

# Our commitment to audit quality

Information for audit committees,  
investors and other stakeholders

EY CANADA | JANUARY 2025



Shape the future  
with confidence



The better the question. The better the answer.  
The better the world works.



# Quality and integrity

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The bedrock  
of our work

QUALITY  
AND INTEGRITY

# We carry out quality audits to help build trust and confidence in the capital markets.

The business world relies on trust and confidence. We understand our role in promoting trust in financial reporting by performing high-quality audits. And we embrace that responsibility as independent auditors. How?

We clearly define audit quality as:

- Being independent and objective, and acting with integrity and professional skepticism.
- Complying with professional standards, including exercising due professional care.
- Deploying multidisciplinary teams with appropriate skills, specializations and experiences.
- Staying abreast of industry sector trends and disruptions to identify risks at the companies we audit and designing appropriate audit responses.
- Leveraging a continuous improvement mindset, coupled with effective supervision and review, to pace our work and address issues early.
- Using innovative technology to deepen our understanding of the companies we audit and obtain better quality audit evidence.
- Having honest, robust and timely communications with the audit committee and management.

This generates independent audit opinions that strengthen trust, in turn driving investment and economic growth. As auditors, we capture, communicate and report value through high-quality audit and assurance so the market itself can work better. With this foundation in place, we execute every audit with professional skepticism, due care, independence and objectivity in accordance with professional standards by:



## Enabling talent with leading technology to shape the future

The EY global organization is investing over US\$1 billion in next-generation assurance technology, in addition to US\$1.4 billion in network-wide artificial intelligence (AI) investments. This is facilitating the transformation of cutting-edge capabilities and a data driven audit into one seamless platform that integrates AI, cloud and predictive analytics. It helps our teams provide valuable client insights in support of high-quality audits. As the most globally integrated network our technology platform enables a seamless, collaborative and efficient experience for our clients that operate in more than one country. ([see \*Innovating and executing the audit\*, page 14](#)).



### **Supporting our people with a focus on professional development**

Our professionals work in teams together and with our clients through efficient use of technology and in person to facilitate communication, collaboration and authentic experiences that enhance audit quality and on-the-job training. Building diverse teams with a continuous learning and improvement mindset is a priority to enable better decisions and innovation. [\(see People focused, page 23\).](#)



### **Integrating the use of specialists within the audit**

As audits become more complex and technology driven, our audit approach increasingly brings multidisciplinary specialists spanning technology, tax, valuations, forensics, sustainability and cybersecurity into the team as well as any other specialty specific to sector demands. This helps us address increasingly complex technology environments, transactions, worldwide tax regimes and business models. [\(see Innovating and executing the audit, page 14\).](#)



Through these connected and continuous efforts, we are weaving quality into the very fabric of our organization – within audit and assurance and more broadly, at the core of our firm's ethos in Canada.





**ALYCIA CALVERT**  
Chair & CEO

“Audit quality is fundamental to our mission. Our diverse teams, a data-first approach and enduring commitment to continuous improvement help us deliver quality audits. This underpins decision-making, supports market confidence and helps the working world work better.”

This report should be read in conjunction with our [2024 Transparency Report](#) which provides additional information about our firm structure, system of quality management and independence practices.



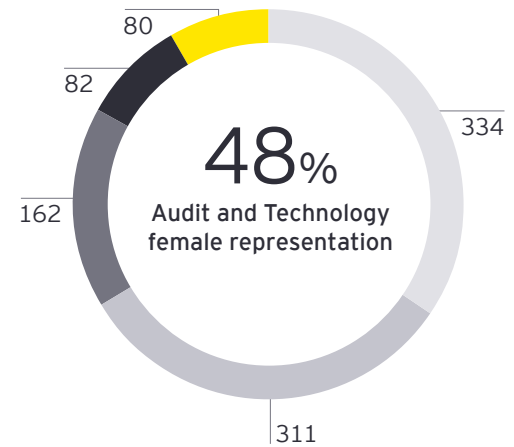
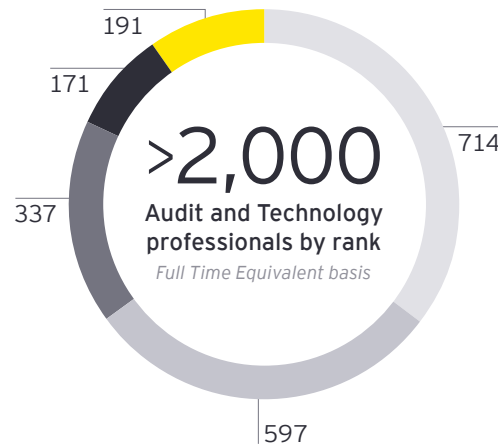
# By the numbers

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Highlights of  
key drivers of  
audit quality  
FY24

## EY data for FY24

- Partner
- Senior Manager
- Manager
- Senior
- Staff



# 220

Real-time assurance  
reviews and  
coaching performed

[\(see page 31 for  
more information on  
our review programs\)](#)

# 35%

Average partner  
and senior manager  
and manager hours  
on public company  
engagements

# 1:8

Ratio of Quality  
Network and  
Professional  
Practice Partners  
to Audit Partners

# 82

Average hours of **continuing  
professional education training**  
taken by our audit professionals

# 14%

Audit hours generated by  
EY Canada professionals  
**with specialist skills**

# 720

Assurance professionals **hired  
from university campuses**

# 32,000

Hours spent monitoring our  
**system of quality management**

# 18%

Audit hours performed by our fully  
integrated **offshore** EY professionals  
and our **onshore** Centre of Excellence

# 57%

Of **assurance leaders**  
are women

**82%** Retention rate



Specifically, how do we address key drivers of audit quality from day to day? At EY Canada, we:

# 1

## GROUND OUR ORGANIZATION IN PURPOSEFUL VALUES

This underpins *all* of our work – including Assurance.



### Our values: *who we are*

People who demonstrate integrity, respect, teaming and inclusiveness

People with energy, enthusiasm and the courage to lead

People who build relationships based on doing the right thing

# 2

## SET TONE FROM THE TOP

### Our leaders reinforce the cornerstones of our culture.

At every level of our operations, we maintain our independence and objectivity, act with integrity, exercise professional skepticism and hold ourselves accountable for the quality of our work.

EY professionals in Canada (and all EY member firms) must affirm their commitment to upholding the [EY Global Code of Conduct](#) annually. In addition, all EY Canada client-serving professionals at the rank of manager and above and certain others, based on their role, are also required to confirm compliance with our independence policies each quarter. What's more, our:

- **Ethics hotline** provides people with a channel to anonymously report potential issues
- **Partner evaluations** assess tone, consistent and direct involvement in audit engagements, inspection results with an emphasis on behaviours that fuel audit quality



**ZAHID FAZAL**

Managing Partner,  
Assurance

“Executing high-quality audits with independence, integrity, objectivity and professional skepticism is our top priority at EY Canada, and across the global EY organization. We base our decisions and actions on our commitment to quality. As independent auditors, we have a unique responsibility to uphold quality, and this informs everything we do.”



# 3

## IMPLEMENT AN AUDIT TRANSFORMATION STRATEGY

Simplifying and standardizing our audit approach

[\(see \*Innovating and executing the audit\*, page 14\)](#)

Building centralized teams on various topics

[\(see \*Multidisciplinary teams\*, page 20\)](#)

Embedding a continuous improvement mindset within our culture

[\(see \*People focused\*, page 23\)](#)

Strong project management and supervision

[\(see \*Managing the audit effectively\*, page 22\)](#)

# 4

## EXPAND OUR CAPABILITIES TO ADDRESS CHANGING MARKET NEEDS

Whether shifting geopolitical environment that brings disruption to specific sectors, changes in the environment that impact risks, or other emerging priorities, our teams lead with curiosity to keep pace and continue to deliver high-quality audits.

i

**Quality spotlight on:**  
Artificial intelligence

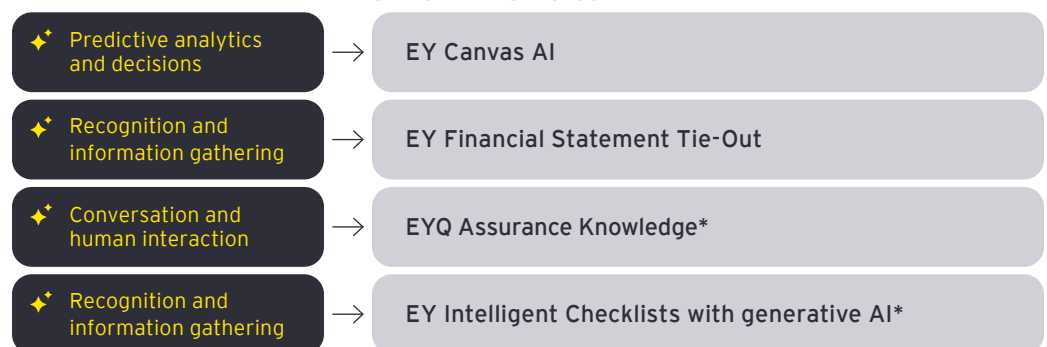
Click on the  icon to learn more about each EY technology

### Advancing the EY Digital Audit

In 2022, EY began its investment of more than US\$1 billion in next-generation Assurance technology to power data-driven and AI-enabled Assurance services, and to drive ongoing quality and value. This four-year investment program is facilitating integration and transformation of leading-edge capabilities into one seamless platform. The following are selected examples in varying stages of the development lifecycle that are intended to shape the future of our digital audit technology.

#### AI PATTERN

#### SELECT EY TECHNOLOGY



\*Planned launch in 2025

We use technology to innovate the audit, including through standardization and automation. We also identify and address new IT and business process risks, bringing value to companies we audit by conducting pre and post-implementation IT assessments. Our early involvement helps mitigate transformation risks on a timely basis and avoid or reduce potential control deficiencies.

## i

**Quality spotlight on:**  
Environmental, Social  
and Governance (ESG)  
reporting

### Build and grow practice groups to reflect business realities

Disclosures about greenhouse gases and other material, sustainability-related matters are useful to investors because they drive long-term value. While predominantly voluntary in North America, mandatory ESG reporting is accelerating.

Over the last 20 years, we have provided ESG reporting – as well as Climate Change and Sustainability Services (CCaSS) services – to:

- Focus on new and emerging sustainability regulations
- Advise management and audit committee members on sustainability transformation
- Improve entities' systems, and controls over non-financial reporting
- Provide assurance on non-financial reporting

EY continues to be recognized as the leader in ESG and Sustainability Services.<sup>1</sup>



**DON LINDELL**  
Climate Change  
and Sustainability  
Services Leader

“By providing Canadian organizations and businesses with insight and understanding, we can help them effectively address ESG priorities. Helping clients improve their ESG-related data, allows them to make data-backed decisions, strategies and plans to create value for stakeholders and support a more sustainable future at the very same time.

## i

**Quality spotlight on:**  
Cybersecurity

Our partners proactively engage management and audit committees in discussions about cyber risks. When a company we audit has a breach, we:

- Evaluate whether financial reporting systems were affected and adjust our audit plans as necessary
- Make recommendations to improve and transform cybersecurity programs and protect data while minimizing data leakage
- Proactively identify and respond to security events and cyber threats such as ransomware, insider threats, supply chain vulnerabilities and data breaches to help management protect the enterprise from attackers

<sup>1</sup> [Green Quadrant-Climate Change Consulting-Verdantix 2024](#)



# 5

## MAINTAIN A STRONG GOVERNANCE FRAMEWORK

We have established – and maintain – robust governance structures which include clear ownership for quality and independence overall.



**DARRELL JENSEN**  
Chief Ethics Officer

We embed ethics right in our governance framework, with formal ownership to guide our principles and champion our commitment to integrity and ethical business behaviour. Our focus on ethics is a continuous thread that weaves throughout our policies, processes and frameworks. Looking forward, I'm focused on continuing to connect what we see and experience in the practice and the broader business environment with the most senior levels of EY management. By creating open dialogue and shared accountability in this way, we can keep ethics firmly embedded in our organization's priorities, vision, strategy and operations.

EY Canada's  
approach to  
oversight of  
audit quality



## 6

**UPHOLD A NATIONAL AND  
GLOBAL SYSTEM OF QUALITY  
MANAGEMENT**

EY Canada is a member of a global organization that enables us to use auditors around the world to help audit multinational companies. This structure provides a global, shared set of values for EY auditors. It also enables large-scale investments in technology, methodology and training (which would be difficult for member firms to achieve on their own). In turn, member firms must maintain a system of quality management that meets high standards, and use the same audit technology and methodology.

The EY Canada system of quality management seeks to promote the execution of high-quality audits by helping us:

- Identify and assess risks to audit quality so we can design and implement responses to those risks
- Promote a culture of accountability for the quality of our work

We continuously monitor our quality management system, enhancing policies, processes and documentation when necessary. We routinely analyze data about our audit practice to identify, manage and respond to audit risks. Our System of Quality Management (SQM) Oversight Committee oversees these monitoring processes and activities.

## SQM oversight

**Findings**

As of June 30, 2024, we concluded that our SQM provides us with reasonable assurance the system's objectives are being achieved.

# 32,000

hours spent monitoring our system of quality management in FY24



**ERIC SPIEKMAN**

Professional Practice Director

“Our culture promotes performing high-quality audits. We are continuously reviewing and enhancing our quality control processes because our system of quality control is the foundation for performing high-quality audits.”



# 7

## EMBRACE INDEPENDENCE AND OBJECTIVITY

Independence – in fact and appearance – from the companies we audit is essential to our ability to provide trust and confidence in the capital markets. We have strict policies and procedures designed to maintain auditor independence. These include:

### *Strict policies*

- Making sure work performed under our multidisciplinary model is consistent with the applicable independence rules (including permissible tax and consulting services provided to companies we audit and their affiliates)
- Considering and evaluating independence with regard to our people and member firms (e.g. financial, employment and business relationships, permissibility of services, partner rotation requirements, fee arrangements, audit committee pre-approval of our services where applicable, partner remuneration)
- Requiring managers through partners to record securities and certain other financial relationships held by them (and immediate family members) in the EY Global Monitoring System (which initially assesses, then monitors, permissibility of securities and financial relationships) and to stay current through automated daily broker feeds
- Performing annual personal independence compliance testing (for partners and professionals) to assess alignment with independence policies and enforcing financial penalties for incomplete or inaccurate reporting





# 8

## ENGAGE THOUGHTFULLY WITH REGULATORS

Our leaders engage in discussions with regulators and standard setters such as the:

-  Canadian Securities Administrators (CSA)
-  Canadian Public Accountability Board (CPAB)
-  Canadian Auditing and Assurance Standards Board
-  Canadian Accounting Standards Board
-  Public Company Accounting Oversight Board (PCAOB)

Through these and other stakeholder touchpoints, we actively:

- Share perspectives on emerging issues (for example, new technologies, greenhouse gas disclosures and climate issues) that impact auditing and financial reporting
- Weigh in on rule-making – critical to promoting meaningful financial results and high-quality audits
- Advance discussions around key topics affecting audit quality (for example, culture and talent), financial and non-financial reporting as well as trust in the capital markets
- Connect Canadian board and audit committee members through networks that inform, educate and create opportunities to exchange ideas and best practices



# Innovating and executing the audit

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Data &  
technology



DATA  
FIRST

# Our data-first approach and innovative technology drive audit quality for clients.

Our data-first approach enhances audit quality because our teams see the big picture and focus on key risks, including the potential for fraud. This way of auditing allows us to spot trends as well as how anomalies occur, and recognize their prevalence.

As a result, we are asking better, more timely questions and improving the experience for our professionals. This allows management of the companies we audit to spend less time pulling transaction documentation and answering basic questions. In some cases, they gain new insight into processes or operations based on information we share with them.

Overall, our digital audit delivers client value. How? By supporting:

- Elevated audit quality and focused risk detection
- Greater confidence based on our ability to analyze **100%** of a population's data
- Better understanding of business activities to identify significant risk areas
- Clear identification of trends and anomalies in business practices and controls
- Data-driven insights helping improve management processes
- Benchmarking within and across entities
- Seamless data extraction capabilities and optimized analyses of datasets

Specifically, what does this look like from day to day? At EY Canada, we:

# 1

## **POWER THE DATA-FIRST, DIGITAL AUDIT WITH EY HELIX**

The EY Helix global analytics suite comprises data analysers for core business and accounting processes, alongside industry and transaction-specific analyzers.

## Benefits of EY Helix

### ✓ BETTER UNDERSTAND YOUR BUSINESS

#### **Clearer picture**

Analyzing larger populations of audit-relevant data to get a more complete picture of how entries are recorded.

#### **Better questions**

Targeted analytics specific to the audited company enables our teams to ask better and more informed questions.

### ✓ FOCUS ON THE RISKS AND ISSUES THAT MATTER

#### **Focused approach**

Identifying trends and anomalies in your processes and controls help direct our investigative efforts.

#### **Professional judgment**

Using more precise and disaggregated analytics in routine areas allows our team to focus on judgmental and other higher-risk areas.

### ✓ IDENTIFY RELEVANT BUSINESS INSIGHTS

#### **Helpful insights**

Providing relevant feedback and insights during the audit, so you can optimize your business processes and controls.

#### **Industry comparatives**

Predictive analytics, paired with custom benchmarking will support EY teams in providing broader context, including comparison against peers of the audited company.



**STUART HUTCHINSON**

Assurance Innovation Leader

“We’ve embraced the digital audit. We continue to invest in technology to enhance audit quality and the experience for our professionals. These capabilities allow us to ask better, more timely questions and focus on key risk areas in the audit.”

## i

**Quality spotlight on:**  
Nova Lab

This dedicated group within Assurance is focused on equipping our people with the most advanced skills and technologies to effectively and efficiently drive audit quality. Nova Lab also:

- Coaches and trains our people on the effective use of analytics and emerging technologies such as AI
- Helps our audit teams evaluate a company’s use of analytics, AI and automation in financial reporting processes and controls
- Drives innovation through new products and solutions, like AI
- Advises companies on responsible AI deployment in collaboration with our technology audit teams
- Benchmarks against comparable peers

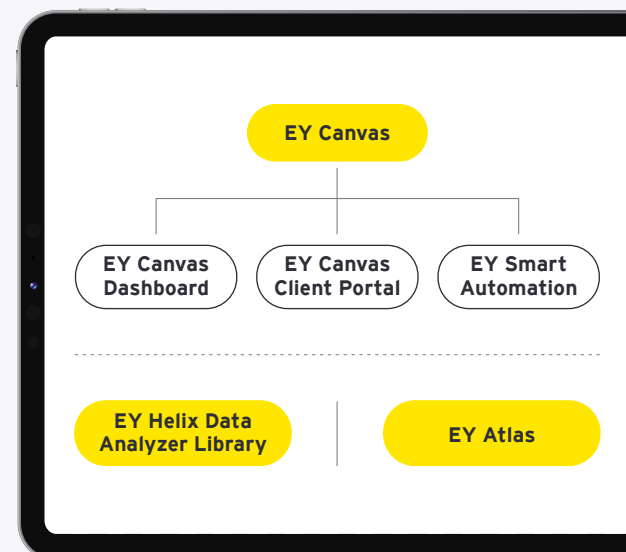
## i

**Quality spotlight on:**  
EY Canvas  
audit platform

All EY Canada audit teams use this secure, cloud-based audit platform to apply our global audit methodology and manage audits. This helps us:

- Track progress
- Spot tasks requiring attention
- Review work of auditors from other member firms for multinational clients

In the current audit cycle, our teams began using new guided workflow enablement to perform risk assessments and focus more holistically on risk and the audit response. The guided workflow walks them through a series of prepopulated factors they need to consider, eliminates the need to complete multiple forms and automates certain activities.





## 2

### CONTINUE AUTOMATING THE AUDIT

We are continually automating aspects of the audit to drive consistency and help our teams focus on accounts that are fundamental to a company's business. For example, we:

- Provide pricing data for securities that teams can use to validate investment valuations
- Generate required independence letters
- Generate a workpaper template for testing IT general controls
- Walk teams through our guidance to determine sample sizes for testing and select samples for testing
- Create Intelligent Checklists that help streamline the preparation and review of financial statement disclosure checklists
- Perform AI assisted tie-out procedures of financial statements and footnotes
- Send confirmations, track responses and identify the difference between confirmed balances and a company's records

# 3

## WORK WITH CLIENTS AND TEAMS ALIGNED TO OUR VALUES

We audit companies that share our commitment to transparency and high-quality financial reporting. Before accepting audit engagements, and again annually, we:

### Perform

rigorous risk assessments

Each public company audit team has a partner in charge who sets the tone and assumes overall responsibility for audit:

- Direction
- Supervision
- Performance

### Obtain

EY Assurance leadership approval

When we assign partners to these roles, we consider data about their workload, industry and public company experience, and where applicable: auditing internal controls over financial reporting, skills and partner rotation requirements.

On all public company audits, another partner serves as engagement quality reviewer and evaluates significant judgements made. The engagement quality review is an important element in our system of quality control.







# 4

## INCLUDE SPECIALIZED SKILLS IN OUR MULTIDISCIPLINARY TEAMS

Our multidisciplinary strategy means we can include EY professionals who focus on technology, tax, valuation matters, cybersecurity, actuarial, forensic accounting and ESG right in our audit teams. This helps us address increasingly complex IT environments, transactions, worldwide tax regimes and business models.

In addition, Offshore professionals who support EY on a global scale perform certain audit procedures and other tasks under the supervision of our Canadian audit teams and specialists. Our onshore Audit Centre of Excellence in Halifax supports individual audit teams by executing low- and moderate-risk audit procedures that can be optimized by centralizing the work in Canada.

14%

audit hours  
generated by EY  
Canada professionals  
with specialist  
skills in FY24

18%

audit hours attributed to  
offshore professionals  
together with professionals in  
our onshore Audit Centre of  
Excellence in FY24

# 5

## INNOVATE THE AUDIT, YEAR OVER YEAR

We use technology to innovate the audit in four key ways:



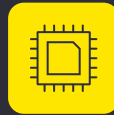
### Standardizing

processes to deliver consistency and reliability



### Automating

workflow to streamline operations and reduce manual efforts



### Employing

cutting-edge technology to enhance audit insights



### Fostering

a culture of continuous improvement to drive efficiency, effectiveness and excellence in technology audit practices



**TONY RITLOP**

Technology Risk  
Assurance Leader

“Advanced technologies are changing business reality quickly. We operate at the intersection of this change. That means balancing adoption with a tremendous focus on mitigating and managing risk.”

# 6

## MANAGE THE AUDIT EFFECTIVELY

Timely audit pacing and strong project management (including supervision and review by audit executives) are important drivers of audit quality.

Our Milestones program sets deadlines for teams to complete procedures, documentation and executive reviews for key phases of the audit.

To facilitate timely decisions by partners, we require our teams to set specific executive discussion and approval points throughout the audit cycle.

Our teams use EY Canvas to track the progress of their audits and completion of tasks in real time. This visibility enables executives to provide more targeted supervision and to better identify team members in need of coaching.



**ANN BROCKETT**  
National Audit Leader

“It’s not just the technology we use that reinforces audit quality. It’s also the way we use these tools. We’re always evolving our capabilities, skillsets and tools so our audit professionals can apply specialized technologies to make a positive difference for companies we audit. We are levelling up quality by offering better line of sight into data, and we use that insight to help clients understand exactly where they stand today and how they can improve governance and reporting going forward.



# People focused

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Creating teams  
that further  
quality and trust

PEOPLE  
FOCUSED

# Quality audits help our clients shape their future with confidence.

To serve the public interest, we build diverse teams that make better decisions and spark innovation. How?

In an increasingly complex digital world, we attract and enable skilled professionals to deliver high-quality audits while achieving personal fulfilment in what they do everyday.

We place their skills at the centre of our talent strategy, integrating technology specialists and subject matter professionals within audit teams. And we invest in their wellbeing, growth, learning and overall experience to help them thrive.

# 720

assurance professionals hired  
from university campuses in FY24

# 10%

of our ~2,000 audit and technology assurance  
services professionals are technology specialists



Specifically, what does this look like from day to day?  
At EY Canada, we:

# 1

## DEVELOP EXTRAORDINARY PROFESSIONALS

We seek out curious, ambitious, talented people and provide them with a holistic career experience designed to enable their success. This means:

- Harnessing their skills and augmenting that base with future-focused capabilities, so people can deliver high-quality audits now and into the future
- Fostering data fluency so they can be highly effective in the modern audit context
- Providing a platform to use leading edge technology in executing audits
- Offering learning to fuel quality and enrich careers, fostering personal and professional success



**CHARLES MARFUL**  
Assurance Talent Leader

“We’ve designed our practice to provide our people with the formal training, engagement experiences and mentorship they need to deliver high-quality audits and cultivate meaningful careers. Each employee has a counsellor to support development, and senior people offer real-time coaching on professional skepticism and other areas, right in the flow of work.”



Through our EY Careers framework, people can understand roles, skill requirements and career paths – along with associated technical and professional learning requirements. An AI-enabled portal allows people to update skills and become visible to leaders across the firm. This furthers skill-based deployment and enhances our ability to place the right people on the right engagements. Technical and professional learning requirements are mapped to the framework.

*As of June 30, 2024, EY Canada awarded*

**82**

average hours of continuing professional education training taken by our audit professionals

**1,506**

EY Badges in disciplines such as AI, Data Analytics and Sustainability

Ratios of audit executives to other audit professionals



**1:3**

Senior managers and managers to seniors and staff



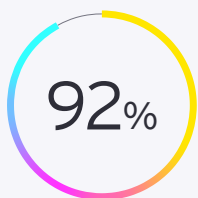
**1:10**

Partners to staff through senior managers

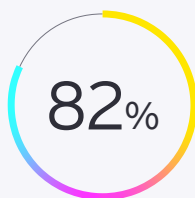
## 2

### EMPOWER OUR PEOPLE

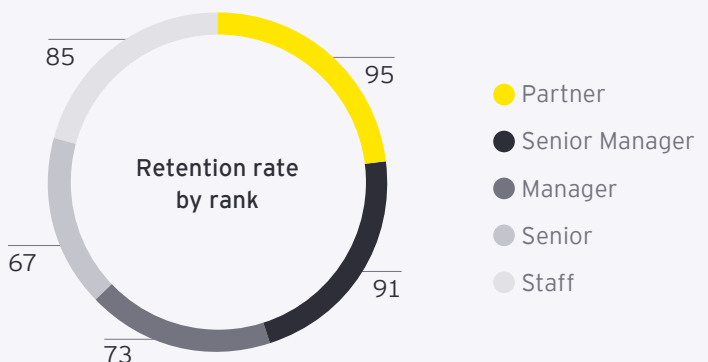
When people are engaged and fulfilled at work, we generate better audits. At EY Canada, we nurture a culture of belonging. We team in caring, flexible environments grounded in our EY values.



of our people say EY tools and technology enable collaboration



retention rate, exceeding pre-pandemic levels



As part of  
our overarching,  
people-first culture  
we provide:

# 10

paid days off in addition  
to statutory holidays  
and vacation time

# Regular

People Pulse Surveys  
to garner feedback and  
create two-way dialogue  
around supportive, safe  
work environments

# EY Ripples

volunteer opportunities  
so our people can employ  
audit, assurance and  
leadership skills to make  
a positive impact

**Thrive Time** is the intentional support that we provide our employees to prioritize their professional growth and wellbeing, ensuring they have time to invest in activities that enrich their professional development, connect them with their communities and enhance their overall wellbeing. We provide our people with expedition opportunities (experience-building secondments) into areas such as forensics, tax, sustainability and advisory services within and outside of Canada.

We continue to rank among Canada's top employers. The 2023 Universum Undergraduate Survey shows we are:



with accounting  
students



with business students  
at priority schools

FY24 EY Canada  
firm awards

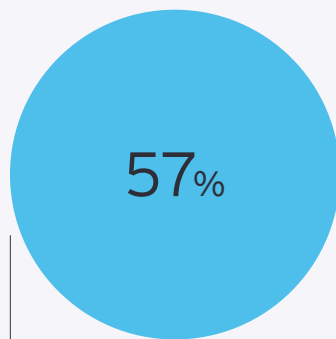


# 3

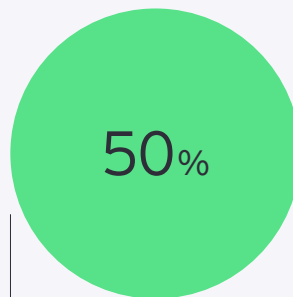
## FUEL GROWTH IN A SAFE, INCLUSIVE ENVIRONMENT

Diverse teams deliver high-quality performance and results. Our culture embraces diversity and inclusion with a continuous improvement mindset. Our people enhance our collaboration by bringing their unique backgrounds and experiences to the table.

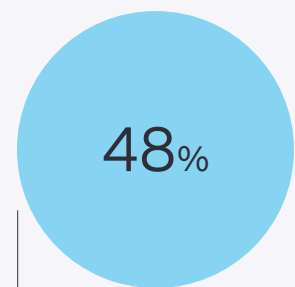
FY24



of assurance leaders  
are women



of audit and technology  
partner promotions  
were female and 38%  
self-identified as minorities



of audit and technology  
professionals are women

Together, we create a globally integrated powerhouse of diverse teams that inspire, innovate and challenge the status quo by finding better and improved ways of doing things. We create this environment by:

- Hiring from diverse disciplines including accounting, digital and sustainability programs
- Offering opportunities to gain global experience through secondments
- Welcoming inbound secondments from other countries
- Staffing teams with diverse members reflecting global perspectives, ethnicities and abilities
- Creating a sense of belonging where people can raise concerns if things don't seem right

We maintain internal Business Resource Groups to provide important connection points for our teams to foster dialogue and support belonging, including the:

- Abilities Network
- Black Professionals Network
- Indigenous Professionals Council
- Latinx Professional Network
- Pan-Asian Professionals Network
- Professional Women's Network
- Veterans Network
- Today's Families Community
- EY Unity (2SLGBTQIA+) Network
- EY Jewish Community
- EY Ukrainians & Friends Community
- EY Muslim Community



**MURIAM DE ANGELIS**

Diversity, Equity and  
Inclusiveness Leader

“We are actively creating a culture grounded in belonging and shaped by our values. In this unique environment, our people can contribute and participate fully, as we work to deliver high-quality audits that reinforce capital market and financial reporting trust.”



# 4

## i

### **Quality spotlight on:** Quality Network

#### **SUPPORT OUR TEAMS**

This network proactively improves audit quality by coaching and training audit teams, reviewing working papers, advising teams on audit methodology, as well as executing risk management and quality control procedures.

The network also offers customized coaching based on specific risk areas and runs the Internal Control over Financial Reporting (ICFR) coaching program.

## 59

public company audit teams received coaching or working paper reviews by individuals outside of the audit team in FY24, while the network supported many others through additional means

## 35%

average partner and senior manager and manager hours on public company engagements



**JENNIFER ROGERS**

Canadian Quality  
Enablement Leader

“By connecting coaching and training, and providing feedback and advice around audit methodology and quality control, we take a broad and deep approach to supporting our people in their work every day.”

**i****Quality spotlight on:**  
Professional Practice  
Group

This group consults with our teams on difficult accounting, auditing and regulatory matters. We have Professional Practice partners in each of our major offices so they are accessible to, and interacting with, audit partners, teams and clients. That proximity allows them to know partners and capabilities better, be more attuned to the effects of the regional economy and better understand the businesses we audit – and related risks.

To promote high-quality financial reporting, this group regularly issues thought leadership, hosts webcasts, engages with standard setters and regulators and responds to their proposals.

**1:8**

ratio of Quality Network and  
Professional Practice Group  
partners to all audit partners

**220**

real-time assurance reviews  
and coaching performed

The group leads many assurance review programs, which are completed before an audit report is issued, including:

- Pre-issuance review program
- Key Audit Matters/Critical Audit Matters review program
- ICFR monitoring program
- Financial statement review program
- Revenue review program
- Business combination review program
- Tax quality monitoring program



# Improvement driven

A man and a woman are looking at a tablet together in a dimly lit office. The man is wearing glasses and a dark shirt, and the woman is wearing a light-colored blouse. They are both looking at the tablet with interest. In the background, there is a wall covered in many yellow sticky notes, suggesting a collaborative work environment. The lighting is warm and focused on the people and the tablet.

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Monitoring the  
effectiveness of  
our actions

IMPROVEMENT  
DRIVEN

# Understanding our results is critical to fulfilling our role in building trust.

We know that monitoring the effectiveness of our actions and performing robust root cause analyses of positive and negative audit performance are key components of our system of quality management. The results provide valuable information about how we can continuously improve audit quality. We assess quality through key monitoring initiatives. How?

Specifically, what does this look like from day to day?  
At EY Canada, we:

## 1

### **CARRY OUT COACHING AND MONITORING OF IN-PROGRESS AUDITS**

We review certain public company audits before issuing our auditor's report, consistent with ISQM1. We conduct these reviews to:

- Provide timely team feedback
- Determine whether actions taken to improve audit quality are achieving objectives
- Assess the need for additional training, guidance, tools during the current audit cycle

## 2

### **EXECUTE INTERNAL INSPECTIONS OF COMPLETED AUDITS**

We inspect select engagements after issuing our auditor's report. We select audits based on how long it's been since a partner's last inspection, the results of that inspection and the complexity of the audit. We conduct these reviews to:

- Focus on specific areas of the audit and evaluate compliance with professional standards, regulatory requirements and EY policies
- Assess the adequacy of our quality control policies and procedures and evaluate whether changes are needed





# 3

## TURN ROOT CAUSE ANALYSES INTO ACTIONS

We analyze root causes of internal and external inspection findings as well as positive and negative quality events. This includes interviewing teams and analyzing audit practice data. We use these results to:

- Design actions to improve audit quality
- Obtain meaningful insights into the effectiveness of actions taken to improve our system of quality control

# 4

## FOLLOW EXTERNAL INSPECTIONS PROCESS

We value the external inspection process because it helps us, along with our extensive internal monitoring activities, identify areas where we can continue to improve our performance. We are subject to annual CPAB inspection for audits of Canadian public companies. As part of its process, CPAB evaluates the firm's quality management systems and reviews select engagements.

### i

#### **Quality spotlight on:** CPAB & PCAOB results

The most recent inspection report on EY Canada was issued by CPAB on January 25, 2024. While we are prohibited by CPAB from publicly sharing the results of their inspections, we continue to be proud of our CPAB inspection results. Information on CPAB can be found at [cpab-ccrc.ca](https://cpab-ccrc.ca).

In addition, EY Canada's audit practice is subject to inspection by the PCAOB for audits of US SEC issuers. As part of its inspections, the PCAOB evaluates the firm's quality control systems and reviews selected engagements. The most recent inspection report on EY Canada was issued by the PCAOB on October 26, 2023. EY Canada is also subject to periodic inspections by the provincial regulators across Canada.



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