



Canadian Public
Accountability Board
Conseil canadien sur
la reddition de comptes

CPAB Regulatory Oversight Report

2025 Annual Inspections Results

MARCH 2026

[CPAB-CCRC.CA](https://cpab-ccrc.ca)



Contents

CPAB’s regulatory disclosures	1
2025 regulatory report	2
▪ 2025 inspections results	4
▪ Looking forward	23
▪ Accountability through enforcement	24
▪ External outreach	27
▪ Regulatory report appendices	29





CPAB's regulatory disclosures

In March 2026, CPAB completed a project to provide greater transparency for the investing public, audit committee chairs and other stakeholders by starting to publish [individual firm inspection results](#).

Changes associated with this initiative include:

- Publishing individual public inspection reports, effective for inspections that commenced following the CPAB Rule change on March 24, 2025. The first firm-specific public inspection reports were published in March 2026.
- Mandating the disclosure of issuer-specific significant inspection findings to the reporting issuer's audit committee, effective March 2025. (Most firms registered with CPAB already voluntarily participated in this disclosure.)
- Disclosing significant enforcement actions imposed on a firm, a change that came into effect in January 2023.

To help stakeholders understand our newly expanded public disclosures, CPAB has launched a [webpage](#) with information on our regulatory reporting and answers to common questions.



2025 regulatory report

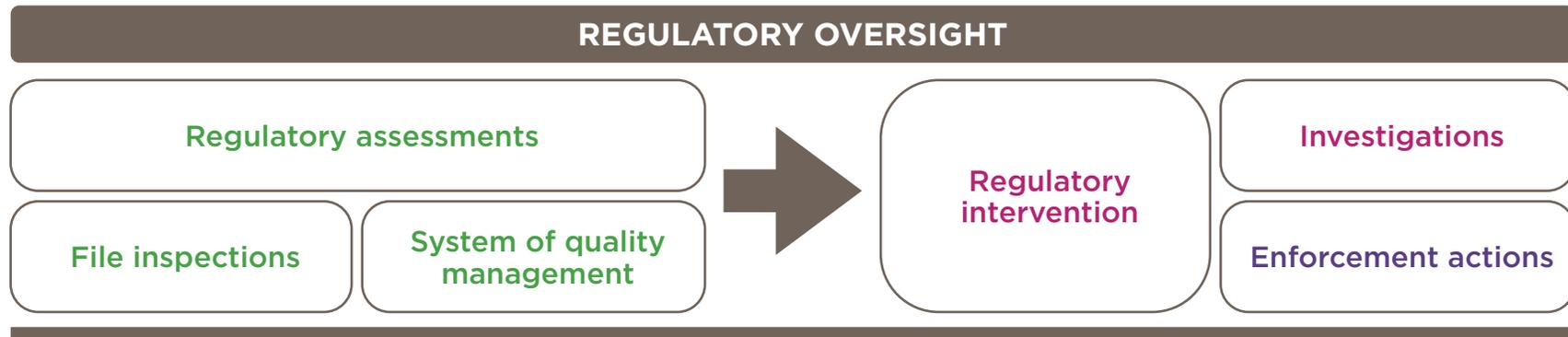


Figure 1

CPAB's regulatory oversight of [public accounting firms that audit Canadian reporting issuers](#) includes inspecting completed audits of financial statements, assessing the firm's system of quality management and regulatory intervention. All public accounting firms that audit a Canadian reporting issuer must register with CPAB.¹

Our assessment of the system of quality management at firms focused on select aspects of the Canadian Standard on Quality Management 1. Given that risk assessment processes are foundational to implementing a system of quality management, we considered whether risk assessment processes incorporated all available sources of information. We also focused on the most recent testing results for the design, implementation and operation of areas that we considered to be high priority, which support each firm's 2025 self-evaluation. Our assessment also included reviews of the 2024 self-evaluation for all firms as most of the 2025 self-evaluations were not finalized at the time of our inspections.

¹Securities legislation defines what constitutes a reporting issuer. Each of the 13 Canadian securities commissions maintains a list of the reporting issuers in their respective jurisdictions.



Figure 2

How CPAB chooses files and audit areas to review

CPAB's risk-based methodology for choosing audit files for inspection (and the specific focus areas for those files) is generally targeted towards higher-risk audit areas of more complex reporting issuers or areas where the audit firm or engagement team may have less expertise. It is not designed to select a representative sample of a firm's audit work. Our inspections do not look at every aspect of every file, therefore, the absence of significant findings² in our review of a particular audit file does not mean that all aspects of the audit were fully compliant with professional standards. Results are not intended to be extrapolated across a firm's entire audit portfolio, but instead viewed as an indication of how firms address their most challenging audit situations.

² A significant inspection finding is defined as a deficiency in the application of auditing or other relevant professional standards, as defined in Section 300 of CPAB's Rules, 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. CPAB requires firms to carry out additional audit procedures to determine the need, if any, to restate the financial statements due to material error, or to substantiate that the firm obtained sufficient and appropriate audit evidence with respect to a material balance sheet item or transaction stream to support their audit opinion.



2025 INSPECTIONS RESULTS

120
files inspected
(2024: 131)



23% files with significant findings
(2024: 24%)

Themes identified in inspection findings

- ▶ Identifying and assessing the risks of material misstatement
- ▶ Evaluating the entity’s accounting policies
- ▶ Evaluating audit evidence
- ▶ Auditing accounting estimates
- ▶ Use of an auditor’s expert
- ▶ Ethical requirements, including independence
- ▶ Audit documentation, supervision and review
- ▶ Identification and response to fraud risks
- ▶ Services provided by a service organization
- ▶ Technology used in audits
- ▶ Audits of group financial statements

Four largest firms

62 files inspected
(2024: 65)

16% files with significant findings
(2024: 12%)

Other annually inspected firms

31 files inspected
(2024: 36)

13% files with significant findings
(2024: 17%)

Non-annually inspected firms

27 files inspected
(2024: 30)

48% files with significant findings
(2024: 57%)

Each year, CPAB inspects all firms that audit 100 or more reporting issuers. These include the four largest audit firms and eight additional firms known as the other annually inspected firms.

We inspect, at least every two years, firms which audit between 50 and 99 reporting issuers. The remaining firms are inspected periodically based on CPAB’s risk analysis.

Figure 3



All firms: file inspections overview

In 2025, we inspected 120 files (2024: 131 files). Overall improvements noted in the inspection results and system of quality management at various annually inspected firms in 2024 led us to inspect fewer files in 2025. The mix of files inspected at non-annually inspected firms resulted in more firms inspected in 2025 than in the prior year.

We identified significant findings in 27 of the files we inspected (2024: 31 files). This 23% findings rate compares with 24% in 2024. We have observed a correlation between the firms that invest in a robust system of quality management and a lower level of significant findings.

The aggregate significant findings rate at the four largest firms increased to 16% (10 of 62 files), compared with 12% (eight of 65 files) in 2024. In 2025, each of the four largest firms had at least one significant finding (2024: two firms), contributing to the overall increase in significant findings across these firms.

The aggregate level of significant findings at other annually inspected audit firms decreased, with a findings rate of 13% (four of 31 files), compared with 17% (six of 36 files) in 2024. In 2025, six of the eight other annually inspected firms had no significant findings (2024: six of nine other annually inspected firms). This improvement contributed to the overall decrease in significant findings across these firms.

The aggregate significant findings rate at non-annually inspected firms decreased to 48% (13 of 27 files) compared with 57% (17 of 30 files) in 2024. The overall level of significant findings at these firms has remained unacceptably high over the past five years, prompting our 2025-2027 strategic objective on fostering an environment that supports improved audit quality at smaller firms. Continued focus on improving audit quality is necessary; however, we are encouraged by the decrease in significant findings noted over the last four years at non-annually inspected firms.

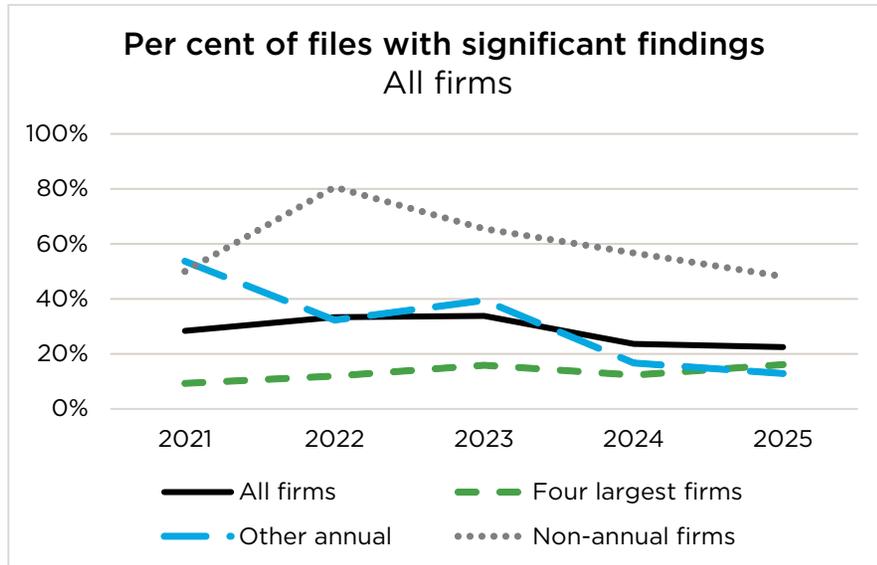


Figure 4

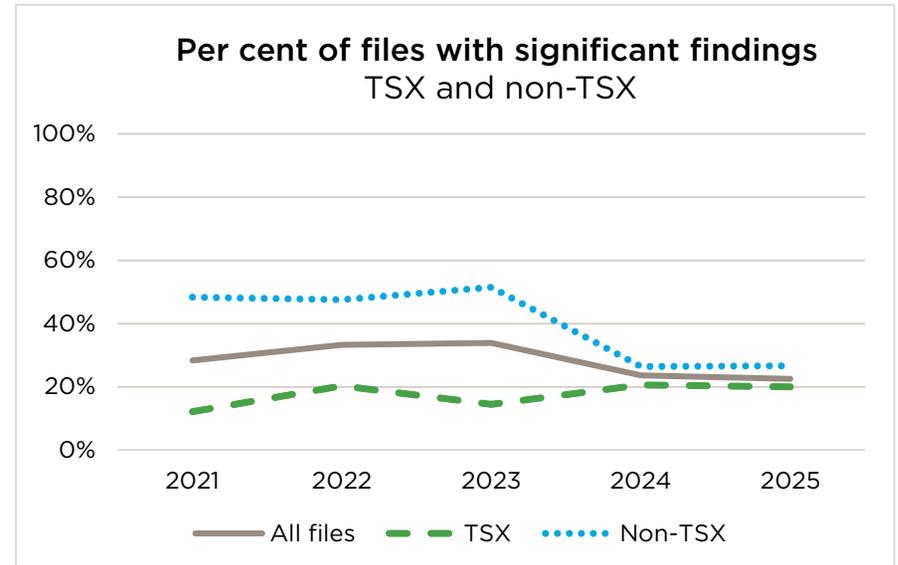


Figure 5

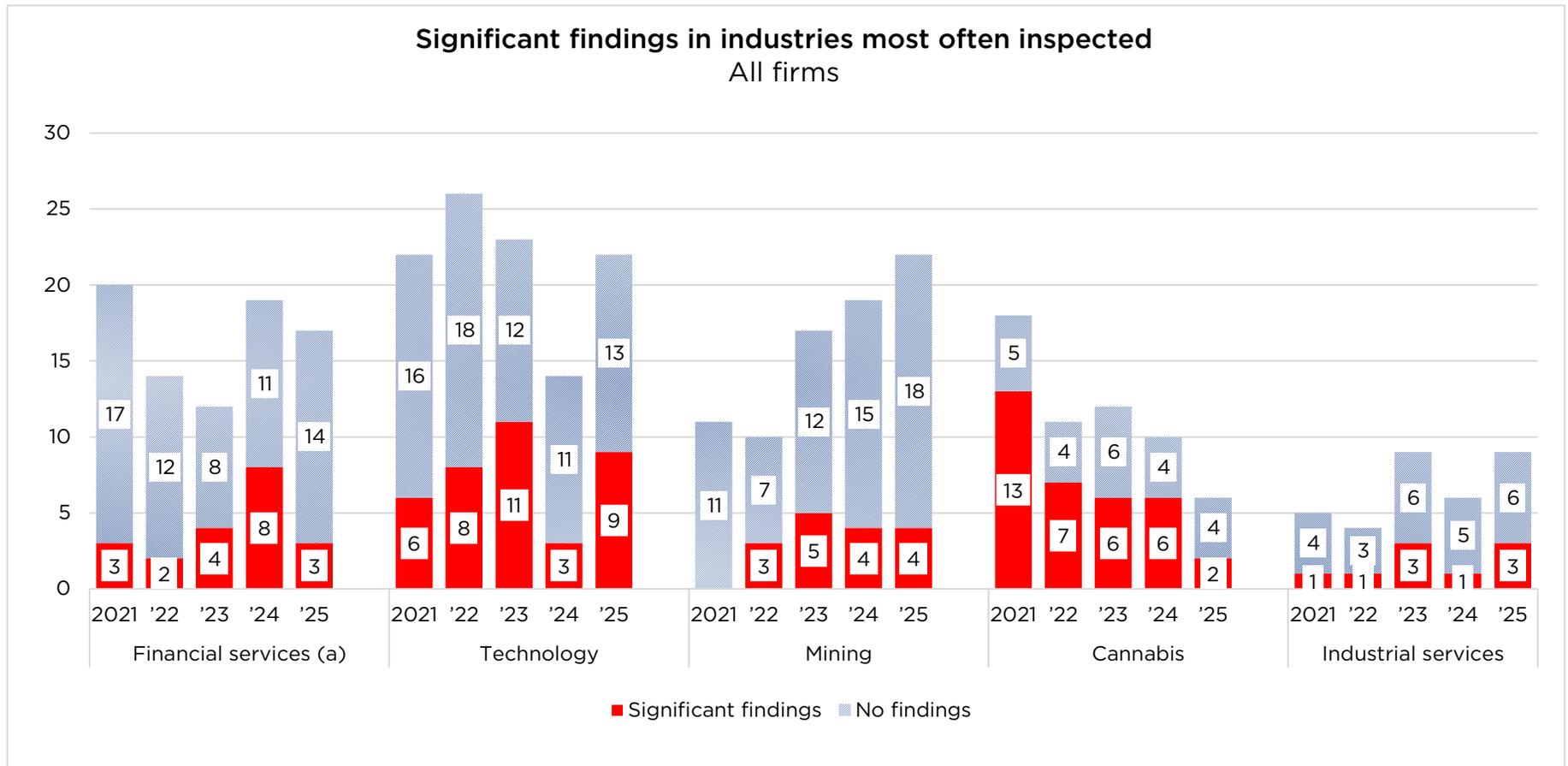


As illustrated in Figure 5, our inspections in 2025 included 75 files of Toronto Stock Exchange (TSX)-listed entities and 45 non-TSX-listed entities (2024: 63 TSX; 68 non-TSX). The rate of significant inspection findings at TSX and non-TSX entities has narrowed in the past two years, primarily driven by a decrease in significant findings at other annually inspected firms.

technology and industrial services industries, at 41% and 33% of files inspected, respectively (2024: 21% and 17%, respectively). The technology industry had the highest number of significant findings in 2025, primarily arising from more complex audit areas such as highly automated revenue recognition processes and business acquisitions. Reductions in the percentage of files with significant findings were noted in the financial services, mining and cannabis industries. We will continue to communicate our inspections findings and insights, including industry-related trends, through our [Strengthening audit quality publication series](#).

Figure 6 shows industries most often inspected and the number of significant findings. These industries account for 63% of files inspected in 2025 (2024: 52%). In 2025, significant findings have increased in the

All firms



^a This group includes financial institutions, insurance companies and investment funds.

Figure 6



How firms respond to CPAB findings

In addressing significant findings, CPAB requires an audit firm to carry out additional audit procedures to determine the need, if any, to restate the financial statements due to material error, or to substantiate that they obtained sufficient and appropriate audit evidence to support their audit opinion and to include the additional audit evidence in the audit file.

CPAB expects firms to remediate file deficiencies before the reporting issuer's next quarterly report. Where a restatement is required, the firm is expected to work with the reporting issuer to complete the restatement as soon as possible in order to provide updated information to investors.

What firms are required to communicate to audit committees

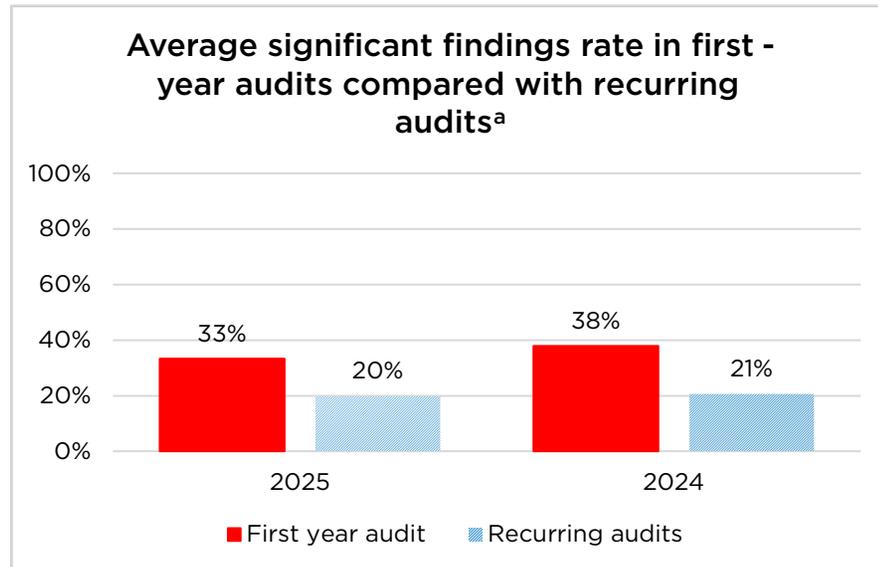
Under CPAB's mandatory [Protocol](#), audit firms are required to share with audit committees:

- CPAB's annual regulatory oversight report, and
- The Engagement Findings Report, if CPAB has inspected the reporting issuer's audit file, including a description of actions taken by the firm in response to any significant findings and CPAB's disposition.

CPAB encourages audit committees to discuss these reports with their auditor.



Significant findings are more common in a firm's first year auditing a reporting issuer. Figure 7 compares the average significant findings rates in first-year audits with recurring audits. We continue to encourage firms to consider additional quality risks that may arise upon acceptance of new audit engagements and to develop appropriate responses.



^a In 2025, files that were the firm's first-year audit engagement accounted for 20% of files inspected (2024: 22%).

Figure 7

For more detail on the results of our inspections, please see [page 12](#) (four largest firms), [page 16](#) (other annually inspected firms) and [page 20](#) (non-annually inspected firms).

Please see [page 24](#) for information about our enforcement activities.

In 2025, we reviewed 13 files located in [foreign jurisdictions](#) (2024: 21) and identified a significant finding in five files (2024: three). Foreign jurisdiction inspections include our reviews of reporting issuer files at

foreign firms and significant component auditor³ working papers at foreign firms. The number of component auditor inspections varies based on component auditor involvement in the file selected for inspection. Of the files reviewed in foreign jurisdictions, six were files at foreign firms (2024: three) and seven were foreign firm component auditors (2024: 18). We identified a significant finding in three foreign firm files (2024: two) and two foreign firm component auditors (2024: one). In 2025, we requested and were denied access to the working papers of one component auditor located in China, which prevents us from performing a complete review of that reporting issuer's audit. To date, CPAB has been unable to enter into an agreement with Chinese authorities to enable access to these working papers; however, we continue to seek such an arrangement.

System of quality management assessments

The Canadian Standard on Quality Management 1 requires all firms to annually evaluate their system of quality management and conclude whether it provides the firm with reasonable assurance that the objectives of the system are being achieved. A strong system of quality management emphasizes the need to systemically embed audit quality processes (preventative and detective) into ongoing operations across the entire assurance portfolio so that audit deficiencies are identified and corrected in real time or, at a minimum, before the audit opinion is released. It is supported by a firm culture that demonstrates a commitment to quality, including reinforcing the importance of ethics and the profession's public interest responsibility.

Principal drivers that contribute to a robust culture include leadership that prioritizes ethical values within strategic decisions, communications and daily behaviours, as well as a strong culture and governance framework that integrates the firm's ethical values. This approach ensures that the desired culture is embedded and reflected across all service lines, partners, and staff throughout the firm.

³ As defined by National Instrument (NI) 52-108, Auditor Oversight, published by the Canadian Securities Administrators and amended in January 2022.



For most firms inspected this year, we have observed improvements in the systems of quality management which correlate with the number and trend of significant findings.

Examples of areas where we identified recommendations for firms:

- Risk assessment: evidence of judgments applied, including the identification and significance of quality risks.
- Key performance indicators: defining and evaluating key performance indicators, specifically for leadership with accountabilities or responsibilities for the system of quality management.
- Whistleblower programs: implemented framework for handling whistleblower complaints, criteria for escalation and key performance indicators.
- Resourcing: sufficient involvement of senior engagement team members on audit engagements.
- Engagement coaching or monitoring programs: effectiveness of coaching and monitoring programs including an assessment of why significant findings were not detected through these programs (where applicable).
- Objectivity of engagement team members: assess long association of engagement team members.
- Training: ensure specialists who work on reporting issuer audit engagements are included in the same ethical and cultural training as assurance staff.
- Objectivity of individuals with responsibilities relating to the system of quality management: specifically for individuals involved in the monitoring and remediation process.
- Annual self-evaluation: evidence of judgments, including those relating to the assessment of whether findings indicate potential deficiencies.

Going forward, as the auditing profession increases its use of AI-enabled tools, we encourage each firm to assess whether they have evolved their system of quality management to effectively manage firm-level and engagement-level risks. In December 2025 we published [The evolving use of technology in the audit](#). Firms should consider whether they have implemented practices to support responsible and effective implementation of AI-enabled tools.

Restatements

Since our 2024 annual report, four restatements were made as a result of significant findings identified during our current or prior-year inspections (2024: seven). Many of these restatements related to one or more of the themes identified in inspection findings, listed in Figure 8—in particular, evaluating the entity’s accounting policies, auditing accounting estimates or evaluating audit evidence.

See Appendix 2 on [page 32](#) for more detail on restatements since our 2024 annual report, including the audit areas resulting in restatements and the industries in which the affected reporting issuers operate.



Themes identified in inspection findings

Themes identified in our inspection findings have occurred most frequently or are of heightened concern. A comparison of themes identified over the past three years is included in Figure 8.

Themes identified in inspection findings	2025	2024	2023
Identifying and assessing the risks of material misstatement	◆	*◆	◆
Evaluating the entity's accounting policies	◆+	◆	◆
Evaluating audit evidence	◆	*◆	◆
Auditing accounting estimates	◆	◆	◆
Use of an auditor's expert	*◆	◆	◆
Ethical requirements, including independence	◆	◆	◆
Audit documentation, supervision and review	◆	◆	◆
Identification and response to fraud risks	*◆+	*◆	◆
Services provided by a service organization ^a	◆	◆	*◆
Technology used in audits	◆+	*	*
Audits of group financial statements	*◆+	◆	◆
◆ Theme identified in significant findings * CPAB publication issued + Theme discussed in the 2025 interim inspections results report			

^a Services provided by a service organization are relevant to the audit of a company's financial statements when those services, and the controls over them, are part of the company's information system used in the preparation of the financial statements.

As a result of our findings, CPAB regularly issues publications to provide more detail on the nature of deficiencies identified, our expectations, and the practices observed in audit files with no significant inspection findings. Audit risk alerts, publications issued as part of our *Strengthening audit quality* inspections insights and other publications are included in Figure 8. These and other publications continue to be relevant and are available in the [Resource Centre](#) section of our website.

Several of the themes in Figure 8 are discussed in the [2025 Interim Inspections Results](#) report or recent publications.

Ethical requirements, including independence, and supervision and review are discussed in the [2024 Interim Inspections Results](#) report. Services provided by a service organization are discussed in the [2023 Interim Inspections Results](#) report.

Other themes that continue to result in significant findings are described below.

Auditing accounting estimates

Audit work related to accounting estimates continues to be an area with deficiencies and opportunities for improvement. Our findings are most prevalent in the auditors' evaluation of complex estimates, such as the impairment of assets, fair value estimates for acquisitions and revenue recognized over time. Inspection findings include instances where the engagement teams did not exercise an appropriate level of professional skepticism when auditing accounting estimates involving significant assumptions and judgments about future conditions or events.

All firms

Figure 8



Given the recurring nature of inspection findings in this area, combined with the increase in the level of estimation uncertainty due to the current economic environment, CPAB published an update in March 2026 to our 2021 auditing estimates publication [Strengthening Audit Quality: Auditing Accounting Estimates](#) to provide additional examples of how firms applied the requirements to complex estimates and areas where we continue to identify findings.

Evaluating audit evidence: contradictory audit evidence

Most of an auditor's work in forming its opinion consists of obtaining and evaluating audit evidence. This includes information that corroborates or contradicts management's assertions. Significant findings often relate to areas that are higher risk, which should cause the use of professional skepticism to increase. The exercise of professional judgment is based on the facts and circumstances that are known by the auditor and should include questioning contradictory evidence.

Evaluating audit evidence: audit evidence produced by the entity or a service organization

We continue to see an increase in reporting issuers engaged in new or evolving business models, many with highly automated processes with little or no manual intervention. In these circumstances, the main source of audit evidence is typically produced by the entity or a service organization. As a result, we have observed an increase in auditors implementing an audit approach that includes testing information technology (IT) applications and operating effectiveness of IT controls including controls at a service organization. While we are encouraged by the implementation of control testing and IT specialist involvement in such audit engagements, we have noted circumstances where further improvements are needed in the nature and quality of the audit work performed by these specialists.



Four largest firms: *Deloitte LLP, Ernst & Young LLP, KPMG LLP & PricewaterhouseCoopers LLP*



Figure 9

File inspections

We inspected 62 files (2024: 65) at the four largest firms and identified significant findings in 10 of those files (2024: eight), which is a findings rate of 16% (2024: 12%).

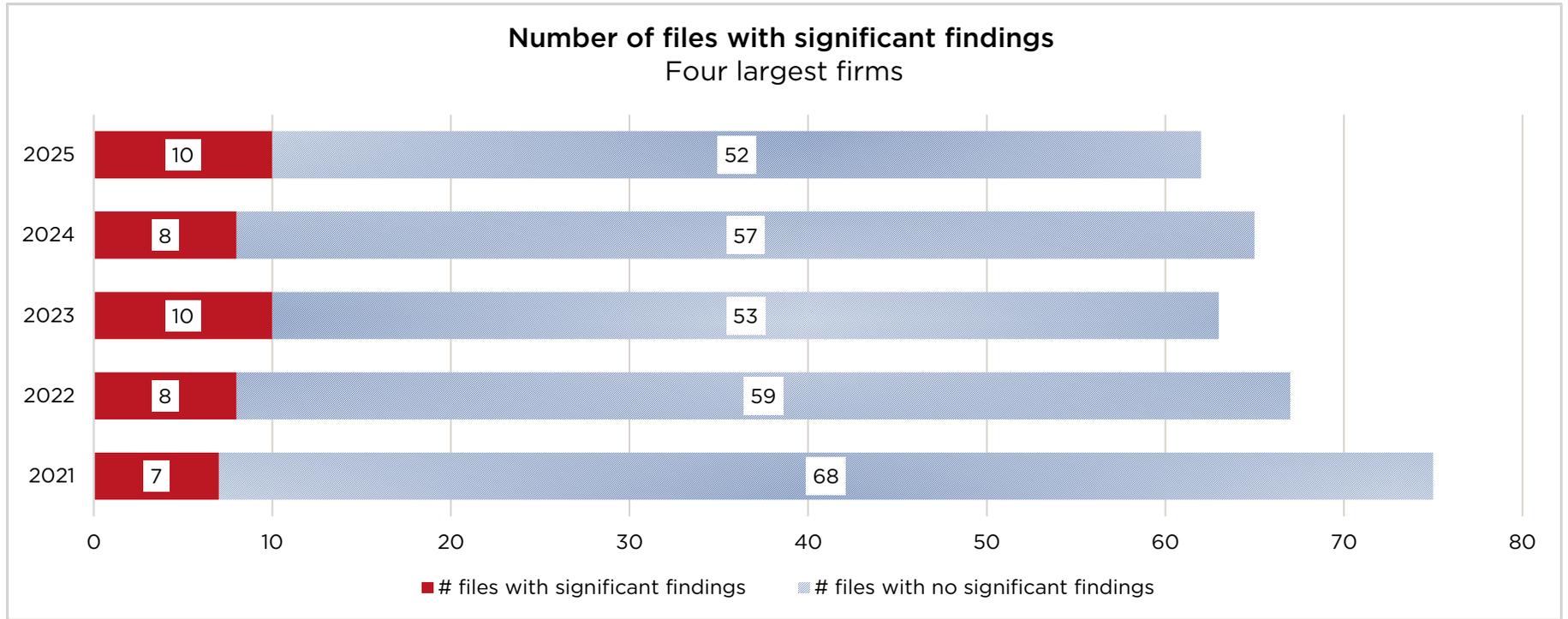


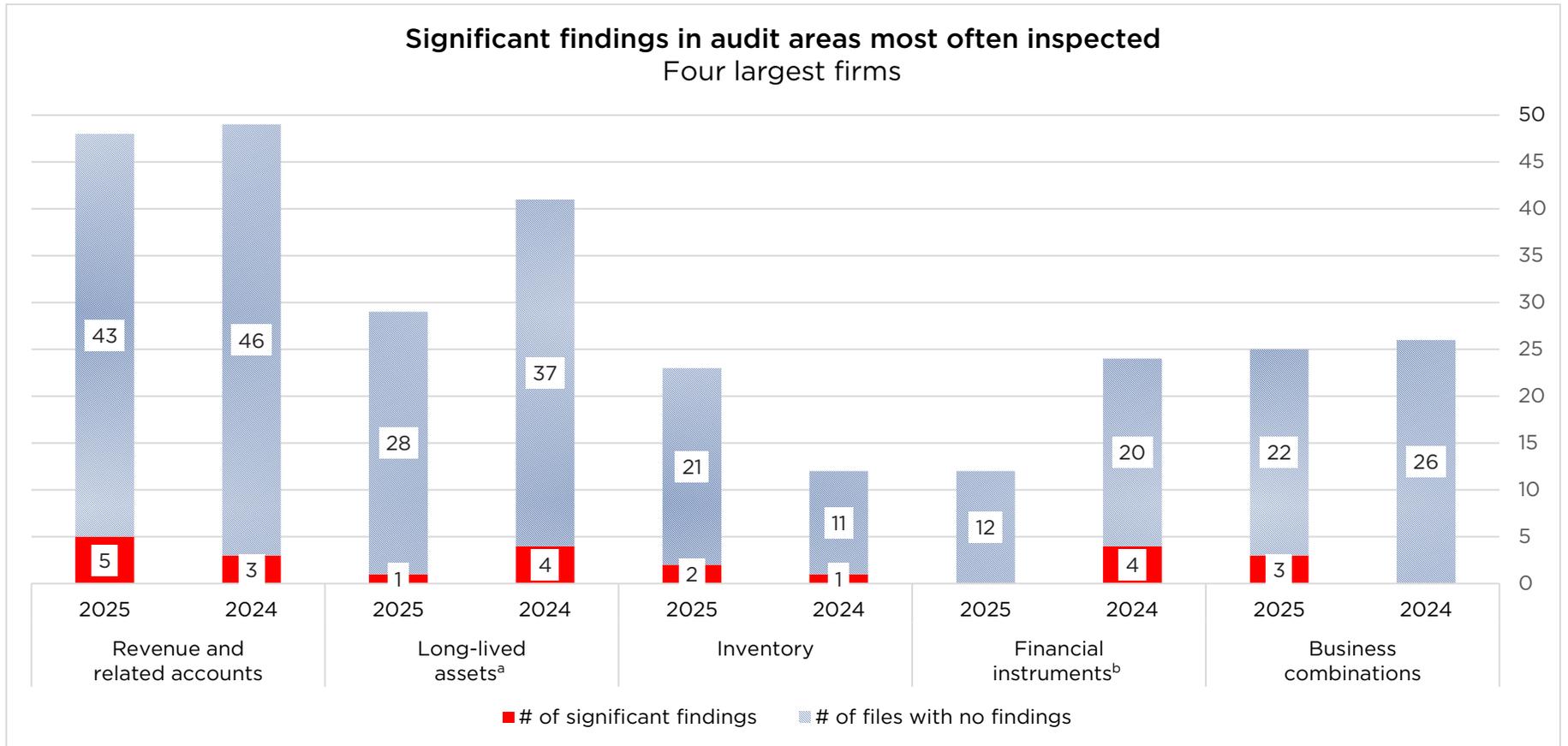
Figure 10

In 2025, enforcement actions remained in effect on one of the four largest firms as a result of elevated levels of significant findings over consecutive years.



Significant findings in audit areas most often inspected Four largest firms

Four largest firms



^a Includes goodwill; intangibles; property, plant & equipment; mineral properties; exploration & evaluation assets; equity investments and investments in joint ventures; investment properties; impairment testing.

^b Includes investments; loans; allowance for credit losses; derivative assets/liabilities; claims liabilities; reinsurance assets.

Figure 11

Figure 11 reflects the top five audit areas we most frequently reviewed at the four largest firms in 2025 and 2024 and the total number of significant findings per audit area. These areas were selected because they were generally material to the reporting issuer’s financial statements or included complex issues or judgment.

For a list of the industries where we identified significant findings and the number of files inspected by industry at the four largest firms in 2025 and 2024, please see Figure 19 on [page 29](#) of this report. Significant findings have most notably increased in the industrial goods and technology industries when compared with 2024.



System of quality management assessments

In 2025, our inspection approach focused on select aspects of the Canadian Standard on Quality Management 1. Given that risk assessment processes are foundational to implementing a system of quality management, we considered whether the firm's risk assessment process incorporated all available sources of information. Our review focused on areas that we considered to be high priority:

- Responses to address deficiencies identified in firms' monitoring and remediation processes.
- Governance structure and key performance indicators for leadership and engagement partners.
- Whistleblower programs.
- Use of alternative talent and resources such as service delivery centres, loaned staff and contractors.
- Acceptance and continuance.
- Technological resources.

In the current year, all of the four largest firms have improved their system of quality management and continue to show a commitment to improving audit quality culture.

We reviewed the 2024 self-evaluations performed by the firms, including information and judgments providing the basis for the evaluation. One firm concluded in 2024 that their system of quality management provides them with reasonable assurance, with the exception of deficiencies that were assessed as severe but not pervasive. The other three firms concluded that their system of quality management provides them with reasonable assurance that the objectives of the system of quality management were achieved.⁴

Recommendations have been made to each of the firms on areas that CPAB has identified for improvement.

⁴ Results of all four firms' annual evaluations are published in their transparency reports, available on their respective websites.





Other annually inspected firms: *Crowe MacKay LLP, Davidson & Company LLP, De Visser Gray LLP, DMCL LLP, Manning Elliott LLP, McGovern Hurley LLP, MNP LLP, Raymond Chabot Grant Thornton LLP*

EIGHT^a OTHER ANNUALLY INSPECTED FIRMS

The **8** other annually inspected firms audit **1,740** reporting issuers (2024: 1,840) or **1.25%** of Canadian reporting issuers by market capitalization (2024: 1%).

Significant findings in:

4

of **31** files inspected (2024: six of 36).

^a For 2025, Smythe LLP's categorization changed from an *other annually inspected firm* to a *non-annually inspected firm* as its number of reporting issuer audits decreased to fewer than 100. As such, this firm's inspection results for 2025 are reported as a non-annually inspected firm. Results for 2021 through 2024 are reported as an other annually inspected firm.

Figure 12

File inspections

We inspected 31 files (2024: 36) at the other annually inspected firms and identified significant findings in four of those files (2024: six). We observed advances in audit quality and improvement in systems of quality management at most of the eight other annually inspected firms. The improvements at these firms are encouraging, and they reinforce the importance of a strong system of quality management.

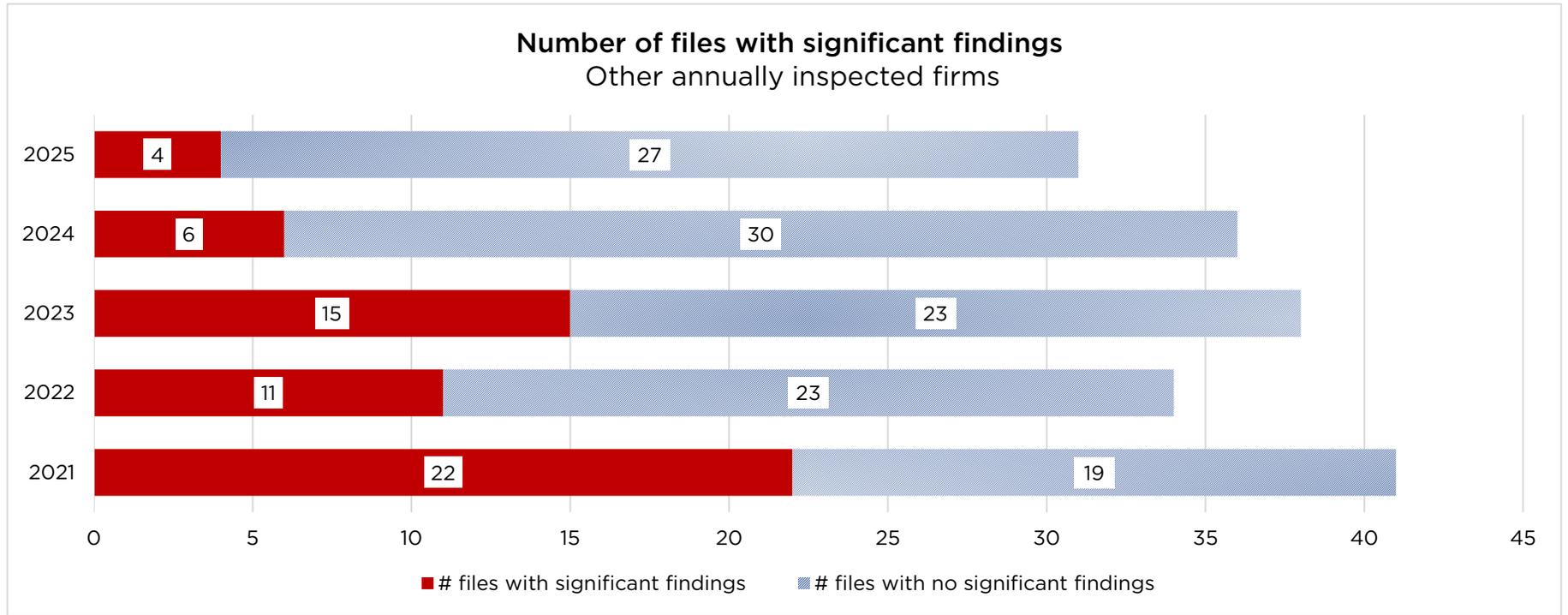
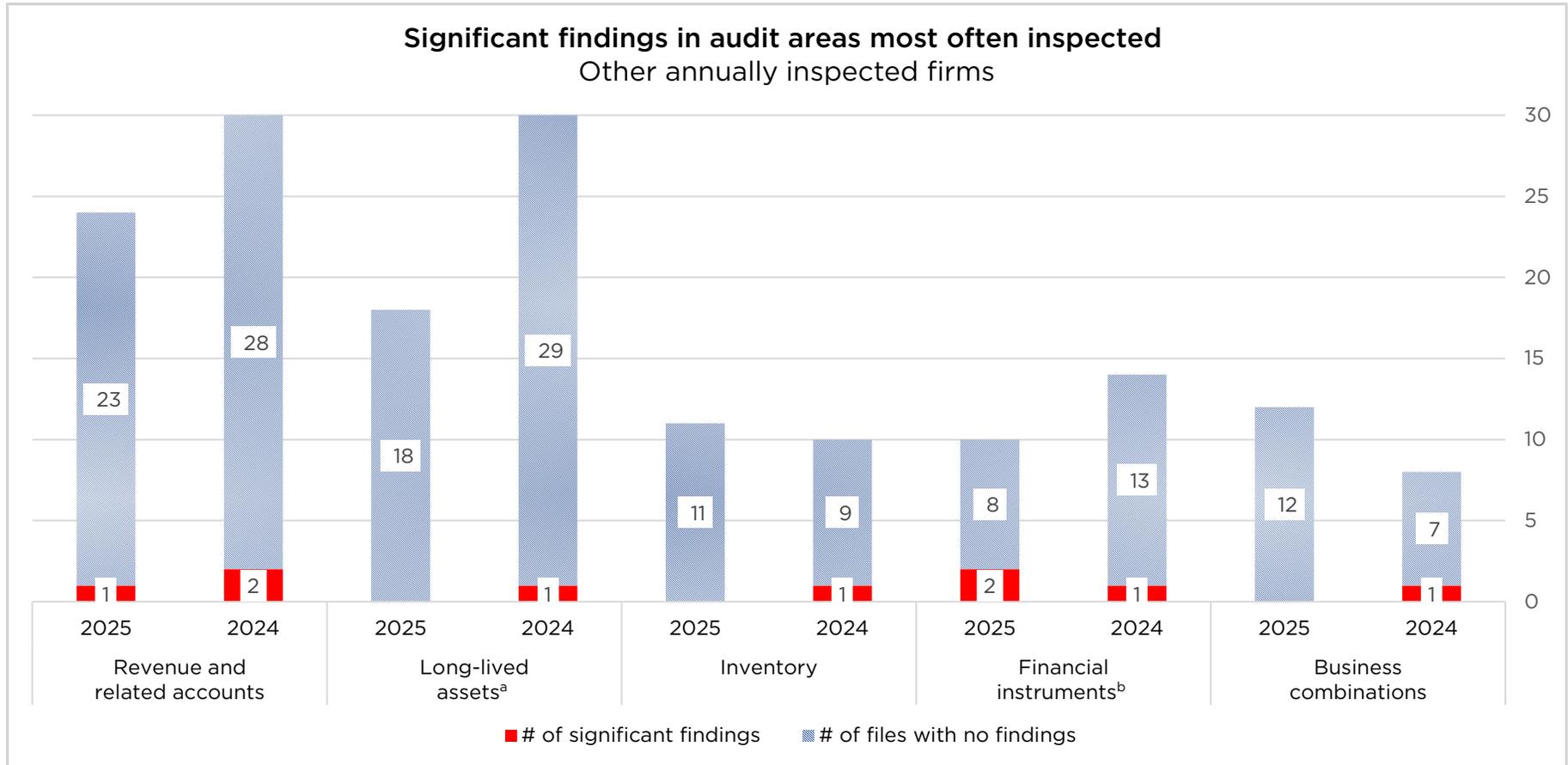


Figure 13

Of the eight other annually inspected firms, enforcement actions were in place for five firms. Enforcement actions are evaluated considering demonstration of sustained audit quality. Decisions will be made in 2026 regarding the easing or escalation of regulatory intervention and the modification and/or termination of certain existing enforcement actions.



^a Includes goodwill; intangibles; property, plant & equipment; mineral properties; exploration & evaluation assets; equity investments and investments in joint ventures; investment properties; impairment testing.

^b Includes investments; loans; allowance for credit losses; derivative assets/liabilities; claims liabilities; reinsurance assets.

Figure 14

Figure 14 reflects the top five audit areas we most frequently reviewed at the other annually inspected firms in 2025 and 2024 and the total number of significant findings per audit area. These areas were selected because they were generally material to the reporting issuer’s financial statements or included complex issues or judgment.

For a list of the industries where we identified significant findings and the number of files inspected by industry at the other annually inspected firms in 2025 and 2024, please see Figure 20 on [page 30](#) of this report.



System of quality management assessments

Our inspection approach with the other annually inspected firms focused on select aspects of the Canadian Standard on Quality Management 1. Consistent with our approach to the four largest firms, this review focuses on high-priority areas. All firms continue to invest in their system of quality management and have implemented recommendations to address our findings in the previous year. Some of the firms were subject to enforcement requirements in 2024 and 2025 that related to their system of quality management.

We reviewed the 2024 self-evaluations performed by the firms. Many firms concluded that their system of quality management provides them with reasonable assurance, with the exception of deficiencies that were assessed as severe but not pervasive. We have observed improvements in the performance of monitoring procedures and evidence to support the self-evaluation process, including the information used to support the evaluation. This includes judgments applied in assessing whether findings indicate potential deficiencies, and the severity and pervasiveness of the deficiencies identified.

Recommendations have been made to each of the firms on areas that CPAB has identified for improvement.





Non-annually inspected audit firms

NON-ANNUALLY INSPECTED FIRMS

The **163** non-annually inspected firms audit **1,420** reporting issuers (2024: 1,375) or **6.25%** of Canadian reporting issuers by market capitalization (2024: 8.5%).

91 of these are foreign firms (2024: 96); they audit **300** reporting issuers (2024: 305) or **5.75%** of reporting issuers by market capitalization (2024: 8%).

72 are Canadian firms (2024: 70); they audit **1,120** reporting issuers (2024: 1,070) or **0.5%** of reporting issuers by market capitalization (2024: 0.5%).

In 2025, we inspected files at **21** firms (2024: 18) and found significant findings in:

13

of **27** files inspected (2024: 17 of 30).

Figure 15



File inspections

We inspected 27 files (2024: 30) at 21 non-annually inspected audit firms (2024: 18) and identified significant findings in 13 (2024: 17) of these files. The year-over-year inspection results for non-annually inspected firms are not comparable because the composition of this group of firms changes each year based on CPAB's risk-based methodology for choosing files for inspection. Six of the files were at foreign firms (2024: three), and we identified significant findings in three of those files (2024: two).

Non-annually inspected firms

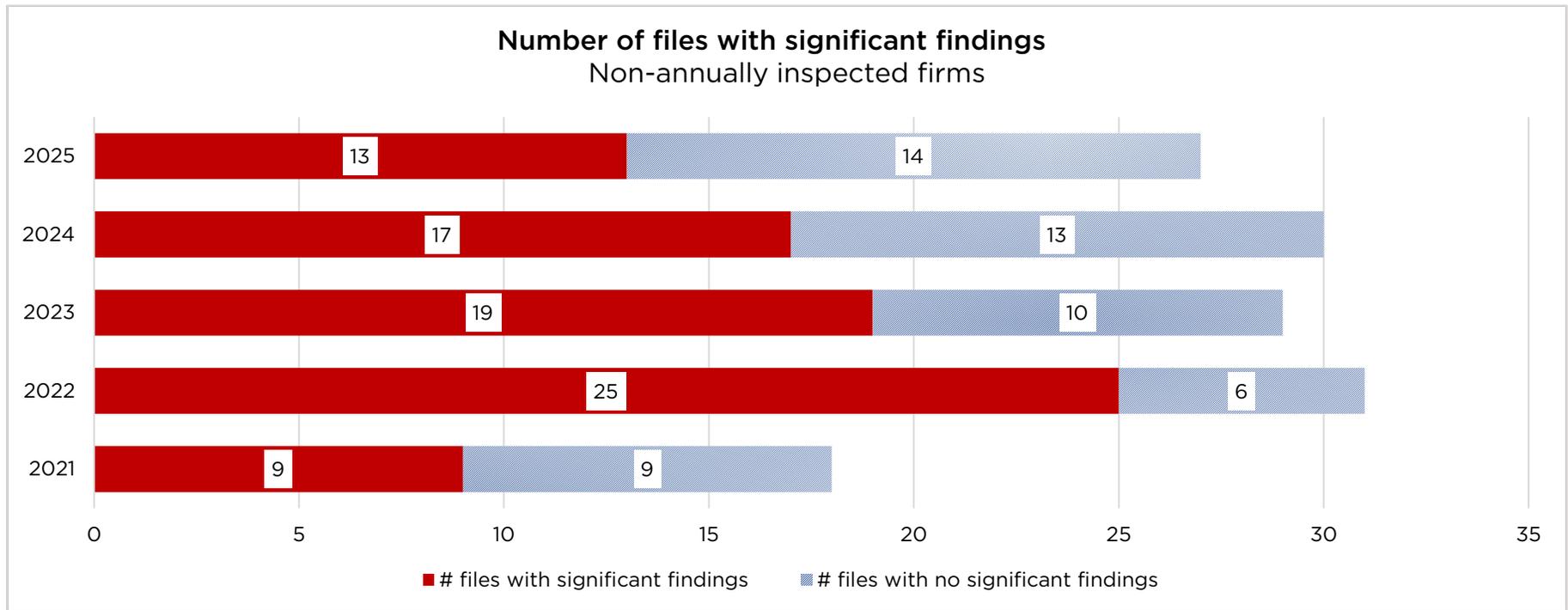


Figure 16

In 2025, 46% of files with significant findings had multiple significant findings per file (2024: 65%). Factors that contributed to the higher prevalence of significant findings at some of these firms included lack of experience auditing in a particular industry or audit area, and insufficient supervision and review.

For a list of the industries where we identified significant findings and the number of files inspected at the non-annually inspected firms by industry in 2025 and 2024, please see Figure 21 on [page 31](#) of this report. In 2025, significant findings most notably increased in the technology industry when compared with 2024.



In 2025, new enforcement actions were imposed on three non-annually inspected firms, while 11 others continued to operate under enforcement actions imposed in previous years. Decisions will be made in 2026 for certain firms regarding the easing or escalation of regulatory intervention and the modification and/or termination of certain existing enforcement actions.

Further details of our 2025 enforcement actions are outlined in the **Accountability through enforcement** section on [page 24](#) of this report.

System of quality management assessments

In the current year, we included a limited review of select aspects of the Canadian Standard on Quality Management 1 tailored to firm-specific nature and circumstances. At a minimum, the review included risk assessment, governance and leadership, and monitoring and remediation processes. Where applicable, these firms have implemented our recommendations from previous inspections, and some firms were subject to enforcement requirements that related to their system of quality management. We continue to observe the use of experienced external consultants to assist firms in performing the monitoring and remediation function, which ensures independence and objectivity in the process and introduces expertise. We observed that firms that are part of a network have accelerated the maturity of their system of quality management as a direct result of the Canadian Standard on Quality Management 1 implementation resources available from the network.

We reviewed the 2024 self-evaluations performed by the firms and noted that many firms concluded that their system of quality management provides them with reasonable assurance that the objectives of the system have been achieved. However, many of the self-evaluations did not appropriately demonstrate which inputs were considered as part of the evaluation. We also identified findings and made recommendations to the firms related to risk assessment, governance and leadership and monitoring and remediation processes.



Looking Forward

Technology

In 2025, the largest audit networks accelerated their adoption of sophisticated technological resources, including the development of AI-enabled tools and agentic AI systems. These innovations present opportunities to enhance audit quality and efficiency. CPAB's oversight activities underscore the importance of maintaining a human-led approach that emphasizes the exercise of professional skepticism supported by robust training, enhanced supervision and review procedures and comprehensive firm-wide oversight programs to monitor and respond to these emerging risks.

Looking ahead, CPAB will continue to focus on the controls and processes that audit firms integrate into their use of emerging technologies. As agentic AI systems become more prevalent, we emphasize the need for strong governance frameworks that prioritize transparency, explainability and accountability. While CPAB's oversight does not include certification or detailed assessment of the underlying technology, CPAB will share observations through ongoing inspections and external outreach, and we encourage firms to maintain open dialogue and promote transparency. CPAB's leadership in IFIAR's Technology Task Force remains central to understanding and encouraging the responsible use of technology in the audit.

Fraud

Auditors play a vital role in the prevention and detection of fraud. As audit practices and technologies change, so do the emerging risks and trends that impact fraud risk. While most of the audit work CPAB inspects complies with the existing fraud standard, there continue to be opportunities for improvement. These include insufficient risk assessments resulting in fraud risk factors not being considered, unusual transactions and a lack of understanding the business rationale and consideration of contradictory evidence, appropriateness and precision of audit procedures to respond to identified fraud risks. For example, [CPAB's October 2025 risk alert](#) highlighted situations where fraud risk factors were present.

In March 2025, the International Auditing and Assurance Standards Board (IAASB) finalized its project to update the International Standard on Auditing (ISA) 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*. The revised standard was finalized with an intention to provide clearer auditor responsibilities, stronger responses to fraud risks and improved transparency in financial reporting. The revisions are aligned with ISA 570 (Revised 2024), *Going Concern*, recognizing the interconnected nature of fraud and financial distress. The standards were adopted by the Canadian Auditing and Assurance Standards Board (AASB) as Canadian Auditing Standards (CAS) 240 and CAS 570 in 2025 and become effective for periods beginning on or after December 15, 2026.

Culture and ethics

Culture and ethics remain central to audit quality and public trust. In 2025, CPAB participated in global discussions related to the International Ethics Standards Board for Accountants' (IESBA) Firm Culture and Governance Project that was launched to promote high ethical standards across audit firms. Looking ahead to 2026, CPAB will continue to include culture and ethics in our assessment of the system of quality management at annually inspected firms, sharing findings and recommendations through firm-specific private inspection reports and ongoing dialogue with global audit firms and standard setters.





Accountability through enforcement

Enforcement actions are an integral part of CPAB's regulatory intervention. CPAB imposes enforcement actions⁵ when necessary to prevent and deter violations of auditing and other professional standards. Such actions are imposed to improve audit quality with the goal of protecting the investing public and contributing to public confidence in the integrity of financial reporting.

CPAB publicly discloses significant enforcement actions that are imposed as a result of poor inspection findings and all enforcement actions that result from an investigation. Significant enforcement actions include a restriction from accepting new reporting issuers, prohibiting the firm's continuance as auditor for certain reporting issuers, prohibiting the assignment of specified professionals on audit engagements, and terminating a firm's registration with CPAB. If terminated, a firm is prohibited from conducting audits of Canadian reporting issuers. In such cases, the firm's reporting issuers will have to retain an alternative auditor that is registered with CPAB.

Summaries are posted on CPAB's [website](#) relating to firms that are or were subject to significant enforcement actions resulting from inspection findings and firms where actions were imposed following an investigation.

In addition to serving as a deterrent, these publications aim to further reinforce public confidence in Canada's capital markets and provide information that supports audit committees and investors in their roles.

Investigations

CPAB began the year with seven ongoing investigations. During 2025, one new investigation was initiated and one was closed. As of December 31, 2025, there were seven active investigations. The results of investigations that identify a violation event that leads to enforcement actions are published on our [website](#).

Enforcement actions

In 2025, there were 20 firms subject to enforcement actions, compared with 18 in 2024. Enforcement actions were modified or continued on the 18 firms that were operating under requirements or restrictions imposed in prior years and enforcement actions were no longer in effect on one firm due to its termination as a participating audit firm in 2024 for failure to comply with such actions. CPAB can modify enforcement actions in response to improved or deteriorated inspection results. Enforcement actions were not entirely removed from any firm, nor were any firms terminated in 2025.

One of Canada's four largest firms experienced an increase in Requirements in 2025. No additional public censures were imposed on any other annually inspected firms, and both the number and nature of requirements for these organizations have eased compared with 2024. The reduction in enforcement actions aligns with continued improvements in inspection results observed between 2023 and 2025.

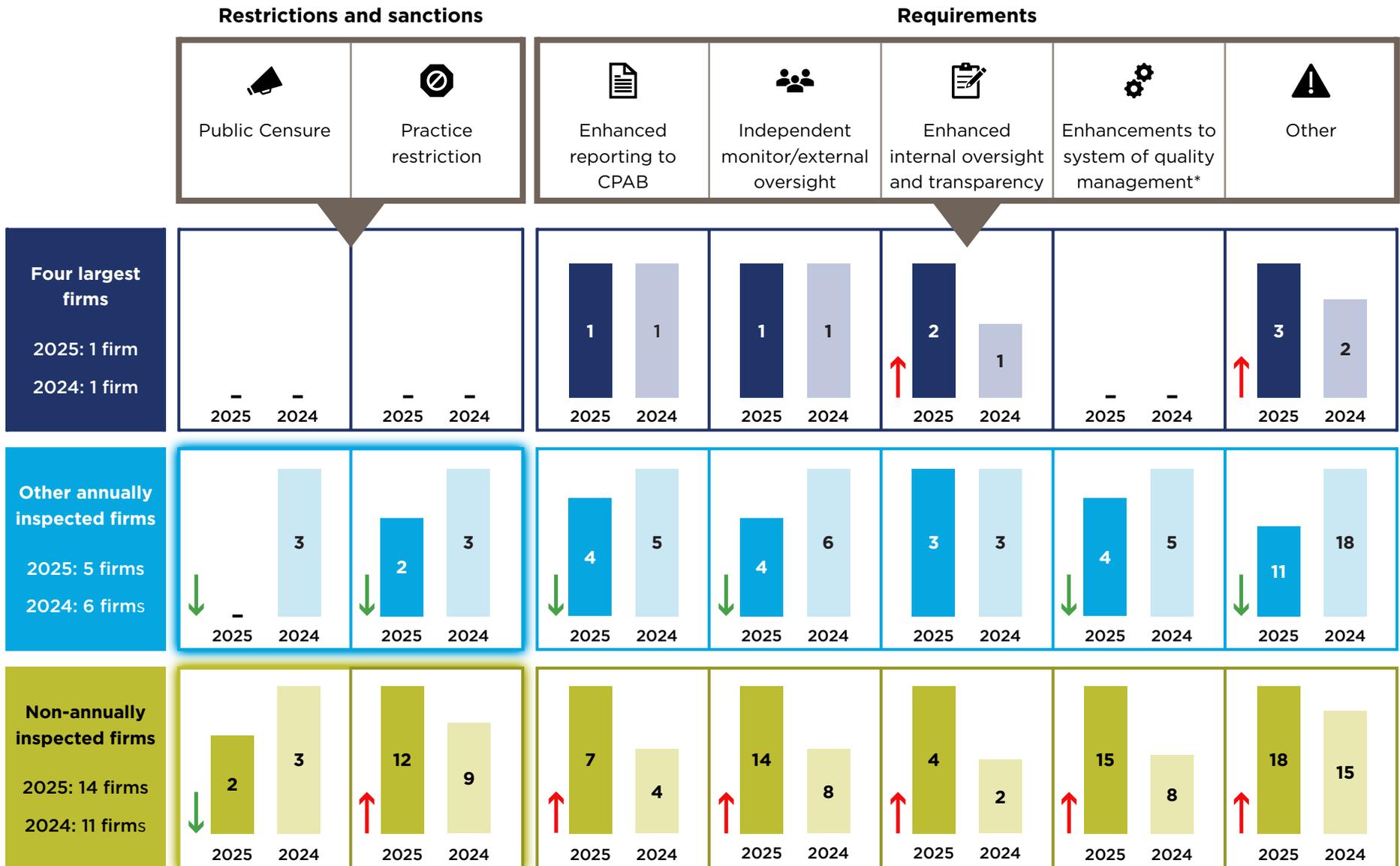
In 2025, enforcement actions, including various practice restrictions and requirements, were imposed on three new non-annually inspected firms.

Figure 17 summarizes the requirements, restrictions and sanctions imposed or in effect in 2025 compared with 2024. More detailed information about enforcement actions imposed or in effect in 2025 compared with 2024 can be found in Appendix 3 (figure 24) on [page 33](#) of this report.

⁵ Enforcement actions are defined as any requirement, restriction or sanction imposed pursuant to CPAB Rule 601.



Number of enforcement actions imposed or in force by year



*Includes enforcement actions related to designing and implementing enhancements to and/or assessing the systems of quality management.

Figure 17



How CPAB's regulatory intervention process works

CPAB expects firms to resolve audit quality issues as they arise during an inspection. CPAB's Rules provide a framework of regulatory intervention mechanisms to address audit quality deficiencies at the file and firm levels.

Throughout the inspection process, both the engagement team and audit firm are given the opportunity to provide their perspectives and written responses in relation to the facts, findings and recommendations arising from the inspection. Once the inspection has concluded, to protect the investing public and promote audit quality, unresolved matters may be escalated to determine if further regulatory intervention is required. This can include enforcement actions or the commencement of an investigation.

CPAB commences an investigation when we consider that a violation event may have occurred and additional information is needed. A violation event includes conduct that breaches CPAB's Rules, auditing and other professional standards and may have an impact on the provision of audit services. This includes a failure to comply with enforcement actions previously imposed on a firm. An investigation can be triggered by information received from a variety of sources including whistleblower reports, other regulators, CPAB inspections or internal risk monitoring.

CPAB initiates the escalation of regulatory intervention following an inspection or investigation by proposing the imposition of enforcement actions including requirements, restrictions or sanctions (enforcement actions). All regulatory intervention is designed to protect the investing public and encourage sustained improvements to audit quality.

Requirements typically involve CPAB mandating that the firm implement targeted actions or change certain practices to improve audit quality, such as conducting a culture assessment, providing additional training or retaining an independent monitor to oversee compliance with any imposed enforcement actions and other audit quality related firm initiatives.

Restrictions typically involve CPAB limiting the audit firm's practice. This could include restricting the firm from taking on new reporting issuers, moderate or high-risk reporting issuers or reporting issuers in particular industries.

Sanctions include, but are not limited to, a public censure and termination of a firm's status as a participating audit firm.

CPAB does not have the authority to impose monetary fines on a firm and operates under a cost recovery model. Payment of CPAB's compliance monitoring costs by firms operating under an enforcement action is a standard aspect of each enforcement order.

The initial decision to propose the imposition of enforcement actions is determined by CPAB's Enforcement Screening Panel, composed of senior members of the CPAB leadership team. The panel reviews each matter and forms a recommendation that is brought to CPAB's board for approval.

If the board decides to propose one or more enforcement actions, formal notice is provided to the firm. The firm can challenge the proposed enforcement action(s) by petitioning for a review proceeding overseen by an independent panel. If the firm does not petition for a review proceeding, the enforcement action(s) will come into effect and immediate compliance is required. In 2025, there were no such challenges to enforcement actions proposed and ultimately imposed by CPAB.

More information regarding the investigation and enforcement processes can be found on CPAB's [website](#).



CPAB external outreach: expanding audit quality conversations across Canada

Throughout 2025, CPAB's external outreach facilitated dialogue with stakeholders across Canada. This outreach is designed to engage key stakeholders and enhance CPAB's identification and understanding of emerging risks in the audit environment.

CPAB's 2025 outreach was shaped by the following priorities:

- Prioritizing one-on-one meetings and refreshing relationships with existing contacts across Canada with a focus on audit committee chairs.
- Increasing engagement with smaller audit firms and stakeholders engaged in the venture issuer market.
- Hearing perspectives from investors.

CPAB participated in and hosted forums and outreach activities throughout the country to ensure that local perspectives and national priorities were represented and addressed.

Forums and one-on-one discussions with audit committee members

This year, CPAB hosted 11 forums across Canada. Forums took place in Montréal, Toronto, Calgary, Vancouver and virtually, reflecting our commitment to regional engagement. Topics included artificial intelligence, cybersecurity and the impact of uncertainty in global politics and capital markets on estimates.

CPAB's external outreach also included individual in-person and virtual meetings with corporate directors. We attended reporting issuer audit committee meetings, where requested.

Expanding engagement with the venture issuer market

Responding to stakeholder feedback, CPAB intensified its focus on the venture issuer market. Engagement efforts included the following:

- Met with leaders of the TSX Venture Exchange and engaged with their local advisory council members to understand their perspectives on audits of reporting issuers listed on the venture exchange.
- Held CPAB forums for smaller and mid-sized reporting issuers, fostering dialogue on the unique challenges faced by these entities.
- Launched outreach and educational initiatives focused on fractional Chief Financial Officers (CFOs), who are contracted to provide financial expertise to organizations on a part-time basis, recognizing the varied way in which reporting issuers obtain financial expertise.

Smaller audit firms

In the fall of 2025, CPAB hosted public company audit summits in Toronto, Vancouver and Montréal as part of our focus on fostering an environment that supports improved audit quality at smaller firms. The in-person summits were intended to provide an opportunity for audit practitioners to gain insights about emerging risks, using case studies to illustrate recent inspection findings and audit quality themes.

The summits brought together 129 auditors representing 45 smaller audit firms from across Canada alongside distinguished panellists and members of CPAB's Board of directors.

Participants provided positive feedback regarding the opportunity to discuss and consider inspection themes tailored towards smaller audit firms. CPAB released summary videos and [publications](#) to extend the reach of these events.



Hearing from investors

Investor engagement remains a key area of focus for our outreach. In 2025, CPAB's conversations with investors focused on topics at the intersection of audit quality and global trends, including:

- The impact of geopolitics on audit regulation and financial reporting.
- The opportunities and risks associated with the use of AI and other forms of advanced technology in audit and business.
- Other current risks and emerging issues.

Our work in this area has been informed by continued dialogue with the Canadian Coalition for Good Governance, the International Corporate Governance Network and other investment thought leaders.

Other outreach

CPAB delivered a broad range of additional presentations and participated in key events across Canada and internationally, including:

- University engagement – CPAB team members presented at universities across Canada and introduced students to CPAB's mandate, inspection process and the evolving landscape of audit quality.
- Director and CFO presentations – engagement with boards, audit committees and financial executives through roundtable events and panel discussions supported by finance and governance organizations including Financial Executives International Canada and the Institute of Corporate Directors.
- Led discussions at meetings of international regulators, including audit and securities regulators, on topics including technology, smaller firm initiatives, enforcement approaches and international perspectives on audit quality.
- Participated in roundtables with Canadian Securities Administrators, provincial audit regulators, and the Office of the Auditor General of Canada, sharing insights on IT audit trends, regulatory updates and audit quality priorities.

Cross-country reach: By the numbers

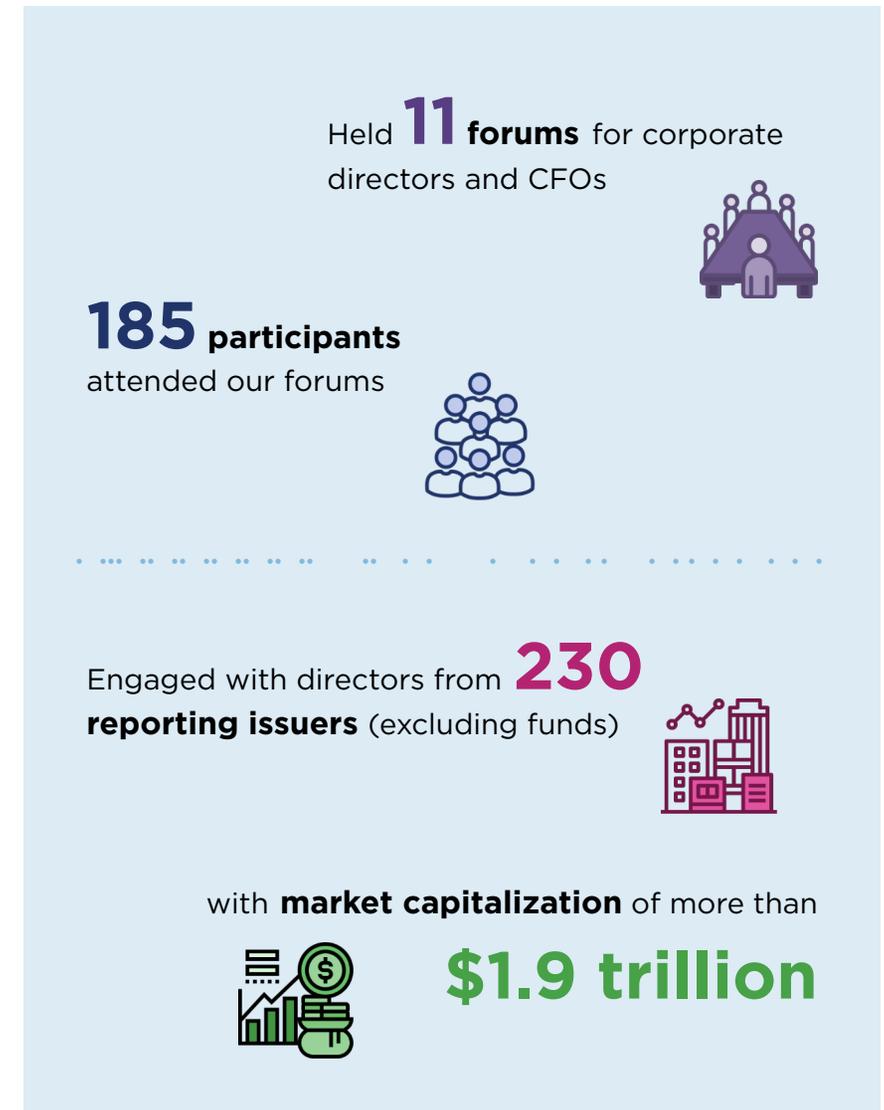


Figure 18



Appendix 1: Significant findings by industry

Further to the information presented earlier, Figure 19, Figure 20 and Figure 21 present the number of significant findings per number of files inspected by industry in 2025 and 2024.

Significant findings by industry: Four largest firms

Industry	2025	2024
	Significant findings per number of files inspected	
Automotive	0 / 3	0 / 1
Cannabis	0 / 0	0 / 1
Clean technology	0 / 0	0 / 1
Communications and media	0 / 2	0 / 4
Consumer products	0 / 3	2 / 3
Crypto	0 / 0	0 / 1
Entertainment	1 / 1	0 / 0
Financial services	2 / 10	5 / 14
Forest products and paper	1 / 2	0 / 2
Freight and logistics	0 / 0	0 / 2
Healthcare	0 / 2	0 / 1
Industrial goods	2 / 6	0 / 3
Industrial services	1 / 5	0 / 4
Life sciences	0 / 1	0 / 0
Mining	0 / 8	0 / 5
Oil and gas	0 / 1	0 / 3
Professional and commercial services	0 / 1	0 / 0
Real estate	0 / 5	1 / 7
Retail	0 / 2	0 / 3
Scholarship plan	0 / 1	0 / 0
Technology	3 / 9	0 / 4
Utilities and pipelines	0 / 0	0 / 6
Total	10 / 62	8 / 65

Figure 19


Significant findings by industry: Other annually inspected firms

	2025	2024
Industry	Significant findings per number of files inspected	
Cannabis	1 / 2	0 / 2
Communications and media	0 / 1	0 / 0
Consumer products	0 / 1	0 / 4
Crypto	0 / 0	0 / 1
Financial services	1 / 6	1 / 3
Healthcare	0 / 1	0 / 3
Industrial goods	0 / 2	0 / 1
Industrial services	0 / 2	1 / 2
Life sciences	0 / 2	0 / 1
Mining	2 / 7	2 / 9
Oil and gas	0 / 0	0 / 2
Psychedelics	0 / 0	0 / 1
Real estate	0 / 1	0 / 0
Technology	0 / 6	2 / 7
Total	4 / 31	6 / 36

Figure 20


Significant findings by industry: Non-annually inspected firms

	2025	2024
Industry	Significant findings per number of files inspected	
Agriculture	1 / 1	0 / 0
Cannabis	1 / 4	6 / 7
Clean technology	1 / 1	0 / 0
Communications and media	0 / 0	0 / 1
Consumer products	0 / 1	1 / 1
Crypto	0 / 0	3 / 4
Entertainment	0 / 0	0 / 1
Financial services	0 / 1	2 / 2
Healthcare	0 / 0	1 / 2
Industrial goods	0 / 0	1 / 2
Industrial services	2 / 2	0 / 0
Life sciences	0 / 3	0 / 1
Mining	2 / 7	2 / 5
Professional and commercial services	0 / 0	0 / 1
Technology	6 / 7	1 / 3
Total	13 / 27	17 / 30

Figure 21



Appendix 2: Restatements

Following is more detail on the four restatements made since our 2024 annual report (2024: seven) as a result of significant findings identified during our current or prior-year inspections.

Audit area resulting in a restatement	2025	2024
Business combinations	◆	◆
Current assets	◆	◆ (2)
Liabilities		◆
Long-lived assets	◆	◆ (2)
Revenue	◆	◆

Figure 22

All firms

Restatements by industry	2025			2024		
	Four largest firms	Other annually inspected firms	Non-annually inspected firms	Four largest firms	Other annually inspected firms	Non-annually inspected firms
Cannabis			◆			◆
Consumer products						◆
Crypto						◆
Entertainment	◆					
Financial services			◆	◆		
Life sciences						◆
Mining				◆		◆
Real estate	◆					

Figure 23



Appendix 3: Enforcement Actions

Number of enforcement actions imposed or in force by year

		Four largest firms		Other annually inspected firms		Non-annually inspected firms	
		Imposed or in effect in 2025	Imposed or in effect in 2024	Imposed or in effect in 2025 ^{a,b}	Imposed or in effect in 2024 ^c	Imposed or in effect in 2025 ^{a,d}	Imposed or in effect in 2024 ^e
Sanctions	Termination	—	—	—	—	—	1
	Public censure	—	—	—	3	2	3
Restrictions	Restricted from taking on new high risk reporting issuers	—	—	2	1	3	1
	Restricted from taking on new moderate and high risk reporting issuers	—	—	—	1	5	4
	Restricted from taking on new reporting issuers	—	—	—	1	3	3
	Prohibited from assigning certain firm personnel to reporting issuer clients	—	—	—	—	1	1
Requirements	Enhanced reporting to CPAB	1	1	4	5	7	4
	Additional training and/or coaching	—	—	1	1	9	6
	Enhanced engagement quality control review	—	—	—	—	6	4
	Mandated firm client portfolio review	—	—	—	—	4	3
	Mandated partner and manager portfolio review	—	—	—	—	4	2
	Appointment of an independent monitor	1	1	3	4	—	—
	Enhanced disclosure of CPAB inspection findings and/or recommendations to partners within the firm	1	—	2	2	—	—

All firms



All firms

Number of enforcement actions imposed or in force by year - continued		Four largest firms		Other annually inspected firms		Non-annually inspected firms	
		Imposed or in effect in 2025	Imposed or in effect in 2024	Imposed or in effect in 2025 ^{a,b}	Imposed or in effect in 2024 ^c	Imposed or in effect in 2025 ^{a,d}	Imposed or in effect in 2024 ^e
Requirements	Enhanced internal monitoring and oversight of quality initiatives	1	1	1	1	—	—
	External professional to review the firm's system of quality control and/or completed audit engagements	—	—	1	2	1	—
	Cultural survey (perform or implement recommendations)	—	—	—	1	1	—
	Detailed root cause analysis (internal or external)	—	—	2	3	7	6
	Implement quality action plan	1	1	2	3	7	4
	Timely completion of remediation	1	—	2	1	—	—
	Design and implement enhancements to and/or assess the systems of quality management	—	—	2	2	5	1
	Other (including completing inflight reviews, revising policies)	1	1	6	12	7	7
		7	5	28	43	72	50
Number of firms subject to enforcement actions		1	1	5	6	14	11

^a For 2025, the categorization of one firm changed from an other annually inspected firm to a non-annually inspected firm. As such, enforcement actions on this firm for 2025 are reported as a non-annual firm. Enforcement actions imposed or in place on this firm in 2024 are reported as an other annually inspected firm.

^b Three requirements were satisfied on one firm during the year.

^c All requirements were terminated on one firm in February 2024.

^d Two requirements were satisfied on two firms and one requirement was satisfied on one other firm during the year.

^e All requirements and restrictions were effectively terminated on one firm in April 2024 upon its termination as a participating firm.

Figure 24



Corporate information

Contact information

General inquiries

Phone: (416) 913-8260
Toll Free: 1-877-520-8260
info@cpab-ccrc.ca
enforcement@cpab-ccrc.ca
www.cpab-ccrc.ca

Whistleblower Hotline

Toll Free: 1-833-470-7176
<http://cpab.ethicspoint.com>

Central Canada

Canadian Public Accountability Board

150 York Street, Suite 900
Toronto, Ontario M5H 3S5
Phone: (416) 913-8260

Eastern Canada

Conseil canadien sur la reddition de comptes

1155 René-Lévesque Boulevard West, Suite 2703
Montréal, Québec H3B 2K8
Phone: (514) 807-9267

Western Canada

Canadian Public Accountability Board

510 Burrard Street, Suite 1080
Vancouver, British Columbia V6C 3A8
Phone: (604) 630-8260

Auditor

Fuller Landau LLP
151 Bloor Street West, 12th Floor
Toronto, Ontario M5S 1S4

Corporate counsel

Stikeman Elliott LLP
5300 Commerce Court West, 199 Bay Street
Toronto, ON M5L 1B9



This publication is not, and should not be construed as, legal, accounting, auditing or any other type of professional advice or service. Subject to CPAB's copyright, this publication may be shared in whole, without further permission from CPAB, provided no changes or modifications have been made and CPAB is identified as the source.