFO or other management role	2	3	0	0	1	0
■ Corporate Director	6	4	2	1	0	0
■ Investor	0	2	0	0	0	0
■ Partner or member of a public accounting firm	3	9	1	0	0	0
■ Regulator	9	8	3	0	0	0
■ Standard setter or professional organization	3	4	0	1	0	0
■ Other	0	0	0	1	0	0
■ Not identified	9	6	1	3	0	0

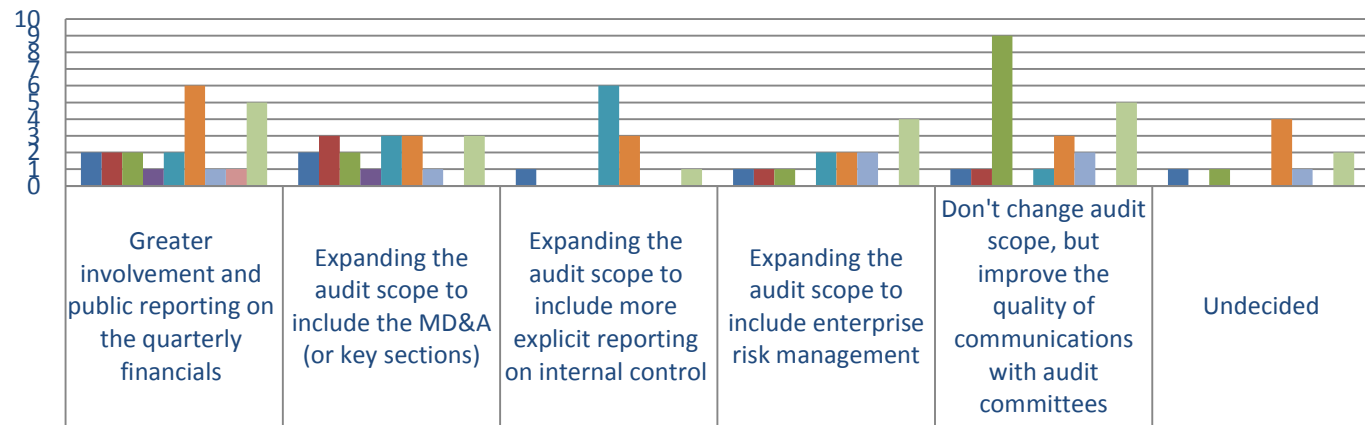
Polling Question 8

How can auditors best enhance the relevance or value of the statutory audit?



Polling Question 8

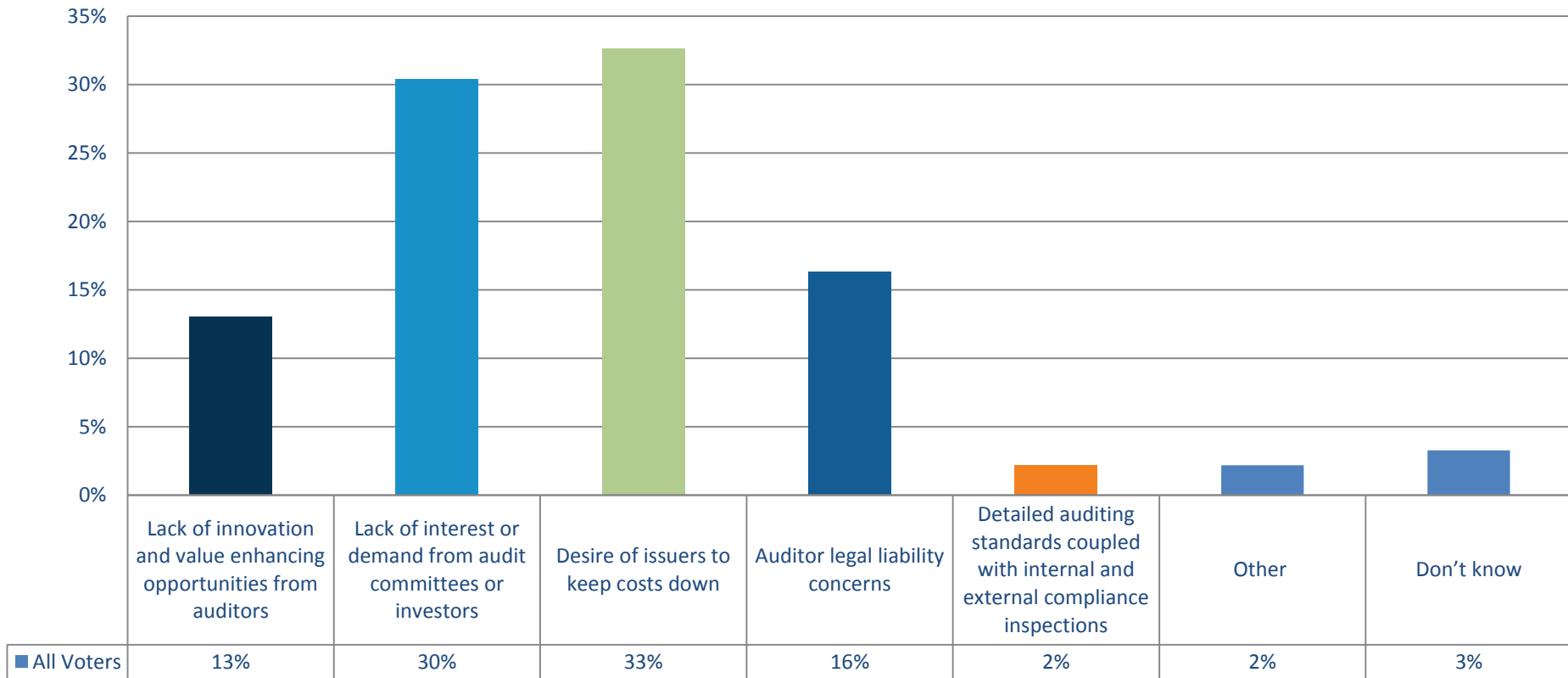
How can auditors best enhance the relevance or value of the statutory audit?



■ Academic	2	2	1	1	1	1
■ CEO/CFO or other management role	2	3	0	1	1	0
■ Corporate Director	2	2	0	1	9	1
■ Investor	1	1	0	0	0	0
■ Partner or member of a public accounting firm	2	3	6	2	1	0
■ Regulator	6	3	3	2	3	4
■ Standard setter or professional organization	1	1	0	2	2	1
■ Other	1	0	0	0	0	0
■ Not identified	5	3	1	4	5	2

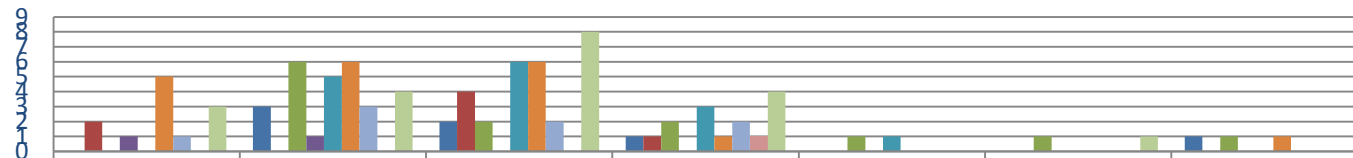
Polling Question 9

What do you see as the most significant barrier to enhancing the value or relevance of the audit?



Polling Question 9

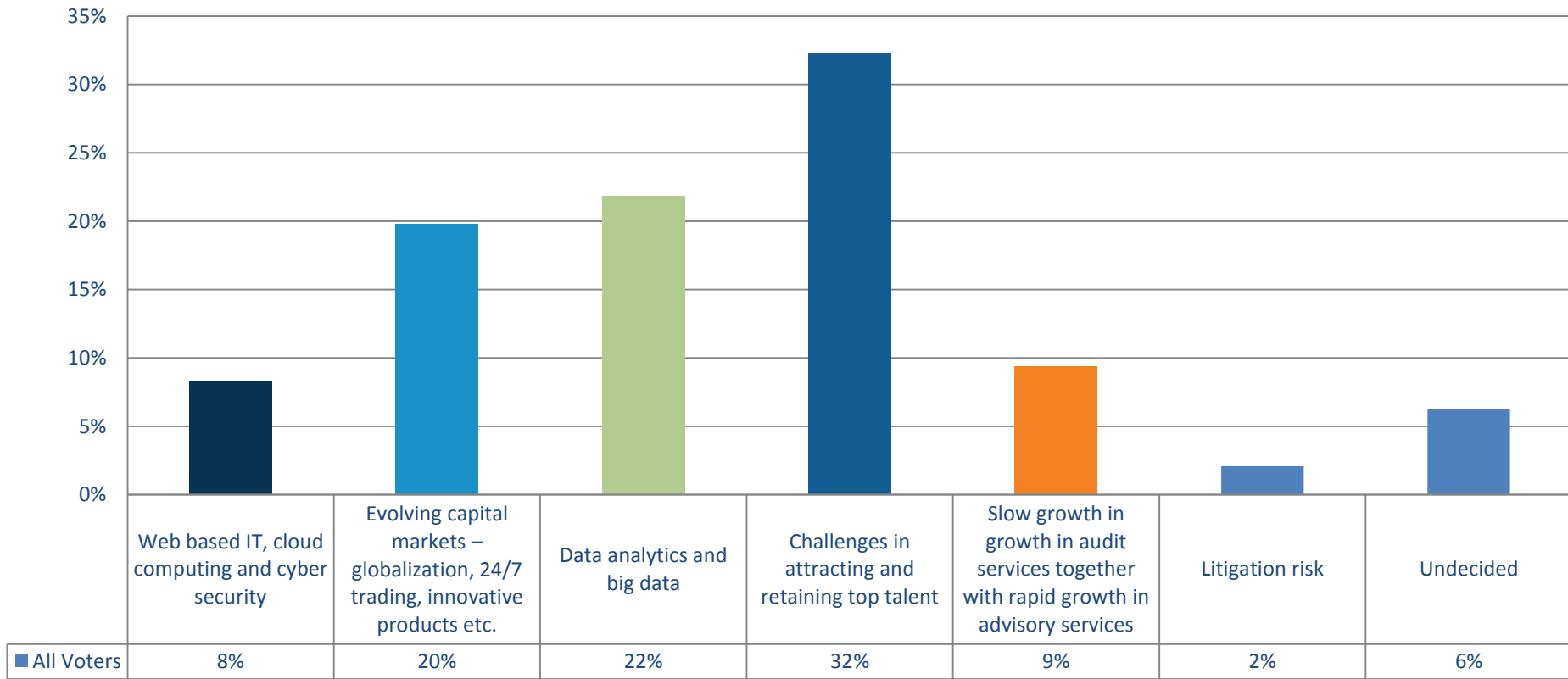
What do you see as the most significant barrier to enhancing the value or relevance of the audit?



	Lack of innovation and value enhancing opportunities from auditors	Lack of interest or demand from audit committees or investors	Desire of issuers to keep costs down	Auditor legal liability concerns	Detailed auditing standards coupled with internal and external compliance inspections	Other	Don't know
■ Academic	0	3	2	1	0	0	1
■ CEO/CFO or other management role	2	0	4	1	0	0	0
■ Corporate Director	0	6	2	2	1	1	1
■ Investor	1	1	0	0	0	0	0
■ Partner or member of a public accounting firm	0	5	6	3	1	0	0
■ Regulator	5	6	6	1	0	0	1
■ Standard setter or professional organization	1	3	2	2	0	0	0
■ Other	0	0	0	1	0	0	0
■ Not identified	3	4	8	4	0	1	0

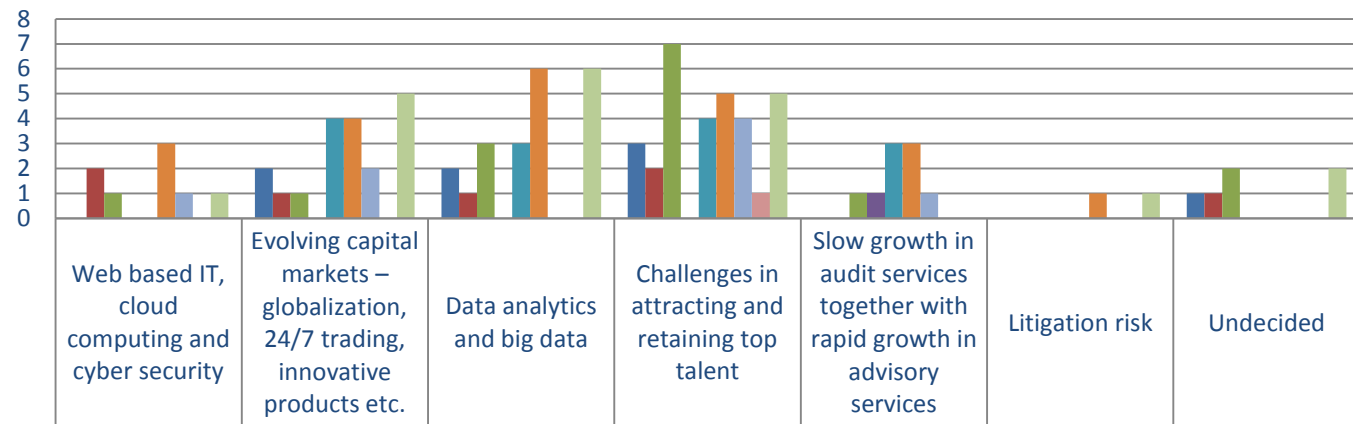
Polling Question 10

Which of the following environmental trends will have the greatest impact on audit quality and relevance?



Polling Question 10

Which of the following environmental trends will have the greatest impact on audit quality and relevance?



Academic	0	2	2	3	0	0	1
CEO/CFO or other management role	2	1	1	2	0	0	1
Corporate Director	1	1	3	7	1	0	2
Investor	0	0	0	0	1	0	0
Partner or member of a public accounting firm	0	4	3	4	3	0	0
Regulator	3	4	6	5	3	1	0
Standard setter or professional organization	1	2	0	4	1	0	0
Other	0	0	0	1	0	0	0
Not identified	1	5	6	5	0	1	2

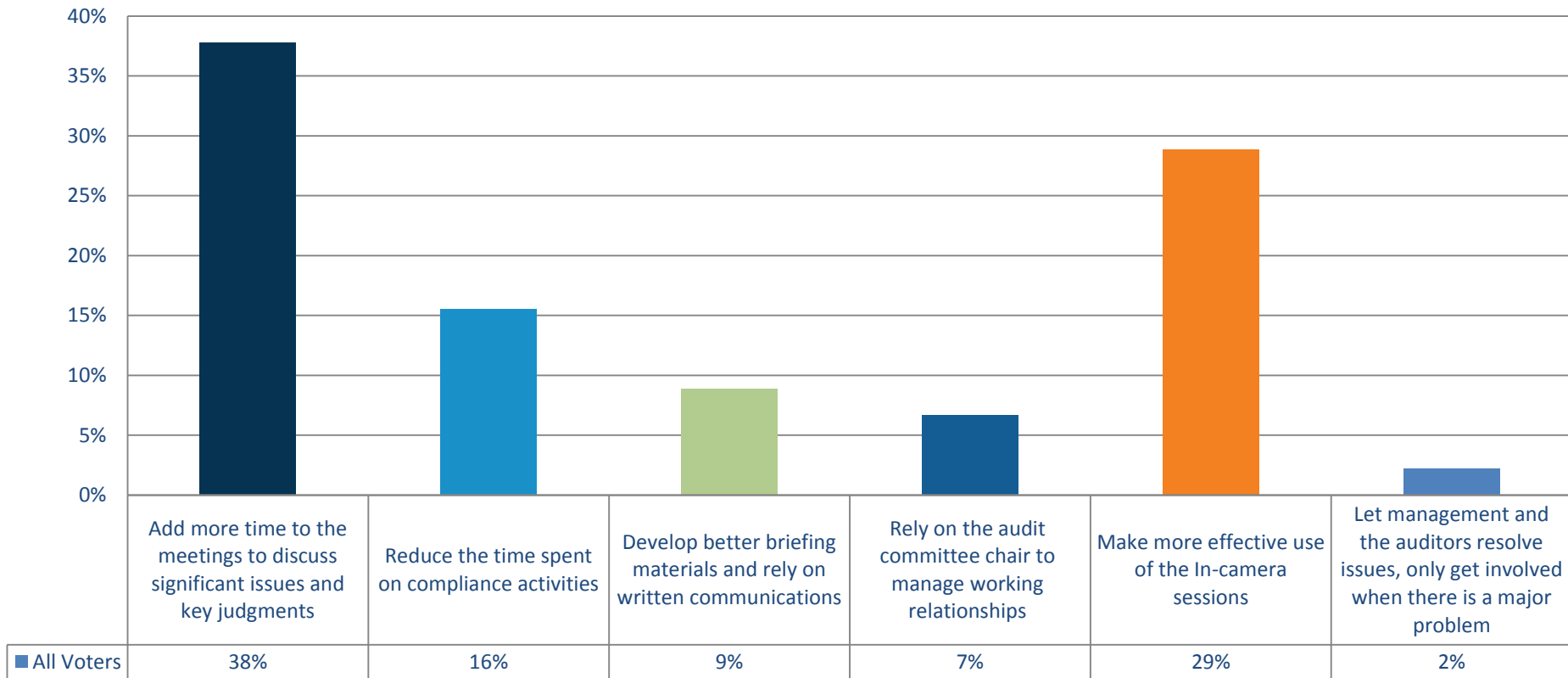
Panel 3



The Evolving Role of Audit Committees

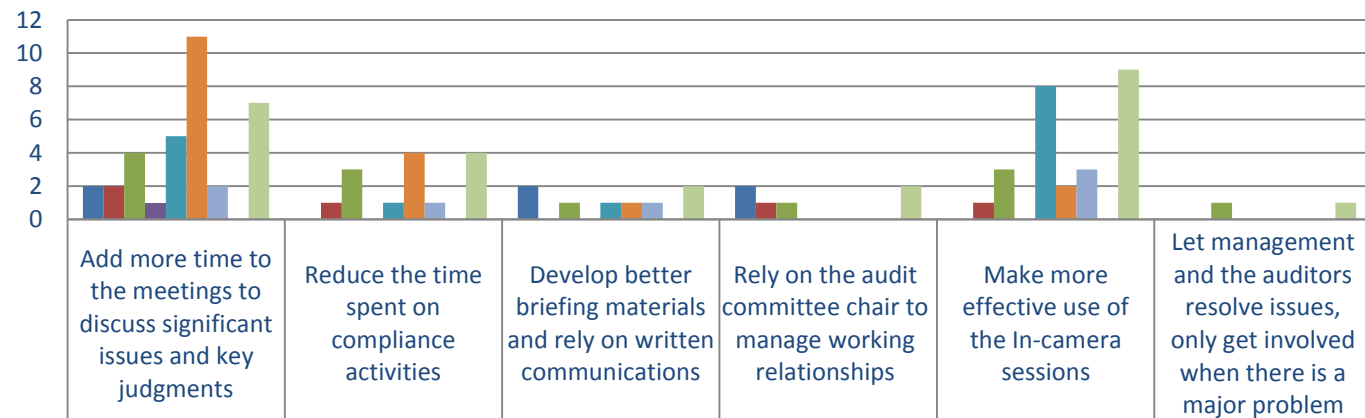
Polling Question 11

Which of the following would best contribute to a more effective relationship between the audit committee and the auditor?



Polling Question 11

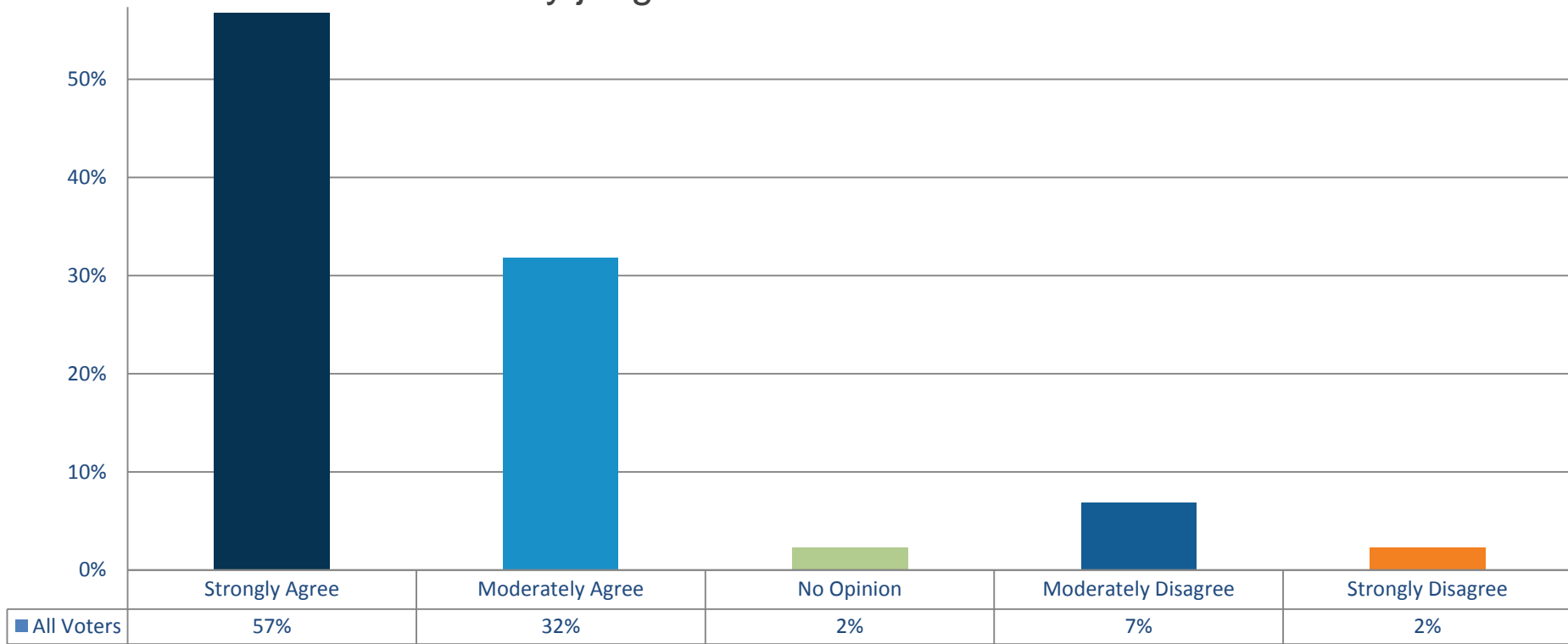
Which of the following would best contribute to a more effective relationship between the audit committee and the auditor?



	Add more time to the meetings to discuss significant issues and key judgments	Reduce the time spent on compliance activities	Develop better briefing materials and rely on written communications	Rely on the audit committee chair to manage working relationships	Make more effective use of the In-camera sessions	Let management and the auditors resolve issues, only get involved when there is a major problem
■ Academic	2	0	2	2	0	0
■ CEO/CFO or other management role	2	1	0	1	1	0
■ Corporate Director	4	3	1	1	3	1
■ Investor	1	0	0	0	0	0
■ Partner or member of a public accounting firm	5	1	1	0	8	0
■ Regulator	11	4	1	0	2	0
■ Standard setter or professional organization	2	1	1	0	3	0
■ Other	0	0	0	0	0	0
■ Not identified	7	4	2	2	9	1

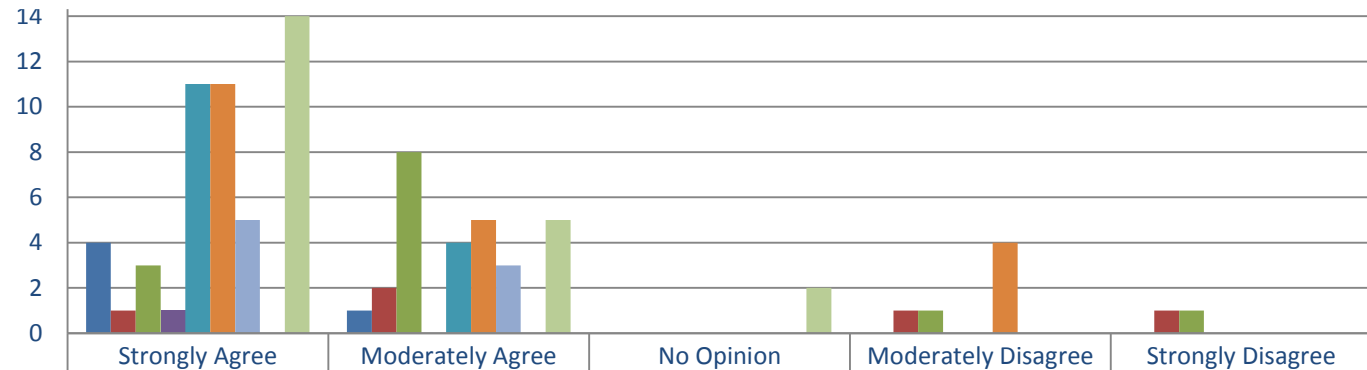
Polling Question 12

In addition to disclosing their charters, audit committees in Canada should be more transparent on what they do and report annually to shareholders on their activities and key judgments.



Polling Question 12

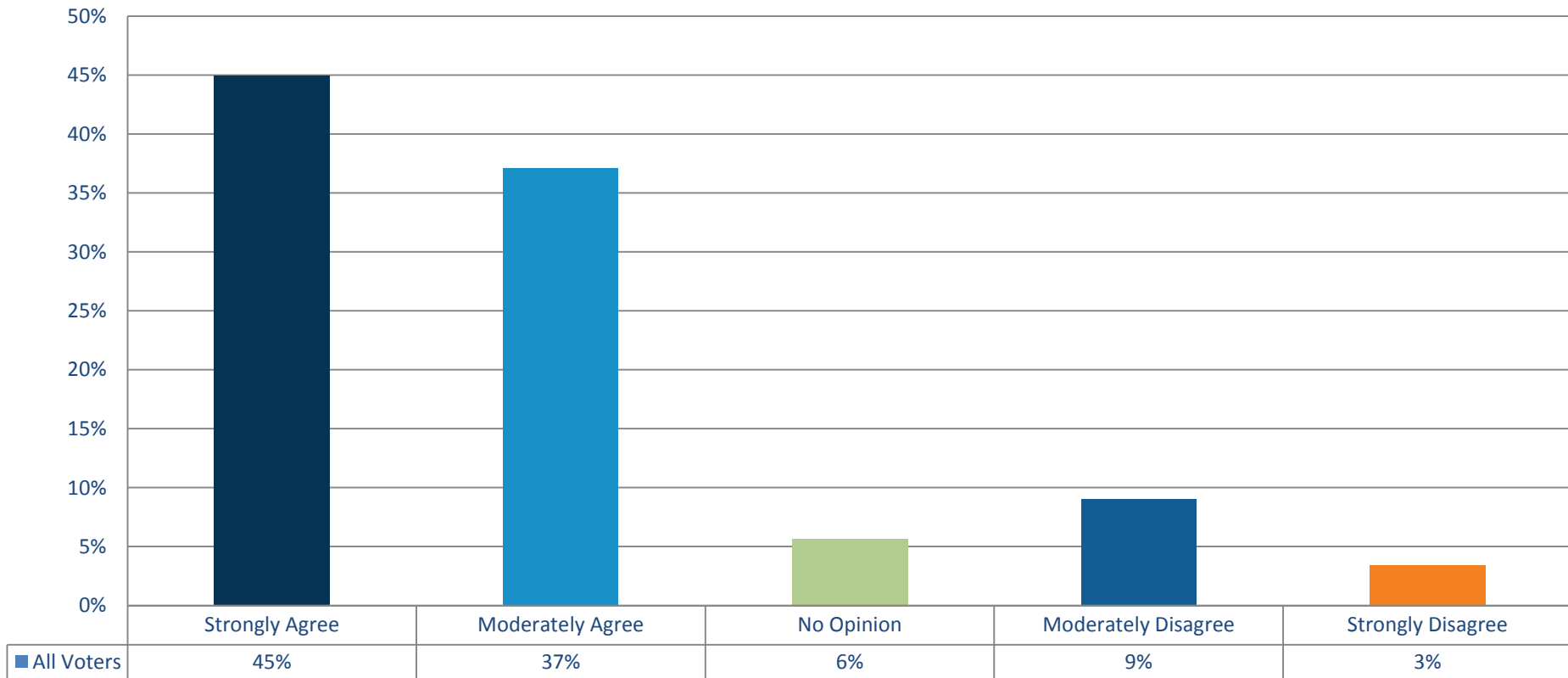
In addition to disclosing their charters, audit committees in Canada should be more transparent on what they do and report annually to shareholders on their activities and key judgments.



	Strongly Agree	Moderately Agree	No Opinion	Moderately Disagree	Strongly Disagree
Academic	4	1	0	0	0
CEO/CFO or other management role	1	2	0	1	1
Corporate Director	3	8	0	1	1
Investor	1	0	0	0	0
Partner or member of a public accounting firm	11	4	0	0	0
Regulator	11	5	0	4	0
Standard setter or professional organization	5	3	0	0	0
Other	0	0	0	0	0
Not identified	14	5	2	0	0

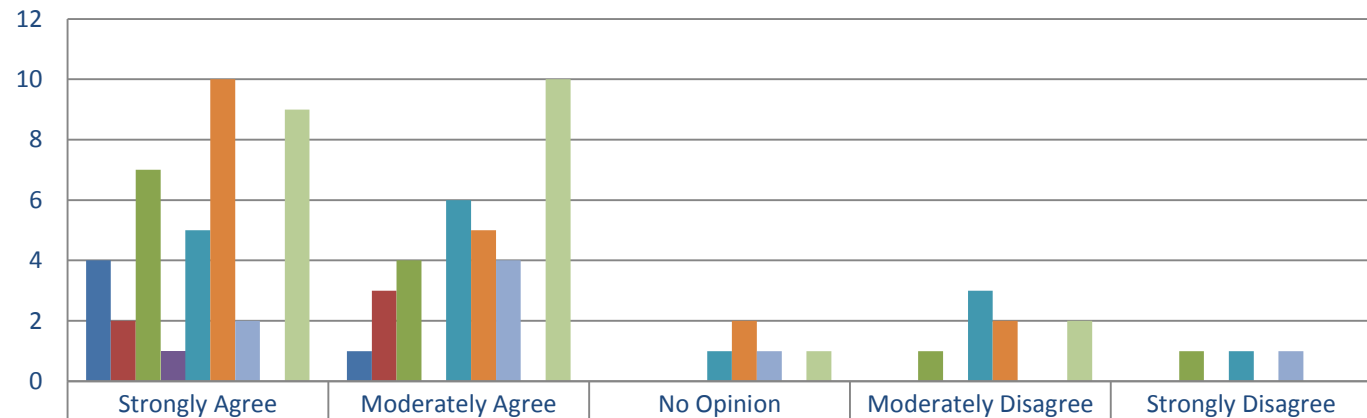
Polling Question 13

The value and effectiveness of the audit would be significantly enhanced if the auditors reduced their reliance on formal, scripted communications.



Polling Question 13

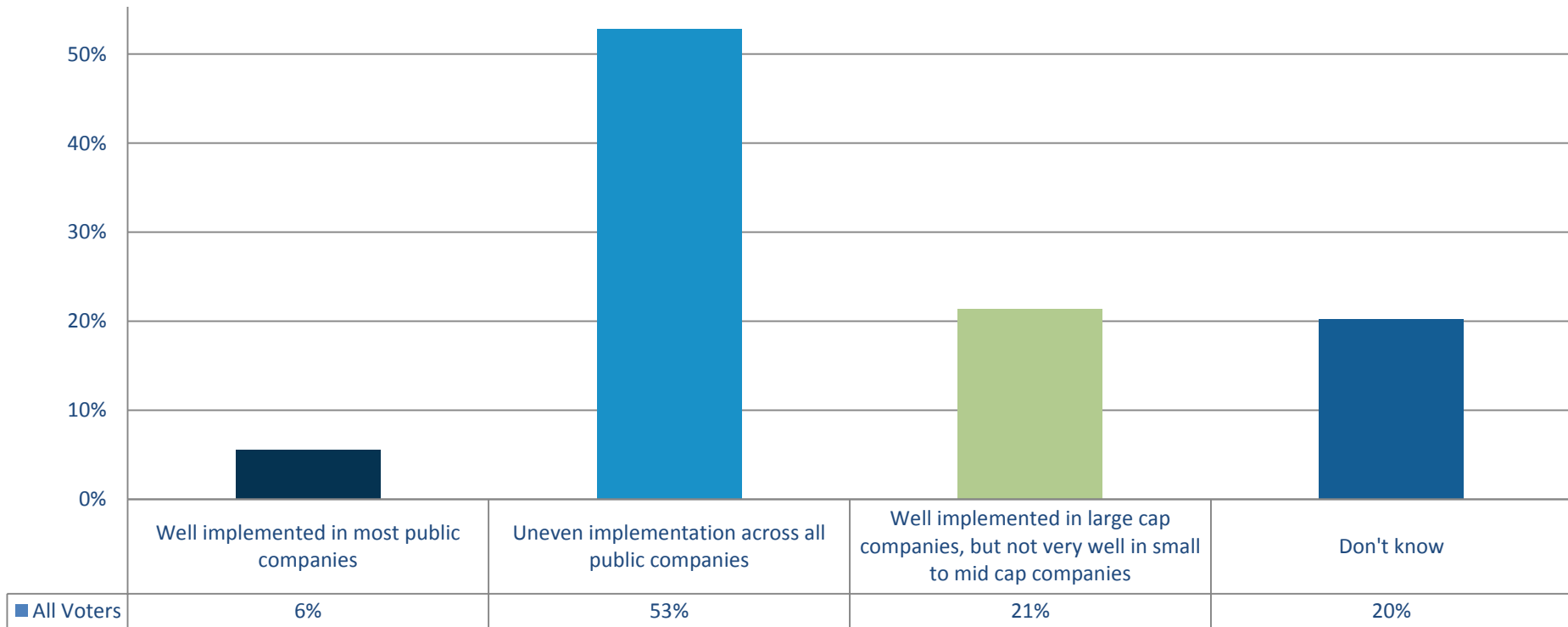
The value and effectiveness of the audit would be significantly enhanced if the auditors reduced their reliance on formal, scripted communications.



	Strongly Agree	Moderately Agree	No Opinion	Moderately Disagree	Strongly Disagree
■ Academic	4	1	0	0	0
■ CEO/CFO or other management role	2	3	0	0	0
■ Corporate Director	7	4	0	1	1
■ Investor	1	0	0	0	0
■ Partner or member of a public accounting firm	5	6	1	3	1
■ Regulator	10	5	2	2	0
■ Standard setter or professional organization	2	4	1	0	1
■ Other	0	0	0	0	0
■ Not identified	9	10	1	2	0

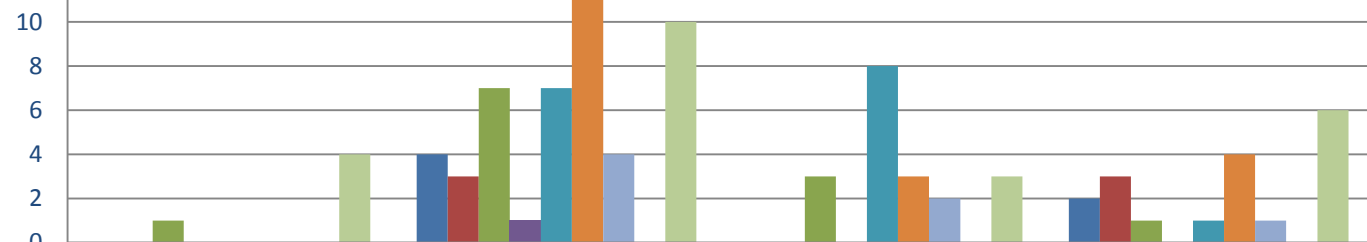
Polling Question 14

NI 52-110 also states that "An audit committee must be directly responsible for overseeing the work of the external auditor". How effective is this being implemented in practice?



Polling Question 14

NI 52-110 also states that "An audit committee must be directly responsible for overseeing the work of the external auditor". How effective is this being implemented in practice?



	Well implemented in most public companies	Uneven implementation across all public companies	Well implemented in large cap companies, but not very well in small to mid cap companies	Don't know
■ Academic	0	4	0	2
■ CEO/CFO or other management role	0	3	0	3
■ Corporate Director	1	7	3	1
■ Investor	0	1	0	0
■ Partner or member of a public accounting firm	0	7	8	1
■ Regulator	0	11	3	4
■ Standard setter or professional organization	0	4	2	1
■ Other	0	0	0	0
■ Not identified	4	10	3	6

Panel 4



Case Study – Performing a Comprehensive Review

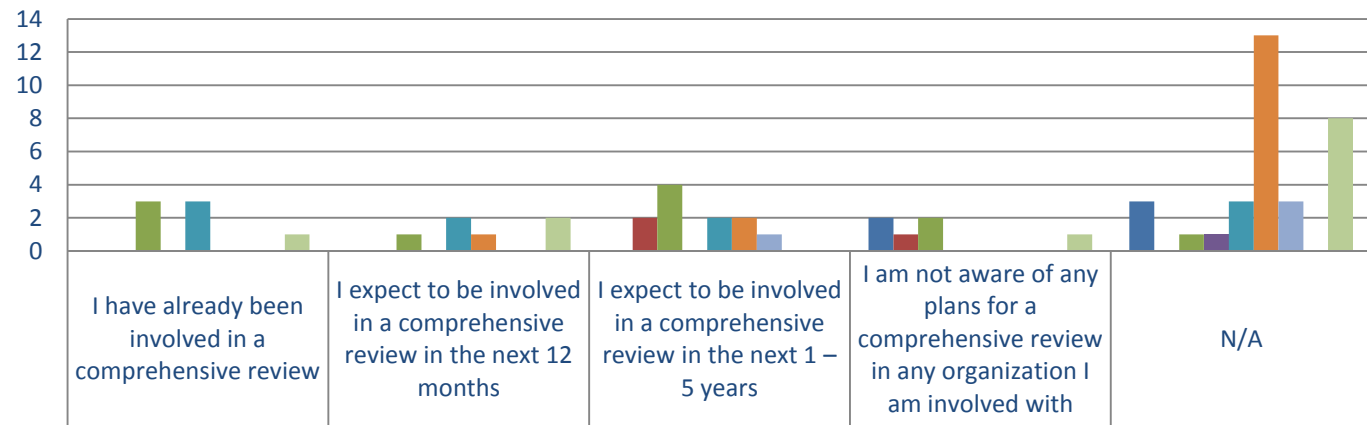
Polling Question 15

The following reflects my involvement in a comprehensive review to date.



Polling Question 15

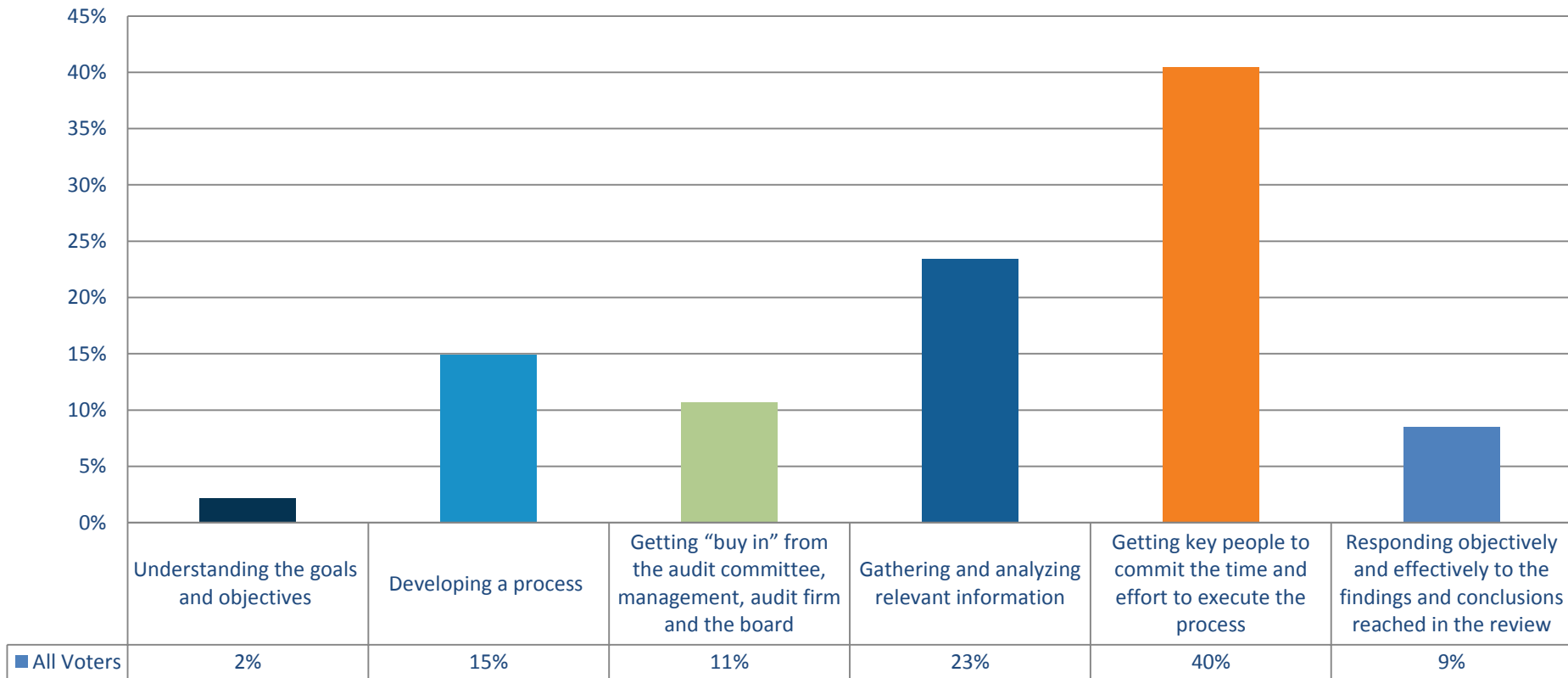
The following reflects my involvement in a comprehensive review to date.



Role	I have already been involved in a comprehensive review	I expect to be involved in a comprehensive review in the next 12 months	I expect to be involved in a comprehensive review in the next 1 – 5 years	I am not aware of any plans for a comprehensive review in any organization I am involved with	N/A
Academic	0	0	0	2	3
CEO/CFO or other management role	0	0	2	1	0
Corporate Director	3	1	4	2	1
Investor	0	0	0	0	1
Partner or member of a public accounting firm	3	2	2	0	3
Regulator	0	1	2	0	13
Standard setter or professional organization	0	0	1	0	3
Other	0	0	0	0	0
Not identified	1	2	0	1	8

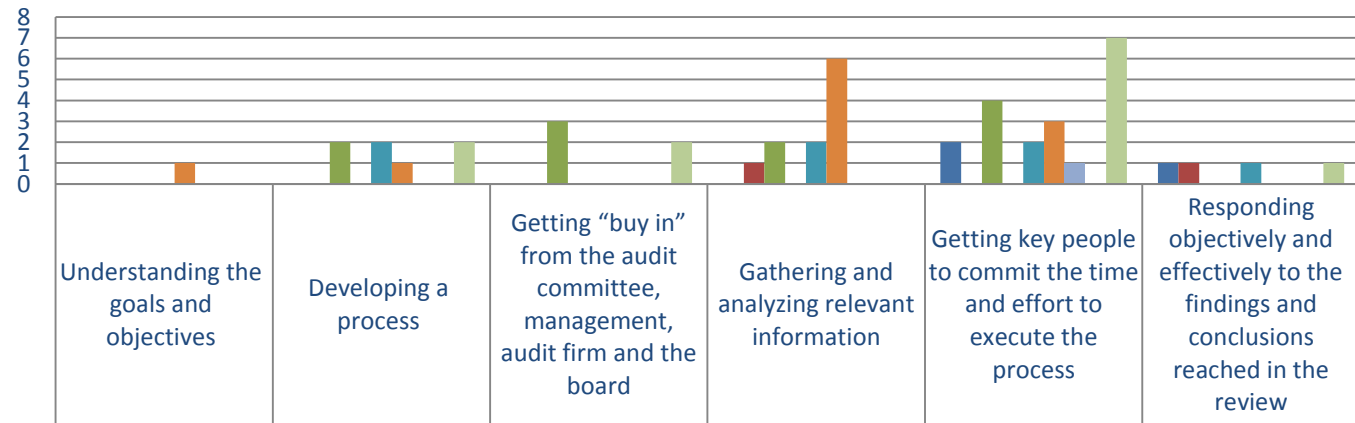
Polling Question 16

The biggest challenge I will face in performing or participating in a comprehensive review is.



Polling Question 16

The biggest challenge I will face in performing or participating in a comprehensive review is.



■ Academic	0	0	0	0	2	1
■ CEO/CFO or other management role	0	0	0	1	0	1
■ Corporate Director	0	2	3	2	4	0
■ Investor	0	0	0	0	0	0
■ Partner or member of a public accounting firm	0	2	0	2	2	1
■ Regulator	1	1	0	6	3	0
■ Standard setter or professional organization	0	0	0	0	1	0
■ Other	0	0	0	0	0	0
■ Not identified	0	2	2	0	7	1