

Regulators and audit leaders discuss audit quality and confidence in Canada's financial reporting

News release

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Last week, the Office of the Superintendent of Financial Institutions (OSFI), together with the Canadian Public Accountability Board (CPAB) and the Canadian Securities Administrators (CSA) co-hosted a roundtable that brought together senior representatives from audit firms, accounting professional bodies, standard setters, and regulators.

The event provided an opportunity for participants to share perspectives on risks affecting audit quality and the importance of high-quality financial statement audits to maintaining Canada's trusted and credible capital markets. The dialogue focused on emerging trends, the evolving risk environment, and ways to strengthen public confidence in financial reporting.

Topics discussed this year included:

- Current and emerging risks and their implications for audit quality.
- Rapid technological developments, including Artificial Intelligence (AI).
- Governance, culture, and ethics within audit firms and across the reporting ecosystem.
- Fraud risks linked to financial crimes, geopolitical tensions, technological change, and third-party reliance.
- Expectations and challenges in auditing and assessing financial statement disclosures in a volatile environment.

The roundtable underscored the importance of continued collaboration between regulators and the audit profession to support high-quality audits and maintain public trust in financial reporting across the Canadian capital markets.

Key takeaways

- Canada's financial system remains resilient, but a more complex and dynamic risk environment makes it essential to identify and prioritize the current and emerging risks that matter most.
- External auditors play an essential role in maintaining integrity, trust, and confidence in financial reporting, particularly amid heightened uncertainty and expanding volumes of information.
- Regulatory coordination and clear guidance in relation to current and emerging risks help reduce regulatory overlap, promote strong risk management, and lay the groundwork for sustainable growth.
- Technology is advancing quickly. Areas like AI are changing how decisions are made—creating both opportunities and new risks. Regulators continue to modernize their approaches to keep pace, and audit firms are rapidly adopting new technologies that can enhance audit quality while keeping a high level of skepticism.
- Gaps in governance, culture, and ethics can lead to breaches in trust in any organization. Given that auditors play a key gatekeeper role, strong oversight, clear accountability, and ethical judgment are essential.
- As fraud becomes more sophisticated, organizations need to strengthen prevention and detection strategies. With management leading prevention efforts, and regulators and auditors applying a risk-focused lens, technology provides an opportunity to strengthen defences.
- Financial statement disclosures, particularly those involving estimates, judgments and uncertainty, remain an area where improvements are needed. Auditors play an important role in challenging the clarity and robustness of these disclosures to support better decision-making and reinforce market confidence.

Quotes

“High-quality audits are essential to financial system resilience. As risks evolve, from technology to geopolitics to market uncertainty, strong collaboration between regulators and audit professionals helps ensure Canadians can continue to rely on transparent and trustworthy financial reporting.”

- Peter Routledge, Superintendent of Financial Institutions

“Strong audit quality depends on continuous dialogue and a shared understanding across the regulatory and audit ecosystem. Forums like this roundtable help ensure CPAB’s work remains responsive to emerging risks while staying firmly anchored in our mandate to protect investors and support confidence in Canada’s capital markets.”

“Today’s roundtable serves as an important forum for collaboration, enabling the CSA and the accounting profession to exchange views on emerging risks and further strengthen confidence in Canada’s capital markets. The CSA appreciates the significant collaboration with audit firms, other regulatory agencies, standard setters and professional bodies to date, and we look forward to building on this strong foundation.”

- Stan Magidson, Chair of the Canadian Securities Administrators

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