

Access to Foreign Jurisdictions December 2023

CPAB’s risk-based inspections model highlights reporting issuers (RIs) with significant operations¹ in foreign jurisdictions that might be candidates for inspection.

In 2022, CPAB’s Participating Audit Firms (PAFs) reported significant operations in foreign jurisdictions and the use of component auditors in the performance of the audits as follows:

	Number of significant operations	Number of foreign jurisdictions	Number of instances of component auditor use	Number of reporting issuers with component auditors	Aggregate market capitalization at December 31, 2022
United States, United Kingdom and Australia²	840	3	97	82	\$925.3B
All other foreign jurisdictions	641	110	260 (in 72 foreign jurisdictions)	219	\$360.2B

The work of component auditors outside Canada can impact the execution of quality audits if the work is not executed in accordance with the group auditor’s direction and carefully supervised and evaluated by the group auditor. CPAB’s inspection activity of RIs with foreign operations begins with engagement files accessible in Canada. If CPAB determines it requires access to component auditor working papers in foreign jurisdictions, the relevant Canadian participating audit firm is notified. Often, access is provided voluntarily by the component audit firm. If a memorandum of understanding (MOU) or equivalent arrangement with the foreign audit regulator is in place, CPAB will follow the process it sets out. If neither of those options is possible, CPAB can make an access request as per the process in National Instrument 52-108. For guidance on CPAB’s access under National Instrument 52-108, [go here](#).

¹ Significant operations are subsidiaries or components the assets or revenues of which constitute 20 per cent or more of the RI’s consolidated assets or revenues.

² The United States, the United Kingdom and Australia are jurisdictions in which many Canadian RIs have significant operations and where CPAB has had longstanding arrangements with regulatory members of the International Forum of Independent Audit Regulators to facilitate working paper access.

CPAB has MOUs or equivalent arrangements with audit regulators in 11 countries and is negotiating agreements with two other countries. CPAB is also a signatory of the International Forum of Independent Audit Regulators (IFIAR) [Multilateral Memorandum of Understanding](#) (MMOU) concerning co-operation in the exchange of information for audit oversight as of June 30, 2015. The MMOU enables and strengthens the cooperation amongst the 22 signatory IFIAR Members. Countries where CPAB has a fully negotiated MOU or negotiations are underway are listed in Exhibit 1.

In past inspections, CPAB has requested and been denied access to component auditor working papers in the jurisdictions listed in Exhibit 2.

Exhibit 1.

Foreign jurisdictions with a signed memorandum of understanding with CPAB are:

- United States
- United Kingdom
- Australia
- France
- Germany
- Ireland
- Japan
- The Netherlands
- Switzerland
- Austria
- Spain

Foreign jurisdictions negotiating a memorandum of understanding with CPAB are:

- Sweden
- Greece

Exhibit 2.

Foreign jurisdictions where CPAB has requested and been denied access to component auditor working papers include:

- Bermuda
- China
- Mexico
- Tunisia