

CPAB Modernizing Oversight of Smaller Audit Firms to Support Canada's Capital Markets

TORONTO, October 27, 2026 – The Canadian Public Accountability Board (CPAB) announces a modernized approach to its oversight of smaller audit firms. The 2027 inspection cycle will mark the first phase of a proportionate approach to oversight that better aligns CPAB's inspection activity in areas where improved audit quality can have the greatest investor protection and public interest impact.

CPAB will modernize aspects of its firm and file selection processes, introduce greater flexibility into its inspection approach and procedures for smaller audit firms and reporting issuers, and expand stakeholder engagement.

"Canada's public venture markets are a vital engine of innovation and capital formation to support early-stage emerging companies," said Sonny Randhawa, Chief Executive Officer, CPAB. "By modernizing our oversight framework, CPAB is streamlining its approach for smaller firms and less complex reporting issuers, while maintaining effective oversight that is proportionate to risk and rooted in our investor protection mandate."

Changes to CPAB's oversight approach include:

- **Implementing a targeted inspection program** for smaller audit firms and reporting issuers that includes:
 - Focusing certain inspections on the audit firm's system of quality management without selecting individual audit engagements for inspection.
 - Enhancing CPAB's risk-based approach to inspection selection by incorporating additional qualitative and quantitative factors, such as trading activity, market capitalization, and shareholder distribution to better focus inspection activity on areas of greatest public interest risk. These metrics will help to identify lower-risk audits where a file inspection may not be necessary.
- **Creating a dedicated smaller firms inspection team** to support consistent implementation of the new strategy through the planning and execution of inspections, and expanded engagement with stakeholders, including provincial CPA bodies, as appropriate.
- **Establishing a Smaller Audit Firm Insights Group** to strengthen engagement with smaller audit firms and relevant stakeholders. The group will deepen CPAB's understanding of developments, challenges and emerging issues in this segment of the market and inform CPAB's risk-based oversight activities.
- **Continuing to evolve CPAB's oversight model** for smaller firms through longer-term initiatives, including consideration of potential Rule changes, to provide greater flexibility while maintaining effective, proportionate, and risk-based oversight.

CPAB is also advancing good practices and audit quality through targeted initiatives, such as the Public Company Audit Summits held across Canada, and through the Smaller Firms Publication Series. Several resources tailored to smaller firms are available on CPAB's [website](#).

CPAB will monitor the effectiveness of the revised approach and refine it based on implementation experience and stakeholder feedback. This initiative is driven by objective three in CPAB's [2025-2027 Strategic Plan](#).

About CPAB

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 protects Canada's investing public by championing audit quality through proactive regulation, robust assessments, domestic and international collaboration, and actionable market insights. CPAB maintains offices in Montréal, Toronto, and Vancouver.

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For more information:

Canadian Public Accountability Board
media.relations@cpab-ccrc.ca