



Canadian Public
Accountability Board
Conseil canadien sur
la reddition de comptes

Davidson & Company LLP Annual Regulatory Update

**Presented by Heidi Scorgie
Regional Vice President, West**

January 13, 2021

Agenda



About CPAB



Common inspection themes



Auditing in the current environment



Considerations for audit committees and directors



Looking ahead: new audit standards



Want to learn more?



Q&A

Disclaimer

This publication is not, and should not be construed as, legal, accounting, auditing or any other type of professional advice or service. This material is for educational purposes only and does not represent the view of CPAB but that of the author. It deals with technical matters which have broad application and may not be applicable to a particular set of circumstances and facts.

In addition, the course material and references contained therein may reflect laws and practices which are subject to change. For these reasons, the course material should not be relied upon as a substitute for specialized advice in connection with any particular matter. Although the course material has been carefully prepared, the author does not accept any legal responsibility for its contents or for any consequences arising from its use.

About CPAB



Audit firm oversight



Stakeholder engagement



Thought leadership



International matters

Common inspection themes



Estimates

- **Cash flow forecasts and discount rates.**
- **Fair value of assets acquired and liabilities assumed.**
- **Contradictory evidence.**



Quality of audit evidence

- **Reliability of information provided by management.**
- **Evidence to support key estimates.**



Supervision and review

- **Procedures not performed on material transactions.**
- **Inconsistent communications to audit committees about misstatements.**

Lack of understanding of the entity's operations and inappropriate risk assessment

Auditing in the current environment



Technology



Quality of
evidence



COVID-19

Considerations for audit committees and directors

Area of focus

Probing underlying assumptions and sufficiency of disclosures related to key estimates and going concern including the audit work over these areas.

Understanding the changes to the auditor's fraud risk assessment and the related audit plan.

Potential question

1. Has contradictory evidence been identified and how was the information assessed?
2. Where do the estimates fall in the range?
3. How do these estimates compare to other companies in the industry?

1. Has the auditor's risk assessment changed?
2. Were there any changes made to the audit plan to respond to the increasing risk of fraud?
3. Did the audit plan incorporate considerations for new or amended internal controls?

Considerations for audit committees and directors

Area of focus

Working with auditors and management on key audit matters.

Understanding the challenges affecting the financial reporting process in the current environment.

Potential questions?

1. Which significant risks have been considered for inclusion as key audit matters in the auditor's report?

2. Do any of the key audit matters signal opportunities to improve the financial reporting process?

1. What was the impact of remote work arrangements on internal controls?

2. What are the most significant financial reporting issues for the company as a result of COVID-19?

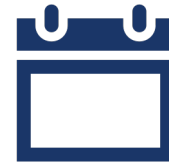
3. Are there any information sources that you have historically relied that are no longer available or are less reliable?

Looking ahead: new audit standards



CAS 540, Auditing Accounting Estimates and Related Disclosures

Periods beginning on or after December 15, 2019.



CAS 701, Communicating Key Audit Matters in the Independent Auditor's Report

Periods ending on or after December 15, 2020.



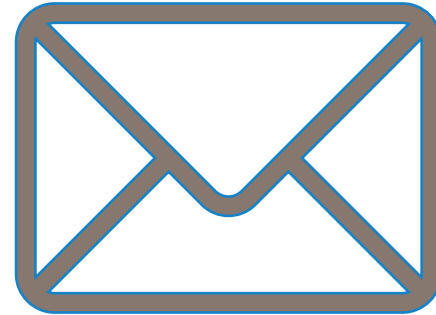
CAS 315, Revised Identifying and Assessing the Risks of Material Misstatement

Periods beginning on or after December 15, 2021.

Want to learn more?



<https://www.cpab-ccrc.ca/resource-centre>



stakeholderengagement@cpab-ccrc.ca



Thank You