

Audit Quality Symposium

December 2, 2011

SUMMARY



Auditing in the Decade Ahead

CHALLENGE AND CHANGE

CPAB
CCRC

CANADIAN PUBLIC ACCOUNTABILITY BOARD
CONSEIL CANADIEN SUR LA REDDITION DE COMPTES

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CPAB Audit Quality Symposium Summary

Background

The theme of the Canadian Public Accountability Board's (CPAB's) first annual Audit Quality Symposium was Auditing in the Decade Ahead: Challenge and Change. The Symposium began with a dinner December 1, 2011, followed by a day-long, invitation-only session December 2, 2011. The Symposium brought together [thought leaders and policy makers \(see footnote\)](#) from around the world to discuss issues related to auditing. The timing of the event could not have been better, given the number of audit policy proposals released over the preceding year. This included the release, the day before the Symposium dinner, of the [European Commission proposals](#) for regulation on the quality of audits of public-interest entities. The Symposium included:

- A [keynote address](#) by Public Company Accounting Oversight Board (PCAOB) Chairman Jim Doty
- A panel discussing [International Developments in Auditing](#)
- A panel discussing the [Implications of International Developments in Auditing for Canada](#)
- [Electronic voting](#) by participants on 14 key questions
- The presentation of original [research](#) on Audit Committee perspectives on audit quality and a [fireside chat](#) with leading Audit Committee members
- A [table discussion](#) on the most important areas for change
- [Concluding remarks](#) from CPAB CEO Brian Hunt and Board Chair Nick Le Pan

A [summary](#) of Mr. Doty's speech and of the Symposium discussions is below.

Next Steps

Five key issues emerged from the Symposium discussions, including:

- The Role of Audit Committees
- Culture of Audit Firms/professional skepticism/independence
- Auditor reporting/relevance of the audit/assurance outside financial statements/interim reporting
- Interaction between regulators and auditors, including transparency of reporting inspection results to the public and Audit Committees
- Relevance of financial reporting

CPAB will work with all stakeholders to identify current challenges, their root causes and to assist in the development of made-in-Canada solutions.

Footnote: Items highlighted in red are linked to the relevant section of this Summary or external website as applicable

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Summary

Audit Quality Symposium Dinner – December 1, 2011

Keynote Address by **James R. Doty**, Chairman, **Public Company Accounting Oversight Board (PCAOB)**

“Certain structural challenges threaten the relevance of auditing,” Mr. Doty said in his introductory remarks. “The threats rise at a time when confidence in business reporting is more important than ever. We are also affected by geopolitical forces that threaten both the regulation of audits as well as the audits themselves.” While the challenges are not insurmountable, Mr. Doty said they must be confronted. “I do believe overcoming them will require concerted, collective commitment and action.”

Auditor skepticism is the foundation for investor confidence in financial reporting

Mr. Doty said regulators must do what they can to enable free markets to provide investors with reliable information upon which to make their own investment decisions. “The financial audit is the linchpin for this confidence,” he said. “In a world of hyper-charged incentive compensation to ignite management initiative, fraught with risk of self-promotion if not outright self-dealing, the auditor stands apart. Independent, objective, skeptical.” The job of audit regulators is to make sure auditors protect investors, consistently and reliably, Mr. Doty said. “Our inspections suggest there is considerable room for improvement in this regard.”

He cited two main impediments relating to auditor skepticism. “The first challenge is to find the solution to the bias of the payment model: the auditor is hired and fired by the company itself,” he explained. “The second challenge is to deal with the global nature of the audit, when notwithstanding what auditors’ marketing materials say, Audit Firms and audit regulators are, as with politics, local, and the auditor has a client to keep.”

PCAOB policy agenda to enhance the relevance, credibility and transparency of audits

Mr. Doty discussed three major PCAOB policy projects:

- The form and content of the standard auditor’s report
- Auditor independence – PCAOB’s concept release discusses whether Audit Firms should be subject to term limits
- Audit transparency – PCAOB has proposed amending auditing standards to include disclosure about the partner in charge of the audit and other firms involved in the audit

Joint inspections, investor protection and the future

Citing the global nature of audits, Mr. Doty discussed the importance of joint inspections. “I consider the PCAOB’s relationship with the Canadian Public Accountability Board (CPAB) to be a model of investor protection through intersecting and overlapping regulatory oversight of global audits,” he said. “This model is beginning to take hold elsewhere in Europe, Asia and Africa.” Mr. Doty said he does not favour efforts to shrink global Audit Firm networks, because it would likely further weaken their ability to audit large, multi-national companies. “The global networks are not too big to fail, but they are too important to leave unregulated.”

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PCAOB's inability to conduct joint inspections of all non-US registered Audit Firms weakens investor protection

Mr. Doty said the PCAOB remains unable to inspect auditors that perform or participate in audits of companies that access capital through US markets but reside in China or some parts of Europe. "I hope Chinese authorities, like other countries, will also embrace joint inspections," he said. "I view this as an urgent matter...I know CPAB shares my concern." Mr. Doty said he believes "Chinese authorities will see that businesses that want to remain in foreign markets benefit from the credibility joint inspections bring."

Symposium Panel 1 – International Developments in Auditing

**Paul George, Director of Auditing and Professional Oversight
UK Financial Reporting Council**

Slide Presentation

UK Treasury Select Committee and House of Lords Reports

Mr. George said there is a general view that audit quality has improved, but auditors were viewed as being silent during the financial crisis. He said that while the UK's Treasury Select Committee found little evidence that auditors failed to fulfill their duties as specified, the failure to highlight developing problems in the banking sector did cause the Committee to question how useful the audit currently is. It said the process leads to "tunnel vision" where the big picture is lost in a sea of details and regulatory disclosures. Mr. George called this questioning of the usefulness of the audit "the most fundamental statement" made by the Committee.

In its report, the House of Lords said it did not "accept the defence that bank auditors did all that was required of them. In light of what we know now, that defence appears disconcertingly complacent."

UK concerns and initiatives

Mr. George said the audit profession has been slow to respond to criticism. He said changes in the financial reporting framework in Europe have resulted in changes to the level of precision in financial statements, but the audit report has not kept pace. Everyone is now trying to address the information gap between what the auditor knows and what investors know. He outlined UK concerns about corporate reporting, various consultations and investigations relating to these concerns, and the resulting initiatives.

Response to EU proposals

Regarding the EU proposals, Mr. George said he would have preferred to see more principles and less detail. He said the FRC does not support joint audits, due to concerns about costs. He said the FRC also has concerns about the audit-only firms proposal, saying the measure is designed to get some of the major firms to give up clients to the second-tier firms. While the objective of increased competition is good, he said the current proposal is a "blunt instrument" that could have unintended consequences. He said the proposal of pre-clearance of certain work by the FRC is fraught with issues. While the FRC supports increased independence, Mr. George said the FRC has concerns about mandatory rotation, adding that the proposed time periods are too short. He added that the FRC prefers mandatory tendering. Mr. George outlined the complex approvals process surrounding the EU proposals, adding there is significant risk that the negotiations around them will be political, as opposed to technical.

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Diana Hillier, Deputy Chair
International Auditing and Assurance Standards Board (IAASB)

Slide Presentation

Are audit reports relevant?

Ms. Hillier said research indicates that users value the auditor's report, particularly the auditor's opinion on the financial statements. However, the value of an unqualified audit report is seen as being mainly symbolic; valued for its existence rather than for its detailed content. Ms. Hillier said that, under the current model, the auditor's report is doing what it was designed to do. However, Ms. Hillier asked whether the current model is appropriate in today's world of fair value. She also discussed the "information gap"—users wanting more information about the audit and insights into the auditor's findings, versus the "expectation gap"—the scope and purpose of an audit and the auditor's role and responsibilities.

Options for change

Potential options for change explored by IAASB include the format and structure of the standard audit report, development of an auditor's commentary, expanded use of emphasis of matter paragraphs and reporting on the auditor's consideration of other information containing the financial statements. These would not change the scope of the financial statement audit. Other potential options for change include expanding or enhancing the scope of the audit and additional assurance reporting/other services (e.g., on quality of corporate governance).

Ms. Hillier said there is strong and broad support for change across all categories of stakeholders. Users are seeking more insight (but not more boilerplate), clarification of technical terms and greater transparency. Views are more mixed on how or if the auditor might be able to provide greater insights into key aspects of the audit, particularly if reporting subjective views or judgments. Ms. Hillier said approval was being sought from IAASB in December 2011 to proceed with a project to revise ISA 700 to address the structure and content of the auditor's report.

International perspectives

Ms. Hillier said many have urged IAASB and PCAOB and other national auditing standard setters to work together to find a common global solution. However, there will be challenges in finding a single global reporting model. For example, she observed that proposals for auditor committee reporting being considered in the UK might not work elsewhere, due to differences in governance models. International solutions also need to consider audits of publicly listed entities, small and medium entities and public sector entities, as well as jurisdictions with varying levels of development in their corporate reporting structures. Ms. Hillier said one approach might be adopting a "building blocks" approach that differentiates between core elements and other reporting elements. In the shorter term, IAASB is aware of the need to remain aligned with other developments and projects. Over the longer term, Ms. Hillier said the future landscape may shift significantly due to developments in financial reporting, integrated corporate reporting and corporate governance.

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Martin F. Baumann, Chief Auditor and Director of Professional Standards, Office of the Chief Auditor, PCAOB

Slide Presentation

Current economic environment

Mr. Baumann said the audit risk is very high for financial statement preparers and auditors in the current environment. Fair value estimates are challenging and many assumptions made at the beginning of the year have to be revisited. He said the current market might require a reassessment of audit strategy, materiality, risk assessments and significant locations. Economic factors, such as lay-offs of key personnel, may affect controls and processes and should not be ignored.

Risk Assessment Standards overview

These new PCAOB standards were effective for audits of fiscal years beginning on or after December 15, 2010. They strengthen the requirements linking audit tests to the assessed risks and promote a comprehensive evaluation of evidence obtained during the audit. They also integrate fraud considerations into the core audit process and focus more audit attention on financial statement disclosures. Mr. Baumann said previous disclosure didn't tell investors all they needed to know.

Concept release on Auditor's Reporting Model

Mr. Baumann said the current auditor's reporting model didn't provide sufficient information in advance of the global financial crisis, which raises the question of the usefulness of what the auditor does. The PCAOB concept release discusses four alternatives for changing the auditor's reporting model:

- Introduction of an auditor's discussion and analysis; the auditor's views about key assumptions, etc.
- Required and expanded use of emphasis of matter paragraphs; these would point investors to key parts of the financial statements where there are concerns
- Auditor assurance on other information outside the financial statements; Mr. Baumann said this would produce higher quality information
- Clarification of language in the standard auditor's report, leading to a greater understanding of what an audit does and doesn't do

The PCAOB is analyzing responses to the concept release and plans to issue a proposal in the second quarter of 2012.

Concept Release on Auditor Independence and Audit Firm Rotation

Mr. Baumann said PCAOB is seeing too many examples of auditors accepting management's assertions without sufficient skepticism. He said mandatory Audit Firm rotation would free auditors from the effects of client pressure. The PCAOB plans to hold a roundtable on this topic in March 2012.

Proposed amendments to improve transparency through disclosure of engagement partners and certain other participants in audits

While the PCAOB proposal to disclose the name of the engagement partner is controversial, Mr. Baumann said it has been implemented in other jurisdictions. He said it is also important to

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disclose other participants in audits, particularly where another firm has performed most of the audit. The comment period on these amendments is open until January 9, 2012.

Fair Value/Pricing Sources Task Force

Mr. Baumann said too many auditors are accepting third party pricing sources without establishing how they were determined. The Task Force was convened to study issues pertaining to auditing fair values and the use of third-party pricing sources.

**Cindy Fornelli, Executive Director
Center for Audit Quality (CAQ)**

Slide Presentation

Auditor's Reporting Model

Ms. Fornelli stressed that auditors should not be the original source of disclosure about an entity. CAQ does not support PCAOB's proposal to include an auditor's discussion and analysis because it believes it would cast a chill on discussions and dilute the work carried out by management. CAQ supports expanding the use of emphasis paragraphs and adding clarifying language to the standard report.

Evolving role of the auditor

Ms. Fornelli said the audit is valued, but investors want more information. She said the auditor's role should be limited to attesting to information asserted by management. If auditors were asked to do more, there would be cost implications.

Independence and mandatory firm rotation

Ms. Fornelli noted that the EU is more concerned about auditor concentration than other regulators. The CAQ disagrees with mandatory firm rotation and favours a strengthened role for Audit Committees in overseeing auditor independence and audit quality. Ms. Fornelli said there should be better communication between auditors and Audit Committees and better communication between Audit Committees and investors. Audit Committees need to explain to investors their processes for overseeing an audit.

In an electronic vote, 80 per cent of Symposium participants responded "No" to the question: "Do you think mandatory firm rotation will enhance auditor independence, objectivity and professional skepticism?"

Identification of engagement partner

While CAQ supports greater transparency regarding the relative responsibilities of auditors and others, Ms. Fornelli said it is unlikely that partner identification would address the issue of accountability or improve audit quality. She also expressed concern about the potential impact of increased regulation on costs and on the profession's ability to recruit the best and the brightest.

Ms. Fornelli also noted that the US legal system might preclude the adoption of certain international audit reform proposals.

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Table Discussion

Each table of Symposium participants was asked to rank five international audit reform proposals in terms of their potential to enhance audit quality and relevance to the Canadian market place. They were ranked as follows:

1. Expanding Auditor's Report (auditor commentary, emphasis of matter paragraphs, assurance on other disclosure documents, etc.)
2. Requiring Audit Firms to provide public transparency reports, including audited financial statements
3. Prohibiting the provision of all non-audit services by the auditor to audit clients
4. Imposing term limits on audit appointments (mandatory firm rotation)
5. Establishing "audit only" firms

Symposium Panel 2 – Implications of International Developments in Auditing for Canada

**David Brown, former Chair
Ontario Securities Commission (OSC)**

Slide Presentation

EU proposals politically driven

Mr. Brown said the auditing profession is currently caught in a "political bun fight" because the EU proposals are politically driven and not evidence-based. He said the end result will be based on political compromise and the chance of success is small.

Canadian response to failures of Enron and WorldCom

Although there had been no similar failures in Canada, the collapse of Enron and WorldCom in 2002-03 caused investor confidence in Canada to plummet, due to close ties to US markets. Canadian policymakers had to calm the markets and preserve the reputation of Canada's capital markets as a safe place to invest. They also had to deal with a fragmented governmental and regulatory system, address the fact that not everyone agreed on the need for reform, and manage Canadian politicians. Their strategy included bringing various stakeholders together to forge a unique, Canadian solution, which included the creation of CPAB and new rules and standards suitable for Canada.

Canada's response to the current situation

Mr. Brown said the current crisis in the auditing world contains parallels to the 2002-03 situation, in that Canada is being affected by events beyond its borders, there is heavy political involvement and Canada must respond. He said Canada has some unique advantages, in that there is no current audit crisis and the profession sets auditing and accounting standards. Mr. Brown said Canada should define its goals and objectives and demonstrate that the search for appropriate responses will be conducted fairly, be inclusive and be timely. Leadership is key, he said, adding that it is important to bring together all the key players, formulate a response and provide assurances that the situation is under control.

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Julie Dickson, Superintendent of Financial Institutions
Office of the Superintendent of Financial Institutions (OSFI)

Skepticism and independence

Ms. Dickson said Canada is running a huge risk if it is complacent about the banking crisis. On the topic of independence, she noted that auditors, bankers and regulators are influenced by compensation, capital, supervisors and varying mandates. She said budgetary independence and a clear mandate are very important to overall independence. Noting that CPAB has found professional skepticism to be lacking, Ms. Dickson said auditors say they are very skeptical because of the risk of being sued. However, she noted they have insurance coverage to mitigate that risk.

Ms. Dickson enumerated the factors that contribute to OSFI's independence, including: the fact that the Superintendent has a seven-year term and cannot be fired for prudential decisions taken; protection from lawsuits if OSFI has acted in good faith; no duty to shareholders; fees are based on what the organization believes needs to be accomplished; a conflict-of-interest policy; and the rotation of lead supervisors every three to five years. Ms. Dickson said the institutions OSFI supervises are not referred to as "clients" and no one has suggested that regulators be rotated. She said if Audit Firms object to mandatory firm rotation, they should come up with a proposal to address the core issue. Ms. Dickson said OSFI dropped joint audits due to concerns about the loss of overall accountability.

In an electronic vote, 73 per cent of Symposium participants agreed that audit firms need to change their culture from one that emphasizes and rewards client service (to management) to a culture that emphasizes and rewards public service and investor protection.

The role of Audit Committees

Audit Committees can play an important role, Ms. Dickson said, adding, "You do get what you pay for." She indicated that Audit Committees could be more demanding. She said boards with good information do better than those without; if boards are not getting the information they need it is their job to fix it. By supporting management and not the auditor, Ms. Dickson said the Audit Committee gives management power over the external auditor.

Current proposals

On the concept of "too big to fail", Ms. Dickson said it is important to try to prevent failure in the first place and to have a recovery plan in place in advance. She also said that having information on vulnerabilities makes sense. Ms. Dickson said overconfident auditors make OSFI nervous, adding she has met auditors who say there is nothing they can't audit. She suggested the profession be more open about the challenges they face.

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Bill Rice, Chair
Canadian Securities Administrators & Alberta Securities Commission

Integrity of the audit opinion

Mr. Rice said it is in the interests of capital markets and of the audit profession to educate securities administrators, so they can make informed decisions. Noting that disclosure is at the root of much of what securities regulators regulate, Mr. Rice said financial statements play an important role. Disclosure is the responsibility of issuers, he said, adding that while securities administrators vet the form of disclosures, they must rely on what issuers are saying.

Mr. Rice said the idea that a professional has independently reviewed financial statements and is prepared to give an opinion on them is extremely valuable, adding he would hate to see that value brought into question. He said he is troubled by the focus being placed on the integrity of the audit opinion, in that it raises fundamental questions about the integrity of the profession. He urged the audit profession to stand behind its reputation or dispute the arguments being made that perhaps it has lost its professional standard, which he said would lead to significant consequences from a regulatory perspective.

He asked whether clarifications could be included in financial statements. He also asked if the auditor is uncomfortable with valuation is it appropriate to give an opinion? He said perhaps the industry and capital markets have grown to the point where they can tolerate qualifications. If auditors can't make independent judgments, he said, it is ironic that we have moved to International Financial Reporting Standards (IFRS), which are principles-based and require more judgment.

Objectivity and independence

Mr. Rice said suggesting that longevity in a relationship jeopardizes the reliability of an opinion contradicts the concept that knowledge and experience are valuable. He also said a situation can exist in which a professional might not be completely independent, but is still capable of rendering an independent judgment. He urged the audit profession to articulate where auditors draw that line.

Current proposals

Mr. Rice said he hesitated to pass judgment on the various audit reform proposals, but said regulators need to be better informed about the issues, such as benefits versus financial and non-financial costs. He also said securities regulators would like to know whether proposed reforms are to satisfy a desire for change or whether they will really make things better. He acknowledged that if reforms are underway in the US and Europe, Canada may have little choice but to follow. However, he said he would like to see Canada take a strong stand on positions it believes in.

Robert Muter, Retired Senior Partner
PwC

Slide Presentation

More comprehensive reporting

Mr. Muter said auditors are willing to make changes in auditor reporting. He discussed changing the audit report to be more descriptive of the auditor's role and responsibility and to focus on providing more insight into the audit itself. This would include: The meaning of reasonable assurance; the concept of materiality; the auditor's responsibility for information not subject to audit but included in the annual report; and the auditor's responsibility relating to fraud.

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Extending audit assurance to other information

Mr. Muter said the principles relating to this proposal should include net benefit to users, maintaining the timeliness of financial reporting, and clear criteria on what is reported, such as Management Discussion and Analysis (MD&A), non-Generally Accepted Accounting Principles (GAAP) measures and press releases. He said the challenge could come relating to press releases, as it could slow the process down.

Auditor discussion and analysis (AD&A)

Concerns relating to this proposal include the risk of subjectivity and inconsistency, practicality and timeliness, affecting the candour of communication and inconsistency with the current corporate reporting model. Mr. Muter asked what it means when investors say they want original information. He outlined possible alternatives to auditor discussion and analysis, including increased discussion and analysis from the Audit Committee and mandatory use of emphasis of a matter language, particularly regarding management estimates. He said the latter would better focus the attention of management, the Audit Committee and investors.

Mr. Muter's other observations on reporting included expanding communication with regulators by auditors and company management. He encouraged collaboration between IAASB and PCAOB regarding the auditor's report.

Comments on current proposals

Mr. Muter outlined several negatives associated with mandatory auditor rotation, including the loss of auditor cumulative knowledge and undermining the Audit Committee's role. He said rigorous performance in applying the standards on auditing management estimates drives skepticism, and that greater investment and focus by the profession in this area would be beneficial.

Audit Committee role

Mr. Muter said there should be increased focus on the Audit Committee's role in governing the Audit Firm-company relationship and that there should be greater communications between Audit Committees and shareholders.

Priorities for Canada

Mr. Muter suggested Canada establish a mechanism to coordinate Canadian standards and its regulatory and legislative response to global developments. He said the profession would continue to make audit quality a priority, including skepticism, objectivity and concerns about conflicts of interest.

Symposium Panel 3 – Audit Committee Perspectives – A Lens for Enhancing Audit Quality

William Kinney, Prothro Chair in Business, McCombs School of Business, University of Texas at Austin

Zoe-Vonna Palmrose, Hansen Professor of Business Administration, University of Washington

Amanda Winn, Research Associate, University of Washington

[Slide Presentation](#)

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Research approach

Mr. Kinney said independent Audit Committees are central to audit quality, yet they are not regulated and little is known about how they perceive audit quality. Mr. Kinney and his associates conducted interviews with 10 leading Canadian Audit Committee members with a range of experience.

Perception of Audit Committees

The research results indicate general satisfaction among Audit Committee members with current mechanisms, including communications with auditors. Interviewees expressed a desire for Audit Firm expertise, dedicated partner attention for audits and the back-up provided by global audit networks. Members said they can manage independence issues, including non-audit services. However, they expressed some irritation with being continually pushed to buy non-audit services. More effort should be dedicated to selecting Audit Committee members. Compliance issues require Audit Committee involvement with the audit partner and other directors. Members want and need direct input from audit regulators on audit quality from inspections.

Perception of Audit Firms

There is general satisfaction with audits and with auditing standards, although members said there are too few large Audit Firms. They value the breadth and knowledge of global networks. They believe relationships and a culture of professional skepticism are essential. Numerous required communications can result in too much boilerplate language to Audit Committees. Audit Committees expect auditors to challenge management and to exercise professional skepticism. Interviewees said audit fee competition disrupts focus and necessary relationship building. A high-quality audit is the price of protection for Audit Committee members.

Perception of regulators and standard-setters

Interviewees said they had little contact with regulators and standard-setters, adding that continual changes in reporting and disclosure requirements are burdensome. Inspections are almost certainly good for audit quality, but Audit Committees have not found inspection reports issued by CPAB or PCAOB to be useful for their oversight activities. Some Audit Committee members believe that direct communication with CPAB/PCAOB inspectors would be desirable, especially if inspectors have any concerns about their audits. More public communication from the auditor is not a substitute for more disclosure by management or the Audit Committee.

Perception of current issues

Those interviewed were opposed to Audit Firm rotation, auditor discussion and analysis and audit-only firms, on the basis that these proposals would damage existing relationships, reduce communications and deter potential new entrants to the audit profession. Audit Committee members are also concerned about the effect of mandatory Audit Firm rotation on their professional advisor network, given that they would also then need to rotate their non-audit service firms. They have adjusted to periodic rotation of partners.

In an electronic vote, 90 per cent of Symposium participants agreed that continuing to strengthen corporate governance and the Audit Committee's supervision of the auditor will be more effective than structural reforms of Audit Firms.

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Fireside chat

Following the presentation, a panel of five participated in a fireside chat to discuss the research results and other issues. Topics covered included Audit Committee workload, the increasing complexity of financial reporting, and the value of the auditor's input. They also discussed the relevancy of financial statements and the importance of auditor independence, objectivity and skepticism.

Table discussion to identify most important changes required

At the conclusion of the session, Symposium participants at each table were asked to identify the change they would make to the structure of auditing, corporate governance, and/or the role of audit committees. The responses included:

Transparency

- More transparency in the inspection process
- Making inspection reports available to Audit Committee Chairs

Reporting

- Changing the reporting model
- Improving financial reporting to reduce the need for an Auditor Discussion and Analysis and expanded use of emphasis of matter paragraphs
- Improving disclosure framework
- Expanding use of emphasis of matter paragraphs in the audit report
- Reformulating MD&A to make it more relevant and avoid duplication
- Publishing the Audit Committee letter from the auditor publicly in the Annual Information Form
- Having auditors attest to more information

Audit Committees

- Less prescription and more judgment by the Audit Committee

Regulation

- More consistency across regulatory conditions
- A more coherent and coordinated system of developing accounting standards

Concluding comments

CPAB CEO Brian Hunt summarized the [results of electronic voting on 14 questions](#) posed to participants earlier in the day.

In his concluding remarks, he said Canada should develop its own solution and seek to influence the world, instead of having solutions from other jurisdictions imposed. He said CPAB would continue to move forward with various stakeholders to develop a coordinated strategy.

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CPAB Board Chair Nick Le Pan said CPAB continues to believe auditing in Canada is sound. While CPAB inspections have noted deficiencies, he said CPAB does see some very good audit work. He reviewed some of the day's themes, including independence, objectivity, skepticism, transparency in the release of inspection reports, the challenges for audit regulators and the relevancy of financial statement disclosure.