

This Order (the “**Order**”) is effective as of September 11, 2026 (the “**Effective Date**”).

B E T W E E N:

CANADIAN PUBLIC ACCOUNTABILITY BOARD

- and -

RSM CANADA LLP

ORDER

PART I - Preamble

1. Pursuant to Section 500 of the Rules of the Canadian Public Accountability Board (the “**Rules**”), as authorized by the *Canadian Public Accountability Board Act*, R.S.O. 2006, C. C-33 (the “**Act**”), the Canadian Public Accountability Board (“**CPAB**”) conducted an Investigation (as that term is defined by the Rules) into RSM Canada LLP (“**RSM Canada**”) with respect to the allegations described in this Order.
2. CPAB has determined that the facts described below constitute Violation Events (as defined by the Rules) committed by RSM Canada. CPAB is therefore ordering the imposition of the Requirements and Sanctions set out in this Order.
3. In making this determination, CPAB acknowledges RSM Canada’s cooperation with the Investigation as required by the Rules. CPAB has also considered RSM Canada’s submissions regarding the facts uncovered by the Investigation and its submissions regarding the appropriate Requirements and Sanctions.
4. CPAB and RSM Canada have entered into a settlement agreement on the basis that RSM Canada does not admit or deny, on behalf of itself or any of its professionals, the allegations contained in this Order.

PART II - Facts

Summary

5. From at least 2017 until September 2023, RSM Canada violated auditing and quality control standards applicable to dating of sign-offs on audit workpapers. During that period, RSM Canada's electronic workpaper system permitted personnel to manually change the automatically generated current date for a sign-off to an earlier date ("**Signoff Backdating**"). Signoff Backdating could be accomplished within seconds through a "properties" view that was readily accessible to all audit personnel, as was widely known within RSM Canada.
6. When Signoff Backdating occurred, the sign-off dates recorded in the audit file were inaccurate or unreliable as evidence of when audit work or review was actually performed. RSM Canada did not monitor for Signoff Backdating until late 2022, when it commenced what it called the Special Monitoring Project in response to an inquiry from another regulator. The scope of documentary review in the Special Monitoring Project was unduly limited and further steps taken following its documentary review were inadequate. The Special Monitoring Project identified a single instance of Signoff Backdating within 8 reporting issuer files included in the review (it was later clarified that one of the 8 belonged to a non-reporting manager of funds that were publicly traded reporting issuers). In the course of its Investigation, CPAB reviewed 7 of the same files,¹ along with an additional 14 reporting issuer files, examined all workpapers within each file, and identified 54 instances of Signoff Backdating, 21 of which occurred after the audit report date.

RSM Canada Background

7. RSM Canada is a public accounting firm organized as a limited liability partnership and

¹ The sign off history for one of the 8 was no longer available by the time RSM Canada produced data to CPAB.

headquartered in Toronto, Ontario.

8. RSM Canada is, and at all relevant times was, registered with CPAB as a Participating Audit Firm pursuant to section 8 of the *Act* and section 200 of the Rules.
9. During the relevant period, RSM Canada served as the auditor for approximately 70 reporting issuer clients per year. RSM Canada expanded in Canada in 2017 by acquiring another Canadian Participating Audit Firm, and it continued to use the electronic workpaper system that the acquired firm had used ("**Workpaper System**").
10. Up until September 2023, RSM Canada used a cloud-based service to host the Workpaper System. ("**Workpaper Cloud Service**"). When the Workpaper System was hosted by the Workpaper Cloud service, RSM Canada personnel could sign off on their performance and review of audit work by manually selecting preparer and reviewer sign-off dates for each workpaper. This meant that Signoff Backdating was possible and took only a matter of seconds.
11. RSM Canada has a longstanding policy dating back to at least 2021, which provides that the auditor should sign off on workpapers electronically in the electronic audit file on the date on which the work was performed. If circumstances prevent the auditor from doing so, the policy requires the auditor to document on the workpaper the date on which the work was actually carried out (a "**Workpaper Sign Off Note**") and then to sign off using the current date. To comply with this policy, personnel were expected to create memoranda to serve as Workpaper Sign Off Notes, as reflected in training RSM Canada delivered in 2023.
12. RSM Canada's policy requiring Workpaper Sign Off Notes was not followed. No Workpaper Sign Off Notes, whether as memoranda or as notations on workpapers, were identified in the Special Monitoring Project or in CPAB's Investigation. When personnel engaged in Signoff Backdating, they did not document any explanation or justification

for doing so.

Events Prior to the Special Monitoring Project

13. Even though the availability of Signoff Backdating was widely known within RSM Canada since at least 2017, Signoff Backdating was not treated as a risk or deficiency warranting any monitoring prior to the Special Monitoring Project, which RSM Canada commenced in November 2022.
14. Before November 2022, Signoff Backdating had received public and regulatory attention, including through a publicly disclosed settlement between CPAB and another Participating Audit Firm concerning Signoff Backdating of which RSM Canada was aware.
15. In March 2022, RSM Canada’s Audit Quality Risk Management team (“**AQRM**”) became aware of a potential instance of Signoff Backdating based on a question raised by a member of AQRM.
16. RSM Canada’s first training relevant to Signoff Backdating followed in May 2022, when AQRM noted, on a single slide within a 54-page deck, that signoffs should not be backdated. Further presentations followed: an AQRM presentation on November 23, 2022 contained one slide, within a 110-page deck, entitled “Backdating of working papers – NOT ALLOWED”. In addition, a December 6, 2022 presentation included one slide, within a 77-page deck, explaining that backdating involves going into properties and changing dates.
17. This training was inadequate to address the nature and extent of Signoff Backdating, which continued after the May 2022 presentation. The Special Monitoring Project itself later found that the 2022 training presentations had failed to bring sufficient focus to Signoff Backdating.

The Special Monitoring Project

18. RSM Canada commenced its Special Monitoring Project in November 2022 in response to an inquiry from another regulator in October 2022, which questioned RSM Canada's controls around Signoff Backdating. RSM Canada was also aware, at the time, of the regulatory concerns about Signoff Backdating arising from the September 2021 settlement between CPAB and another Participating Audit Firm and the related attention it had received.
19. The scope of the documentary review in the Special Monitoring Project, which was conducted by AQRM, was very limited. AQRM used a sample of approximately 108 engagement files and, within those files, reviewed the sign-off histories only for ten "planning" and "completion" workpapers. Not all "planning" and "completion" workpapers were reviewed. Substantive workpapers, the key audit records addressing the procedures meant to respond to identified risks, were never within the scope of the Special Monitoring Project. Despite AQRM's discovery of Signoff Backdating within this limited sample, the scope of the documentary review was not expanded.
20. With respect to the workpapers that were covered, the review focused narrowly on sign-off history, to see whether current sign-off dates had been manually replaced with an earlier date, without considering evidence within the underlying workpapers or other records relevant to the timing of the sign-offs, such as emails and timesheet entries. The review of sign-off history was performed manually. There was no use of automated or systematic search functions to review sign-off histories, metadata, or workpapers, which would have efficiently captured a much larger and more complete sample.
21. The Special Monitoring Project identified 44 instances of Signoff Backdating across both private and reporting issuer audit files, including 7 instances that occurred after the audit report dates. These 44 instances involved 20 personnel, including 9 partners and 11 other staff.

22. RSM Canada engaged the Audit Incident Response (“**AIR**”) team, which is part of RSM US LLP (a legal entity separate from RSM Canada), to determine and take further steps; and to write the final report of the Special Monitoring Project.
23. AIR interviewed only 6 of the 20 personnel who had been identified as having engaged in Signoff Backdating, all of whom had engaged in Signoff Backdating after the audit report date. Others identified as having engaged in Signoff Backdating were not interviewed, including an individual who had manually entered sign-off dates 79 days earlier than the actual sign-off date in a private company audit.

Steps Following the Special Monitoring Project

24. The Special Monitoring Project concluded in March 2023 and was memorialized in a report completed by AIR in September 2023. No further investigative steps were taken between March and September 2023. AIR found that the prior training on Signoff Backdating, delivered in the May, November, and December 2022 presentations, had been inadequate.
25. AQRM gave a presentation on Signoff Backdating to personnel in the spring of 2023, explaining that Signoff Backdating raised questions about the supportability of RSM Canada’s documentation, the timeliness and quality of RSM Canada’s work, integrity, and whether sign-off dates are adjusted to cover up a failure to contemporaneously perform work. The presentation cautioned that Signoff Backdating is prohibited, even if done to reflect when work was completed, and advised that its internal policy requires a Workpaper Sign Off Note in the form of a memo in such circumstances.
26. The 14 individuals identified in the Special Monitoring Project as having engaged in Signoff Backdating who were not interviewed by AIR were not notified that their conduct was inappropriate. Aside from the spring 2023 training, no steps were taken to address Signoff Backdating between March 2023, when the Special Monitoring Project ended,

and September 2023.

27. Following AIR's completion of the Special Monitoring Project, there was no documented assessment by RSM Canada's governance or leadership concerning the Special Monitoring Project's completeness, findings, or recommended remediation.
28. In September 2023, RSM Canada replaced the Workpaper Cloud Service with a different hosting service, which removed the ability to manually enter sign-off dates, so that Signoff Backdating could no longer occur using that functionality. Workpaper Sign Off Notes continue to be required by RSM Canada policy when work is performed at a date prior to the current sign-off. However, there has been no monitoring of whether this policy is being complied with.
29. During CPAB's 2023 inspection of RSM Canada, which commenced in July 2023, RSM Canada did not provide CPAB with the results of the Special Monitoring Project or disclose that it had been conducted. CPAB noted the existence of the Special Monitoring Project in the course of its review as part of the 2023 inspection.
30. In response to CPAB's inquiries, RSM Canada advised that 12 reporting issuer engagements had been reviewed in the Special Monitoring Project, revealing only one instance of Signoff Backdating. RSM Canada later clarified that only 8 of these audit files had in fact been reviewed because 4 of the 12 files originally selected lacked the metadata necessary for review. RSM Canada also clarified that one of the 8 files belonged to a non-reporting manager of funds that were publicly traded reporting issuers.

Additional Instances of Signoff Backdating Identified by CPAB

31. Using 7 of the 8 audit files² identified by RSM Canada as belonging to reporting issuers

² The sign off history for one of the 8 was no longer available by the time RSM Canada produced data to CPAB.

that had been reviewed in the Special Monitoring Project, CPAB tested the sign-off histories of all workpapers, rather than only the 10 “planning” and “completion” workpapers in each file. This more rigorous review resulted in the identification of 42 instances of Signoff Backdating that had not been detected in the Special Monitoring Project, in which RSM Canada had found only a single instance of Signoff Backdating within those files.

32. In light of the extent of Signoff Backdating identified, CPAB expanded its sample to an additional 14 reporting issuer audit files. CPAB had requested 23 reporting issuer files from RSM Canada, but due to RSM Canada’s inconsistent lock down procedures and signoff history retention, only 14 of them had the metadata required to review for Signoff Backdating. CPAB’s review of those 14 files resulted in the identification of a further 12 instances of Signoff Backdating.
33. In total, within the 20 reporting issuer audit files, plus the one affiliate of a reporting issuer file,³ that CPAB reviewed, CPAB identified 54 instances of Signoff Backdating, 21 of which occurred after the audit report date.
34. CPAB identified 11 individuals engaged in Signoff Backdating who were not identified in the Special Monitoring Project as being engaged in Signoff Backdating, even though 8 of them had engaged in Signoff Backdating within audit files whose “planning” and “completion” workpapers were reviewed in the Special Monitoring Project.
35. As a result of RSM Canada’s inconsistent lock down procedures and retention of sign-off history, many audit files lacked the metadata necessary to determine when sign-offs were entered. This impaired CPAB’s ability to assess the full extent of Signoff Backdating at RSM Canada. When Signoff Backdating occurs, the recorded sign-off dates obscure the date on which the work or its review was actually performed.

³ A non-reporting manager of funds that were publicly traded reporting issuers.

PART III – RSM Canada has Committed Violation Events

36. Pursuant to CPAB Rule 300, a Participating Audit Firm must comply with Professional Standards.⁴ The standards in force at the time of the conduct described above include Canadian Standard on Quality Control (**CSQC 1**) and the Canadian Auditing Standard (**CAS**). For audits with fiscal year-ends on or after December 15, 2022, the requirements of CSQC 1 are addressed by the Canadian Standard on Quality Management ("**CSQM 1**").
37. Based on the conduct described above, CPAB has determined that RSM Canada violated CSQC 1 and CSQM 1 and thereby committed Violation Events. From at least 2017, RSM Canada failed to establish and communicate policies and procedures to provide reasonable assurance that the work performed by engagement personnel met applicable professional standards, regulatory requirements, and RSM Canada's standards of quality control with respect to documenting the date of workpaper sign-offs, as required by CSQC 1, CSQM 1, and CAS 230.
38. In particular, RSM Canada failed to meet the requirements of CSQC 1 and CSQM 1 by:
- (a) Failing to establish policies and procedures designed to provide it with reasonable assurance that engagements are performed in accordance with professional standards and applicable legal and regulatory requirements, and that the firm or the engagement partner issue reports that are appropriate in the circumstances;⁵
 - (b) Failing to promote consistency in the quality of engagement performance through its policies and procedures, including through written or electronic manuals, software tools, or other forms of standardized documentation, addressing matters such as the appropriate documentation of the work performed and of the timing and extent of the review;⁶

⁴ As defined in CPAB Rules 301-304.

⁵ CSQC 1 paragraph 32.

⁶ CSQC 1 paragraph A32.

- (c) Failing to establish policies and procedures designed to maintain the integrity of engagement documentation, which may be compromised if the documentation could be altered, added to, or deleted without the firm's knowledge;⁷
 - (d) Failing to communicate to relevant engagement partners and other appropriate personnel the deficiencies noted as a result of the monitoring process and recommendations for appropriate remedial action;⁸
 - (e) Failing to establish a monitoring process designed to provide it with reasonable assurance that the policies and procedures relating to the system of quality control are relevant, adequate, and operating effectively;⁹ and
 - (f) Failing to evaluate the effect of deficiencies noted as a result of the monitoring process and determine whether they are either (i) instances that do not necessarily indicate that the firm's system of quality control is insufficient to provide it with reasonable assurance that it complies with professional standards and applicable legal and regulatory requirements, or (ii) systemic, repetitive, or other significant deficiencies that require prompt corrective action.¹⁰
39. RSM Canada's quality control violations in turn resulted in, or contributed to, violations of audit documentation standards concerning the dating of work papers because the Signoff Backdating had the effect of obscuring when the work was actually performed and reviewed in violation of CAS 230 paragraphs 7 to 9, 13, and 16.

PART IV – Mitigating Factors

40. In determining the appropriate remedial steps required of the firm, CPAB considered

⁷ CSQC 1 paragraphs 46 and A57.

⁸ CSQC 1 paragraph 50.

⁹ CSQC 1 paragraph 48.

¹⁰ CSQC 1 paragraph 49.

steps RSM Canada has taken, including by:

- (a) Removing, in September 2023, the ability to manually enter or override sign-off dates within the Workpaper System by replacing the Work Paper Cloud service, such that Signoff Backdating can no longer occur through that functionality; and
- (b) Enhancing lockdown procedures to ensure that signoff and access history are retained going forward.

PART V - Requirements and Sanction

41. In view of the foregoing, CPAB determined it appropriate to impose the following Requirements and Sanctions (“**Enforcement Actions**”) agreed to by the parties:

- (a) A public censure of RSM Canada shall be made through the publication of this Order, pursuant to section 601(h) of the CPAB Rules;
- (b) Within 120 days of the date of this Agreement, RSM Canada shall review its policies and procedures, and revise or supplement them as necessary, including adding monitoring procedures, to provide RSM Canada with reasonable assurance that personnel comply with applicable audit documentation requirements and RSM Canada policies concerning the dating of the completion of work performed and the dating of the review of work papers, pursuant to section 601(b) of the CPAB Rules;
- (c) Within 120 days of the date of this Agreement, RSM Canada shall ensure all RSM Canada professionals involved in any audit of a Canadian reporting issuer have received cumulatively four (4) hours of additional training pursuant to section 601(a) of the CPAB Rules. The professional education and training shall be incremental to the respective CPA provincial body continuing professional development requirements. The training shall include compliance with auditing standards, including CAS 230 Audit Documentation, and also address ethics and

integrity. RSM Canada shall provide a copy of the training material to CPAB within 60 days of this Agreement, and evidence of delivery of the training no later than 30 days after the date of delivery;

(d) RSM Canada shall certify in writing to the CPAB's Vice President, Enforcement or their designate, RSM Canada's compliance with paragraphs (b) and (c) above. The certification shall provide written evidence of compliance in the form of a narrative and be supported by exhibits sufficient to demonstrate compliance. RSM Canada shall submit such certification within 150 days from the effective date of this Agreement. RSM Canada shall also submit such additional evidence and information concerning compliance as CPAB may reasonably require; and

(e) RSM Canada shall pay a monetary assessment intended to recoup the Board's anticipated costs of monitoring RSM Canada's compliance with terms of any requirements, restrictions, or sanctions, pursuant to section 601(i) of the CPAB Rules.

42. In addition to the above noted enforcement actions, and pursuant to the terms of the Participation Agreement,¹¹ RSM Canada has paid the costs of CPAB's Investigation.

¹¹ Pursuant to paragraph 2(d) of the Participation Agreement between CPAB and the Firm.