

# THE FUTURE OF AUDIT

## A CANADIAN PERSPECTIVE

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## CANADIAN RESPONSE TO DEVELOPMENTS IN EUROPE AND US AFTER THE FINANCIAL CRISIS

- CANADA WEATHERED THE FINANCIAL CRISIS WELL
- BUT NOT IMMUNE TO GLOBAL DEVELOPMENTS
- ENHANCING AUDIT QUALITY PROCESS . . . COLLABORATIVE WITH CPAB (CANADA'S AUDIT FIRM REGULATOR)
- THREE WORKING GROUPS
  - AUDITOR REPORTING MODEL
  - INDEPENDENCE
  - AUDIT COMMITTEES

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## ENHANCING AUDIT QUALITY

### KEY OUTCOMES

- FOCUS ON AUDIT QUALITY
- MANDATORY ROTATION / TENDERING . . . NO
- JOINT AUDITS . . . NO
- AUDIT ONLY FIRMS . . . NO
- FURTHER RESTRICT NON AUDIT SERVICES . . . NO
- PERIODIC COMPREHENSIVE REVIEW OF AUDITOR BY AUDIT COMMITTEE . . . YES
- COMMUNICATION OF CPAB RESULTS TO AC . . . YES
- REVISE AUDITOR REPORTING MODEL . . . YES

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## TEN THOUGHTS / CONSIDERATIONS

1. FOCUS MUST ALWAYS BE ON AUDIT QUALITY . . . KEEPING & ATTRACTING THE RIGHT PEOPLE . . . AND REBUILDING TRUST
2. REPORTING MODEL . . . ASSURANCE MUST BE ON RELEVANT INFORMATION . . . REAL TIME?
3. ASSURANCE BEYOND FINANCIAL STATEMENTS . . . MD&A, QUARTERLY REPORTS, PRESS RELEASES, ETC. . . . OR PERHAPS JUST ON THE DATA
4. STEPS TO REDUCE EXPECTATION & INFORMATION GAP AND IMPROVE REGULATOR RELATIONS ARE POSSIBLE, BUT MUST BE CAREFUL
5. CONFIDENTIALITY VS. TRANSPARENCY
6. MUST CONSIDER COST / BENEFIT
7. EXTRA TERRITORIAL IMPACTS . . . NO COUNTRY IS AN ISLAND
8. AUDIT . . . “ONE SIZE FITS ALL” / SCALABILITY OF STANDARDS
9. IT INNOVATIONS
10. FOCUS ON AUDITOR SKEPTICISM / EXERCISE OF PROFESSIONAL JUDGMENT