

# Projet de plan stratégique 2026-2029

## Réponses au document de consultation

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Avril 2024

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## Table des matières

<b>Réponse</b>	<b>Organisation</b>
1	Conseil canadien sur la reddition de comptes (CCRC)
2	Bureau du vérificateur général du Canada

June 24, 2024

Auditing and Assurance Standards Board (AASB)  
Bob Bosshard, Chair, AASB  
Karen DeGiobbi, Director, AASB

## **Response to AASB Consultation Paper – 2026-2029 Strategic Plan**

Dear Mr. Bosshard,

The Canadian Public Accountability Board (CPAB) is Canada’s independent public company audit regulator charged with overseeing audits performed by registered public accounting firms. CPAB is committed to protecting the investing public by contributing to public confidence in the integrity of financial reporting.

CPAB is pleased to respond to the AASB Consultation Paper – 2026-2029 Strategic Plan.

### **Overall comments**

We appreciate the AASB’s efforts to set high quality standards and support their effective application to address the evolving needs of interested and affected Canadian parties. We further appreciate the opportunity to comment on the AASB’s strategy, which is focused on ensuring its activities continue to meet the public interest.

We agree that effective implementation and application of standards, outlined in Goal 5, are critical to the quality of audit and assurance engagements in Canada. In our view, it is important the AASB and other key stakeholders undertake activities to help promote the consistent implementation and application of standards and ensure that standards are fit for purpose.

Further, we agree with the objectives of Goals 1 and 3 related to emerging issues and responsiveness, as in our experience proactively developing guidance and standards has a positive impact on the reliability and consistency of financial reporting and assurance.

### **Observations from the implementation of CAS 315**

CPAB observed that auditors had challenges understanding and applying the requirements of the revised Canadian Auditing Standard 315, *Identifying and Assessing the Risks of Material Misstatement* (CAS 315). Our inspections identified significant findings related to the implementation of the standard, ranging across multiple audit areas including revenue, business combinations, financial instruments and inventory. Examples of the application challenges relating to CAS 315 were published in our March 2024 communication to firms, *Identifying and assessing the risks of material misstatement: Strengthening audit quality*. We observed that

the iterative and dynamic approach to risk assessment was not well understood and stressed the importance of providing appropriate tools and guidance for implementation.

### High inspection findings at smaller audit firms

We also support the AASB's objective outlined in Goal 2, to consider the challenges faced by small and medium sized entities, as well as practitioners who perform engagements for such entities.<sup>1</sup> Our [2023 Annual Inspections Results](#) highlights the need for this, as the high level of significant findings<sup>2</sup> at some firms that audit fewer than 50 reporting issuers continue to be concerning. In 2023 there was a finding rate<sup>3</sup> of 66 per cent (19 of 29 files), compared to 81 per cent (25 of 31 files) in 2022. These findings demonstrate a need for additional support to help practitioners understand and apply assurance standards.

### Closing remarks

We encourage the AASB, along with other key stakeholders to explore how to best support smaller practitioners through additional training, guidance and tools. We also want to highlight the importance of coordinating accounting and auditing standards setting activities. We encourage the AASB to work closely with the Accounting Standards Board and International Accounting Standards Board as they work to update accounting standards.

We would be happy to discuss our views further or answer any questions you may have about this letter. If you wish to discuss, please contact me ([carol.paradine@cpab-ccrc.ca](mailto:carol.paradine@cpab-ccrc.ca)) or Stacy Hammett, CPAB Audit Standards Leader ([stacy.hammett@cpab-ccrc.ca](mailto:stacy.hammett@cpab-ccrc.ca)).

Yours truly,



Carol A. Paradine, FCPA, FCA  
Chief Executive Officer

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<sup>1</sup> As outlined in our [April 2023 response](#) to International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (ISAs for LCE) Exposure Draft, we are supportive of the AASB's decision to not adopt the ISAs for LCE standard.

<sup>2</sup> A significant inspection finding is defined as a deficiency in the application of generally accepted auditing standards related to a material financial balance or transaction stream where the audit firm must perform additional audit work to support the audit opinion and/or is required to make significant changes to its audit approach.

<sup>3</sup> A findings rate represents inspection files with at least one significant finding compared to the total number of files inspected by CPAB for that year.



Office of the  
Auditor General  
of Canada

Bureau du  
vérificateur général  
du Canada

June 28, 2024

Karen DeGiobbi, CPA, CA  
Director, Auditing and Assurance Standards Board  
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Toronto, ON M5V 3H2

Re: Consultation Paper – Draft Strategic Plan 2026-2029

Thank you for the opportunity to provide feedback on the above Consultation Paper. I am responding on behalf of the Office of the Auditor General of Canada.

Our response to the specific questions posed in the Consultation Paper is provided below. Responses may be limited to questions of relevance to our Office and public sector audit.

A handwritten signature in black ink that reads 'H. Miller'.

Heather Miller, CPA, CMA  
Assistant Auditor General

240 Sparks Street  
Ottawa, Ontario K1A 0G6

## Specific questions posed by AASB:

### Question 1

Do you believe the AASB's goals are both relevant to the current environment and adaptive to the future?

Yes, we believe the AASB's goals are both relevant to the current environment and adaptive to the future. However, we suggest the following additions:

Goal 3 – The previous 2022-2025 strategic plan contained the objective “Determine the need for standards or guidance to support evolving use of technologies” Given “technology” was identified in the AASB's emerging issues monitoring process as a top emerging issue, it is not clear why this objective was removed from the goal. The IAASB's project on modernizing its audit evidence standard (ISA 500) notes it aims to recognize the use of technology by preparers and practitioners. This modification is expected to be adopted by the AASB in the Canadian equivalent standard CAS 500, therefore addressing the evolving use of technologies remains an important objective of the AASB. We believe an opportunity exists to single out this important objective within this goal.

The last objective identifies the need for addressing proportionality and scalability concerns in standards. We believe the strategic plan provides an opportunity to commit to finding and implementing solutions to this important issue identified by practitioners. We suggest greater precision be provided in the strategic goal for plans to find and deliver specific solutions to address this issue.

Goal 4 – As the AASB aims to adopt the IAASB's ISAs into the assurance handbook without amendment, the AASB is therefore dependent on the IAASB in its standard-setting processes and has limited control over the timeliness of standard setting. We therefore believe it appropriate to include the dependency relationship in goal 4, and taking into consideration this relationship, how the AASB intends to address the speed of its standard-setting processes.

We note the consultation paper does not mention the recent developments of CPA Ontario and the Ordre des CPA du Québec ending their formal relationships with CPA Canada. Because the AASB is dependent on its relationship with CPA Canada for resourcing, we suggest including an action responding to this risk in the strategic plan.

**Question 2**

Rank the topic areas that you believe will significantly influence the audit and assurance landscape in the next five years.

We believe the topic areas that will significantly influence the audit and assurance landscape in the next five years, in order of most important to least important, are:

1. Technology by auditors
2. Technology by entities
3. Sustainability reporting
4. Other