

cpab risk alert

Access to significant component auditor working papers

This communication is a reminder to auditors of the requirements under Canadian Securities Regulators (CSA) National Instrument (NI) 52-108,¹ *Auditor Oversight*, relating to access to significant component auditor working papers.

CPAB has observed situations where the requirements of NI-52-108 were not fully complied with when component auditors meeting the definition of a significant component (as defined in NI 52-108) were utilized. In the cases noted, the required notice to significant component auditors under NI 52-108 was not provided by the reporting issuer or via the participating audit firm on or before the date of the auditor's report.

Under NI 52-108, Section 7.2, reporting issuers are required to provide written notice² to each significant component auditor involved in the audit, confirming that the reporting issuer permits CPAB to access any audit evidence retained by the significant component auditor in support of the audit work performed, if requested. This notice must be delivered on or before the date of the auditor's report on the reporting issuer's financial statements.

Auditors should ensure that the importance of providing CPAB access is clearly communicated to significant component auditors, and that the implications of not providing access or failing to sign a CPAB access agreement are understood, as this may impact future audits of the reporting issuer and the component auditor will be ineligible to be a significant component auditor for future audit work.

¹ The Canadian Securities Administrators published final amendments to National Instrument (NI) 52-108, *Auditor Oversight*, in January 2022 to assist the Canadian Public Accountability Board (CPAB) in inspecting audit work performed in foreign jurisdictions.

² This communication may be made directly by the reporting issuer, or indirectly through the auditor (i.e. using an engagement letter).

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