

*Canadian Public Accountability Board
And
Kingston Ross Pasnak LLP*

PART I – Preamble

1. The Canadian Public Accountability Board’s (“CPAB”) mandate includes the oversight of firms that conduct audits of Canadian reporting issuers¹. In 2025, CPAB conducted an inspection of two reporting issuer files audited by Kingston Ross Pasnak LLP (the “Firm” or “KRP”) pursuant to Section 400 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”).
2. During the 2025 inspection, one significant inspection finding² was identified which constitutes a Violation Event (as defined in the Rules). While these results are an improvement over prior years’ inspection results, a sustained improvement in audit quality is typically required before requirements, restrictions or sanctions (or “enforcement actions”) are significantly modified. As such, CPAB determined it appropriate to continue the previously imposed restrictions and certain requirements, with modifications. These actions have been taken in accordance with CPAB’s mandate to foster confidence in the integrity of financial reporting by Canadian reporting issuers.

PART II – The Parties

3. KRP is a limited liability partnership located in the province of Alberta. It has a public company audit practice, and at the time of CPAB’s 2025 inspection the Firm audited fewer than 50 reporting issuers.
4. Pursuant to National Instrument 52-108 – Auditor Oversight, auditors of Canadian reporting issuers are required to be registered with CPAB as a Participating Audit Firm. Participating Audit Firms are authorized to audit financial statements issued by Canadian reporting issuers. KRP was, at all relevant times, registered with CPAB pursuant to Rule 200.

PART III – Facts

5. KRP is subject to periodic inspections by CPAB. As a consequence of significant inspection

¹A reporting issuer is a company that has gone public by issuing securities under a prospectus or is listed on a recognized stock exchange. Reporting issuer is a defined within Part/Section 1 of each province and territories’ *Securities Act*.

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.

findings in three consecutive inspections (2019, 2022 and 2023) certain enforcement actions were escalated in 2024 to include a restriction on the acceptance of new reporting issuers and a prohibition on Partner A from acting as an engagement partner on any new reporting issuer engagements. See the [2024 enforcement report](#) for details.

6. During the 2025 inspection, CPAB inspected two audit files, and one significant inspection finding was identified. Specifically, the following Canadian Auditing Standards (CAS) were violated:
 - i. CAS 315, Identifying and Assessing the Risks of Material Misstatement.
 - ii. CAS 500, Audit Evidence.
 - iii. CAS 501, Audit Evidence – Specific considerations for selected items.

PART IV – Enforcement actions continued

7. In consideration of various factors including the Firm’s current and historic inspection results, enforcement history and in view of contributing to public confidence in the integrity of financial reporting by public companies, CPAB determined it appropriate to continue certain enforcement actions, including the practice restriction on the acceptance of new medium- and high-risk³ reporting issuers and the prohibition on Partner A from acting as the engagement partner on any new reporting issuer engagements.
8. In addition to the actions outlined above, CPAB determined it appropriate to maintain requirements aimed at improving audit quality, including: i) continuing to retain the external professional (EQR professional) to act as an engagement quality reviewer on the Firm’s audits of all reporting issuer clients; ii) engagement of an external party to provide professional education and training to all reporting issuer assurance partners and staff; iii) completion of a root cause analysis; and iv) development and implementation of an audit quality action plan. The Firm also remains subject to enhanced CPAB oversight in the form of quarterly meetings.
9. Each enforcement action shall continue until the Firm has, to CPAB’s satisfaction, demonstrated sustained improvement in audit quality or until the above noted enforcement actions are otherwise terminated pursuant to an application under Rule 605.

PART V – Enforcement actions terminated

10. The following requirements were completed to CPAB’s satisfaction and therefore terminated:
 - i) assessment of its portfolio of reporting issuer audit engagements in relation to specified criteria; and ii) testing of the operating effectiveness of a variety of the Firm’s controls.

³ In compliance with this restriction, the Firm has provided definitions of medium and high-risk reporting issuer engagements that are acceptable to CPAB.